UNITED NATIONS

ECONOMIC COMMISSION FOR WESTERN ASIA

SURVEY OF ECONOMIC AND SOCIAL DEVELOPMENTS IN THE ECWA REGION 1982

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A. INTERNATIONAL DEVELOPMENTS

1. World recession

The international economic situation in early 1982 was characterized by two significant developments affecting the countries of the ECWA region. The first was the continuing recession in the developed market economies of the world. The second was the emergence of a "glut" in the international oil market and the persistence of a weak market for oil. Both developments adversely affected the development prospects of the region. Although these unfavourable developments affect the oil producing countries of the region more directly, their ultimate impact may prove to be more adverse to the non-oil producing and the least-developed countries of the region.

The ECWA oil producing countries, not only depend on the developed countries' demand for their oil, but also on the return on a high proportion of their surplus funds in financial and other assets invested in the developed world. The less fortunate members of ECWA and the Third World borrow heavily from those countries for their developmental needs and are affected by the high interest rates and the rising prices of manufactured goods and other imports from the developed countries. Recession and unemployment in developed countries, by promoting protectionist and isolationist tendencies in them, also adversely affect the developing countries' prospects for gaining access to their export markets and for receiving foreign aid from them.

2. Oil-"glut"

The international market for oil suffered a weakening during 1981 due to a complex combination of factors affecting production, consumption and changes in stocks. The 1978-80 oil price increases were the result of production changes brought about by a disruption of supplies from Iran and later Iraq, and the resulting tightening of the supply and demand relationship for oil. Towards the end of 1980 and the beginning of 1981, both supply and demand factors moved to create a situation of relative abundance of oil supplies.

While the OPEC countries, as a whole, opted in favour of reducing their output in order to prevent the rapid depletion of their oil resources, the share of non-OPEC countries in the total world supplies of oil rose to about one half of the total production of non-socialist countries, from a little over a third in 1978. More recently, the supplies of oil were also augmented by a considerable de-stocking of oil, which was accelerated by the pressure to release working capital whose cost rose with the increasing interest rates and the soft state of the oil market.

The increase in OPEC oil prices in the last decade, not only stimulated the search for oil by and resulted in the increase in the share of non-OPEC countries, but also gave rise to measures to conserve energy and to substitute oil by other sources of energy. As a result, the consumption of oil failed to keep pace with the increase in the GDP of most countries and declined in absolute terms in the last three years.

These developments have given rise to a new configuration of demand and supply relationships in the world oil economy, but the "glut" of oil can only be viewed as a temporary phenomenon. The OPEC countries have expressed their determination to end the "glut" of oil by reducing their output, even if this means putting a brake on their planned development expenditures. However, if the recession in the developed countries continues much longer, the present cuts in oil production may not prove sufficient. The consequent fall in oil revenues may then have serious effects on the growth of the region.

3. Other international issues

The erosion of the surplus revenues of the oil producing countries is also putting an already overstrained international financial system under a very severe stress and is likely to limit the access of developing countries to the much-needed financial resources. It is also putting in jeopardy the achievement of the various targets of the International Development Strategy, especially for the poorer and the least-developed countries. These countries, whose development efforts critically depend on foreign assistance, face serious difficulties in financing their development plans. The volume of concessionary aid from developed countries sharply declined, the cost of borrowing considerably increased with the phenomenal rise in interest rates, and the climate for international aid perceptibly deteriorated during the past year.

The continuing recession in the developed market economies, the weakening position of the oil producing countries as a result of the emergence of the oil "glut", the worsening climate of foreign aid for developing countries and the international monetary crisis aggravated by high interest rates are symptoms of an ailing world economy. They clearly emphasize and highlight the need for early global negotiations for the restructuring of the world economy and for major institutional re-arrangements. From the point of view of the ECWA region, the issues that the global negotiations need most urgently to focus on are energy, international monetary reforms, food security and technology transfer.

B. REGIONAL DEVELOPMENTS

The progress towards forging closer economic relations among the countries of Western Asia has been slow. However, concrete progress was achieved in at least three major areas, viz. subregional co-operation, trade promotion, and joint ventures, mainly through establishing new institutional arrangements.

The most significant development in this context has been the establishment of the Gulf Co-operation Council (GCC) by Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, which came formally into being on 25 May 1981. Although the primary motivation and concern behind the establishment of the GCC has been to guarantee the security and stability of the subregion, its implications for economic co-operation in the region cannot be minimized. The influence, in terms of economic power, the Council's member countries represent provides the hope that it will pave the way for a more comprehensive basis for co-operation and integration among the ECWA countries.

1. Intraregional trade

Another significant development during the period reviewed was the approval by the Arab Economic and Social Council of the Convention for Facilitating and Developing Trade between Arab States. This replaces the 1953 Convention for Facilitating Trade and Regulating Transit Trade between the States of the Arab League. The Convention is much more elaborate and comprehensive in nature than its predecessor.

2. Joint venture

The third major development concerns the progress achieved in the field of joint ventures among the ECWA countries. Five important industrial joint venture projects were launched in the Gulf region during 1981. Two other important projects, viz. the Gulf University in Bahrain and the Bahrain-Saudi Arabia Causeway, which have been recently launched, also deserve mention. Joint ventures have also been formed in the banking sector and Arab banking institutions are providing a major stimulus to the offshore banking centre in Bahrain, which has started to recycle a sizable, though still small, portion of the oil revenue surpluses of the ECWA countries.

C. AGGREGATE ECONOMIC PERFORMANCE

The growth rate of real GDP for the ECWA region, as a whole, increased from 7.9 per cent in 1978 to 10.9 per cent in 1979. The growth rate of the oil producing countries increased much faster; from 7.9 per cent in 1978 to 11.2 per cent in 1979. On the other hand, the rates of growth of non-oil countries declined in 1979. Incomplete estimates for 1980 show that growth has been slower for the region, as a whole, except for the three non-oil, middle-income countries (the Syrian Arab Republic, Jordan and Lebanon).

The slowing down of the growth rate in 1980 was due to slower increases in oil prices, accompanied by reductions in outputs of oil, high rates of inflation and recession in the economies of the developed world. During 1981, the situation relating to oil continued to deteriorate and it is expected that the growth rate of the region will be slowed down further. The non-oil countries showed an improvement in their growth rates due to favourable domestic economic conditions, especially in Jordan and the Syrian Arab Republic. On the other hand, the least-developed countries suffered a set-back, mainly due to deterioration in domestic agricultural conditions.

The share of capital formation in GDP is generally very high in the ECWA region and systematic differences do not exist between oil and non-oil countries. However, in spite of their considerable efforts to increase investment, the oil producing countries are unable to devote a higher proportion of GDP because of the low absorptive capacity, the unavailability of skilled labour and the high socio-economic costs of importing labour. On the other hand, in the non-oil countries, the high investment GDP ratios, made possible largely by heavy external aid flows, still do not represent high enough investment levels in absolute terms to be commensurate with their development needs.

D. REGIONAL PROSPECTS

The long-term growth prospects of the region are still uncertain. The region remains largely underdeveloped, in spite of the rather high rates of growth recorded in the past decade. Its development remains largely predicated upon the use of its principal natural resource (oil) which makes the vital difference between its present affluence and the poverty of its recent past.

The resource situation of many non-oil producing countries of the ECWA region, especially of the two least-developed countries, remains weak, despite the considerable inflow of aid and remittances. In the oil countries, the efforts at enlarging the scope of the non-oil sector and of diversifying the economy have come up against a number of hard economic realities; the lack of adequate human resources, technological skills and other complementary factors, which are needed to enhance the absorptive capacity, without a wasteful expenditure of resources.

Nevertheless, the region has made impressive economic progress, which would have been unimaginable to achieve without the valuable oil resources. The three broad groups (oil, non-oil and least-developed)1/, in which the countries of the ECWA region have had significantly different growth experiences, faced qualitatively different development problems. Their prospects for the future are also markedly different and they have adopted

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1/ Throughout this Survey, the countries of ECWA region have been classified as under:
<u>Oil countries</u>: Saudi Arabia, Iraq, United Arab Emirates, Kuwait, Qatar, Oman and Bahrain;
<u>Non-oil countries</u>: the Syrian Arab Republic, Jordan and Lebanon;
<u>Least-developed countries</u>: Yemen and Democratic Yemen.

different strategies of development. Many countries of the region have embarked upon 5-year development plans - starting in 1981 - at the recommendation of the Amman Summit to adopt a uniform date and period for their national plans, which if successfully implemented are likely to have far-reaching effects both for the countries concerned and the region as a whole. The prospects of the development of the region, however, are, to a large extent, dependent upon external factors which, at present, can at best give rise to guarded optimism.

E. SECTORAL DEVELOPMENTS

ECWA countries continue to have largely undiversified economies, with one or two sectors contributing the major share of GDP. The four major oil countries (Saudi Arabia, Iraq, Kuwait and the United Arab Emirates) derive more than 50 per cent of their GDP from oil. This percentage has fluctuated as a result of changes in the output and prices of oil. During 1979-80, this share has increased for most oil producing countries. In Yemen, the Syrian Arab Republic, Democratic Yemen, Jordan, Lebanon and Iraq, a significant part of GDP (from 8 to 29 per cent of GDP) is derived from agriculture.

The agricultural situation in the ECWA region during the past year (1980-81) was characterized by a worsening of the food security problem, as production declined and dependence on imports increased markedly. Although the food supply situation for the region as a whole was satisfactory, especially in the Gulf region where capacity to import was not a constraint, the non-oil producing countries experienced serious problems in financing increased food imports. In the non-oil countries, the problem has been further aggravated by the continued out-migration of the indigenous labour force.

Manufacturing in the ECWA region countries is still a relatively unimportant, but a growing activity. For the majority of the countries in the ECWA region, manufacturing is only around 5 per cent of GDP. In Jordan, Democratic Yemen and Bahrain, the percentage is higher; ranging between 12 and 16 per cent of GDP. In recent years, ambitious plans for industrial development have been made by Saudi Arabia and other oil producing countries. These are based mainly on the use of oil and the associated gas to provide feedstock for a variety of petrochemical industries. The prospects for these depend largely on the success of regional collaboration and on the demand for oil and its products. The industrialization prospects for non-oil economies are limited by the possibilities of import substitution, mainly of consumer goods industries.

The fastest growth in the ECWA region has occurred in sectors associated with the building of infrastructure, which has absorbed about 40 per cent of total investment in the region during the last decade. Thus, construction, transport and communications have been the fastest growing sectors, especially in the oil producing countries. The process of infrastructure development has largely been completed in most of the Gulf countries, but construction activity is still likely to remain high to fulfill the still large requirements of social infrastructure, mainly housing, educational institutions and hospitals.

F. TRADE AND FINANCE

1. Foreign trade and payments

The balance of trade surpluses characteristic of the oil economies of the ECWA region declined considerably in 1978, but about doubled in each of 1979 and 1980. Preliminary indications are that they declined again in 1981 due to a fall in oil exports.

The large balance of trade surpluses of the oil producing ECWA countries have been used to cover the considerable, and generally increasing, private transfer payments incurred due to the remittances of expatriate workers. These payments ranged, in 1980, between US$ 285 million in the case of Bahrain and US$ 4,063 million in the case of Saudi Arabia. Most oil producing countries have also incurred large net payments on the services account. The largest deficif on this account, amounting to US$ 24,168 million in 1980, is for Saudi Arabia. Kuwait, Qatar and Bahrain, however, showed a positive balance on the sergices account in 1980. This has been made possible mainly by large services of investment income by many of the oil producing countries, which invest considerable proportion of their surplus oil revenues abroad.

ECWA oil producing countries are also liberal donors of foreign aid. This is reflected in the very substantial net public transfers made by them (except Oman, which is a net recipient of foreign aid). According to official statistics for 1980, Saudi Arabia, the United Arab Emirates and Kuwait were the major donors granting US$ 3,998 million, US$ 2,293 million and US$ 888 million, respectively, of aid and loans.

In sharp contrast to the surplus position of the oil economies, the balance of trade of the non-oil economies has been chronically in deficit. This was due to the high growth rates in the volume and prices of imports that were not matched by a rise in export earnings. The services balance is generally in deficit too, thus accentuating the deficit in the balance on goods and services.

However private and public unrequited transfers, as well as capital inflows, tended to reduce the deficit and, in many cases, led to realizing a surplus in the overall balance. This has produced an increase in the reserves of many non-oil economies, notably Jordan and Lebanon.

Expatriate remittances are the main source of private transfers. Remittances amounted to US$ 312 million in 1979 in Democratic Yemen, US$ 792 million in Jordan in 1980, and could reach US$ 1,400 million in 1981 in Yemen. In addition to remittances, higher public transfers and earnings from tourism and travel have helped produce a substantial surplus in the 1980 current account of Jordan, after the small deficit of the preceding year.

2. Monetary and fiscal developments

i. Banking

In the field of banking, the Arab banks which made an impressive entry into the international financial market only a few years ago, continued to make steady progress. Their activities were concentrated in the areas of trade financing, bond under-writing, portfolio management and medium-term financing. Some of the larger banks have also been involved in Euro-currency syndication and it is estimated that in 1981, they led 26 per cent of all lead managed syndicated inter-bank Eurocurrency credits, compared to only 10 per cent in 1980. However, most Arab banks, still have a relatively small capital base compared to the other international banks they compete with. The deposits of Arab international financial institutions are around US$ 25 billion, compared to an estimated total of US$ 300 billion Arab deposits in the Euromarket.

The offshore banking centre in Bahrain has grown rapidly since its establishment in 1975. It has attracted more than 50 foreign banks. According to published statistics the total deposits of the 65 offshore banks had reached the level of US$ 46 billion by the first half of September 1981, compared to US$ 37.5 billion in June 1980.

ii. Monetary developments

During the past two years, 1980 and 1981, there was a sharp increase in money supply in most countries of the ECWA region. Much of the increase in money supply is attributable to the rapid expansion in government expenditures, induced by increased oil revenues.

The growth rate of the quasi-money component, consisting of savings and time deposits, has been much higher than that of total money supply, especially in the oil producing countries. This is largely attributable to the high interests prevailing during the period.

iii. Fiscal developments

The countries of the ECWA region experienced rapid increases in the level of government revenues and expenditures during much of the period under review. In the oil producing countries, the rising price of oil in 1979 and 1980 and the relative success in keeping down inflationary pressures prompted governments to resume expansionary economic policies by increasing their budgetary allocations. In the non-oil economies, during the same period, fiscal policies aimed at reducing the characteristically large budgetary deficits, with varying success.

G. SOCIAL ISSUES

The two social questions that continue to preoccupy the region are the shortage of skilled labour and the development of manpower through education and training. The remarkable growth in the oil countries of the ECWA region during the last decade has induced massive flows of expatriate labour, both from within and outside the region, to these countries.

This has caused the number of migrant workers to reach an estimated 2.3 million in 1981, representing 10 per cent of the total labour force and around 3 per cent of the total population in the region. The remarkable influx of migrant workers, reaching in 1980 to about 32 per cent of the total national population of the oil rich countries (excluding Iraq), is the outcome of the ever-growing manpower needs for the development of these countries, accentuated by acute shortages of all categories of national manpower. The skill composition of the manpower requirements of the oil countries is steadily shifting in favour of high skilled categories. Thus, it is anticipated that the required stock of highly qualified manpower will triple in 1985, as compared to 1975.

The implications of the current world recession and the oil-"glut" might be seriously adverse for the employment of expatriate labour in oil producing countries, if these adverse trends continue for long. They may be leading to a deficit fall in the demand for all categories of labour. Such an outcome would aggravate the unemployment problem in the region.

Human resource development in the ECWA region is still an area of major concern. The high illiteracy rates and low rates of educational attainment reduce the capability of the region's population and the labour force to assimilate modern technologies needed for economic development. This obstacle is viewed seriously by all the countries of the region and the enhancement of the educational level and labour productivity are stated as prime objectives in their development plans.

I. INTERNATIONAL AND REGIONAL DEVELOPMENTS

A. International Developments

The international economic situation in early 1982 was characterized by two significant developments affecting the countries of the ECWA region. The first was the continuing recession in the developed market economies of the world. This was accompanied by growing uncertainty and lack of consensus about its causes and the possible timing of a recovery. The second development was the emergence of a "glut" in the international oil market and the persistence of a weak market for oil for a much longer period than had been expected, especially by the oil producing countries. Both developments adversely affected the development prospects of the region. Although these unfavourable developments affect the oil producing countries of the region more directly, their ultimate impact may prove to be more unfavourable to the non-oil producing and the least-developed countries of the region since their development is less insulated from and more susceptible to the fluctuations in international and regional levels of economic activity.

The recession in the developed market economies, which started soon after the 1978-80 round of oil price increases, continued unabated in most countries. Although the extent and duration of the recession varied from country to country, the main characteristics of the recession are familiar and broadly the same. During 1980 and 1981, the developed market economies grew at an average rate of slightly above one per cent annually, in contrast to an average growth rate of 3.5 per cent per year during 1969-79. During the second half of 1981, all the major developed market economies, with the exception of Japan and France, experienced declining and negative growth rates. The developed market economies of the OECD, as a whole, recorded zero growth rate in the second half of 1981. The prospects for 1982 are still uncertain, but hopes for an early recovery, especially in the United States, seem unrealistic.

The restrictive monetary and fiscal policies adopted in most developed countries to counter the inflationary effects of the oil price increases of 1978-80 engendered depressing conditions in their domestic markets. While inflation showed a perceptible decline in recent months in most developed economies - with declining prices of most primary commodity imports, including oil, providing a helping hand - unemployment increased at a much more disturbing pace.

Within the developed market economies, the concern with controlling inflation by adopting tight monetary policies - along with the creation of large budgetary deficits incurred for defence and for stimulating the economy through tax-cuts - gave rise, especially in the United States, to very high interest rates. In a regime of free convertibility, this led to competitive rises in interest rates among countries, with a view to inducing capital inflows and protecting the exchange rate. This mechanism of fighting inflation had only a limited and temporary effect and led to pressures on the exchange rate resulting from the balance of payments (current account) difficulties and cumulative rises in the interest rates. The effects of high interest rates on discouraging investment and economic recovery were, however, more pervasive and longer-lasting. Moreover, the experience of the last two years also showed that the domestic economic policies of individual developed countries to combat inflation and recession could prove to be self-defeating if the likely international action with the policies of other countries was not adequately taken into account.

1. Oil-"glut"

The international market for oil suffered a weakening during 1981 due to a complex combination of factors affecting production, consumption and changes in stocks. The 1978-80 oil price increases were a result of production changes brought about by disruption of supplies from Iran and later Iraq, and the resulting tightening of the supply and demand relationship for oil. Towards the end of 1980 and the beginning of 1981, both supply and demand factors moved to create a situation of relative abundance of oil supplies.

Mainly as a response to the oil price increases of the 1970s and the expected shortage of energy supplies, the search for oil and alternative sources of energy received considerable stimulus all over the world in the preceding decade. The OPEC countries, as a whole, opted in favour of reducing their output in order to prevent the rapid depletion of their oil resources. However, this resulted in an increasing share of non-OPEC countries in the total world supplies of oil, which rose to about half of the total production of non-socialist countries (21.3 million b/d out of 43.3 million b/d) from a little over a third (18.4 million b/d out of 48.9 million b/d) in 1978 1/. The increase in non-OPEC share was primarily due to production increases in the United States, Canada, the United Kingdom, Norway and Mexico. More recently, the supplies of oil were also augmented by considerable de-stocking of the oil. It is estimated by OECD 2/ that, in the second half of 1981, de-stocking of oil to the extent of 2 million b/d may have taken place in the OECD countries. The de-stocking of oil

1/ Financial Times, "OPEC Price Reflects Cautious Forecasts of Demand", Supplement on World Oil Industry, 2 December 1981.

2/ OECD Economic Outlook, 1981; p. 122.

reserves, acquired in the earlier period of rising oil prices, took place at an accelerated pace in view of the pressures to release working capital, whose opportunity cost rose with increasing interest rates and the soft state of the oil market.

The increase in OPEC oil prices in the last decade not only stimulated the search for oil by and resulted in the increase in the share of non-OPEC countries, but also gave rise to measures to conserve energy and to substitute oil by other sources of energy. As a result, the consumption of oil did not fail to keep pace with the increase in the GDP of most countries, but also declined in absolute terms in the last three years1/. The decline in the consumption of oil, especially in the rate of growth, occurred as a result of three factors: (a) the decline in the energy-intensity of GDP (the conservation effect); (b) the substitution of oil by other energy sources (the relative price effect); and, (c) the decline in the growth rate of GDP (the growth effect). It is unlikely, however, that these effects will interminably continue to have a depressing influence on the world demand for oil. Many of the conservation measures adopted are once-for-all in nature, which are unlikely to contribute to the decline in the growth rate further, and continued search for new conservation measures is likely to prove increasingly difficult. The relative price effect may also weaken as the cost of production of alternative sources of energy rises and as more oil reserves are discovered. Finally, the demand is generally expected to rise as the recession in the developed world turns into a recovery.

Although there does seem to be a new configuration of demand and supply relationships emerging in the world oil economy, it is, perhaps, premature to predict the end of "oil pessimism" that has characterized world economic growth for over a decade. The euphoria about the "glut" of oil may prove to be short-lived once the present recession in the world economy is over and the underlying forces of supply and demand assert themselves in the context of growth.

In the short- and medium-run, however, the oil-"glut" does present serious problems not only to the ECWA region, whose economies directly and indirectly depend on oil revenues, but also, to a considerable extent, to the developing world as a whole, which has been receiving an increasing volume of aid, remittances and exports receipts from the oil producing countries.

During the past two years, the OPEC countries have been in continual discussion about the appropriate level of oil prices. In view of the changing situation regarding both supply and demand factors, agreement on realigning the oil prices was not easy to achieve. In October 1981, however, the first price adjustments were made, after two unsuccessful earlier

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1/ Thus, the average non-communist world oil consumption was reported to have declined by 8.6 per cent during 1979-81, with above average rates of decline in the developed market economies; 11 per cent in the United States, 14 per cent in Europe and 14.5 per cent in Japan.

meetings and a freeze on prices declared up to the end of 1982. However, in early 1982, pressures were building up for a further revision of production and prices to counter the effects of a "glut" in the oil market and attempts by individual OPEC countries, notably Iran, to undercut prices to sell their outputs.

The question of adjusting oil prices in changing market conditions is a complex one and, as yet, the OPEC countries have been unable to agree on a general long-term formula governing price formation in the oil sector. Opinions among OPEC members have differed widely on the principles governing price formation - ranging from those who favour the oil prices to be approximated to the cost of alternative sources of energy to those who favour a much more flexible formula, responsive to market conditions, which would even permit some erosion of <u>real</u> prices in times of slack demand. It has proved more difficult to achieve unanimity about prices in OPEC, as in most producers' associations, in times of buoyant demand than in times of a recession.

The role of Saudi Arabia, which is uniquely capable of varying its output between a range of 6.2 and 12 million b/d, representing the amount needed to finance its development plan and the maximum production limit, respectively, is generally crucial in setting and enforcing OPEC's prices. However, the country has been more effective in moderating price rises than in arresting price declines. It is expected that OPEC's long-term ministerial strategy committee will be able to come to some decision in its meeting at Ecuador in May 1982 on various proposals, with a view to effecting price changes in an orderly manner, which would avoid causing disruptions in the world economy, as well as ensure the fulfilment of the cash-flow needs of the producing countries.

2. <u>Other issues</u>

The continuing recession in the developed countries, and the incipient oil-"glut", implying the likely erosion of the surplus revenues of the oil producing countries1/, are putting an already overstrained international

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1/ According to the Bank of International Settlements, the OPEC countries became net borrowers during the third quarter of 1981. It is estimated that the oil-revenue surpluses, which have hitherto supplied a major cushion to international liquidity and the recycled funds a major source of international lending, declined from US$ 126 billion in 1980 to 60 billion dollars between 1980 and 1981. The OECD estimated in December 1981 that the surplus would fall to 35 billion dollars in 1982. The liquidity position of the four OPEC members of the ECWA region (Saudi Arabia, Kuwait, Qatar and the United Arab Emirates), who are termed as "low absorbers" by BIS, continued to be strong. The remaining ECWA region OPEC member, viz. Iraq, however, was a net borrower, because of the interruption in oil revenues caused by the conflict with Iran and the high level of its development expenditure.

financial system under a very severe stress. The consequences of both developments for the achievement of the various targets of the International Development Strategy are likely to be very serious, especially for the poorer and the least-developed countries. These countries, whose development efforts critically depend on foreign assistance, face serious difficulties in financing their development plans, as the volume of concessionary aid from developed countries sharply declined and the cost of borrowing increased with the phenomenal rise in interest rates.

The climate for international aid perceptibly deteriorated during the past year. In the developed market economies, the continuing recession and increasing unemployment created an unfavourable environment. The oil producing countries which, in recent years, provided an increasing share of international aid and loans, are also likely to be concerned more about ensuring the financing of their own development programmes than using their dwindling oil revenue surpluses for international aid. The aid programmes of the international agencies, such as the World Bank, were also reduced recently and stricter terms of lending were imposed.

The soft loans provided by the World Bank's affiliate, the International Development Association (IDA), were sharply reduced this year by US$ 1.5 billion to a total of only US$ 2.6 billion. This was mainly the result of a cutback of the U.S. commitment from US$ 1.08 billion to US$ 750 million - a decline of about 30 per cent - which caused a similar reduction by all the other major industrialized countries. Although the US$ 1.5 billion cutback of the IDA funds was partially compensated for by an increase of $ 800 million in ordinary loans, the access to them is restricted to those countries which can afford to pay the higher interest rates and which satisfy the stricter requirements of creditworthiness.

The problems of the least-developed countries received considerable attention by the international community through the United Nations Conference on the Least-Developed Countries convened in Paris in the first half of September 1981. The Conference recommended, and the 35th Session of the General Assembly of the United Nations endorsed, the adoption and immediate implemention of a substantial new programme of action for the 1980s for the least-developed countries, including the necessary international support measures, within the framework of the International Development Strategy of the Third United Nations Decade for Development and other relevant United Nations resolutions and consistent with the plans and programmes of each least-developed country.

The donor countries at the Paris Conference committed themselves, within the framework of the overall target of 0.7 per cent of GNP for overall official development assistance as envisaged in the IDS for the

Third United Nations Development Decade, to redirecting the flows of the official development assistance increasingly towards the least-developed countries. Specifically in this connexion, most donors of official development assistance will devote in the coming years 0.15 per cent of their GNP to the least-developed countries. Others will double their official development assistance to the least-developed countries in the same period. Taken together, these efforts are likely to achieve, by 1985, a doubling of such aid, compared to those during the last five years.

The continuing recession in the developed market economies, the weakening position of the oil producing countries as a result of the emergence of the oil-"glut", the worsening climate of foreign aid for developing countries and the international monetary crisis aggravated by high interest rates are symptoms of an ailing world economy. They clearly emphasize and highlight the need for early global negotiations for the restructuring of the world economy and for major institutional rearrangements. A number of high-level meetings took place during the past year, the most important of which was the Cancun Summit of 22 developed and developing countries, to give an impetus to these negotiations. The Cancun Summit cleared the way for such negotiations by confirming "the desirability of supporting at the United Nations, with a sense of urgency, a consensus to launch global negotiations on a basis to be mutually agreed and in circumstances offering the prospect of meaningful progress"1/. However, the negotiations have still not made any tangible headway beyond the statement of the differing positions on various issues. The Group of 44 recently met in New Delhi to crystallize the position of the South, which will be submitted to the Group of 77 for approval. From the point of view of the ECWA region, the issues that the global negotiations need most urgently to focus on are energy, international monetary reforms, food security and technology transfer.

B. Regional Co-operation and Integration

1. Recent co-operation developments

During the period reviewed, progress towards forging closer economic relations among the countries of Western Asia, within the broader context of inter-Arab economic co-operation, continued to be hindered by unfavourable political developments. In spite of this, concrete progress was achieved in at least three major areas, viz. subregional co-operation, trade promotion, and joint ventures, mainly through establishing new institutional arrangements.

a. Subregional co-operation

The most significant development in this context has been the establishment of the Gulf Co-operation Council (GCC) by Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. The Council came formally into being on 25 May 1981 when its statutes were approved by the Heads of State of its member countries in their meeting in Abu Dhabi.

1/ Summary by the Co-Chairmen of the International Meeting on Co-operation and Development. Also quoted by Mr. Willy Brandt in the Economist, November 28, 1981, p. 21.

The Council established its Headquarters in Riyadh, Saudi Arabia. It created an elaborate organizational structure, involving the Heads of State who will meet, as the Supreme Council, twice a year and the Foreign Ministers who will meet, as the Ministerial Council, six times a year. Substantive committees in the fields of economic planning, financial and trade co-operation, removal of tariff barriers, industrial co-operation and social services were also created.

The Council also approved an Economic Agreement which, inter alia, provided or called for closer co-operation in the fields of agriculture, industry, oil, foreign trade, banking, travel and movement of capital, labour and entrepreneurship.

Although the primary motivation and concern behind the establishment of the GCC has been to guarantee the security and stability of the sub-region, its implications for economic co-operation in the region cannot be minimized. Although it covers only a subregion of ECWA, the influence in terms of economic power these countries represent guarantees that, should it succeed, it will pave the way for a more comprehensive basis for co-operation and integration among ECWA countries. The GCC also represents a rather new and unique experiment in Arab economic relations, in that it is the first major multilateral arrangement to be undertaken outside the framework of the League of Arab States, the Council of Arab Economic Unity, and their affiliated institutions1/. It is, no doubt, too early to predict its future, but the following other considerations appear relevant in assessing its prospects.

First, it is pertinent to emphasize that the establishment of the Council is a result of a number of past developments. Three decades of efforts to forge closer economic relations among the Arab countries serve as the background, along with a number of moves at the subregional level, which resulted in the establishment of a number of organizations. The various Gulf conferences in the field of trade, agriculture, industry, planning, currency and banking, as well as the experience acquired in the working of several joint ventures by the Gulf countries, can also be considered as having indirectly contributed to its formation.

1/ The founders of the GCC have emphasized that they view the organization to be consistent with the Charter of the League of Arab States. The extent to which this view is translated into practice, as well as the extent to which it will be shared by other members of the League, will have an important bearing of the success of the Council as an integrative vehicle for the drive towards economic co-operation and integration in the broader context of the region and the Arab world.

Second, the member countries of the Council share a number of characteristics and concerns favourable to closer co-operation, beside socio-cultural homogeneity, similarity in political and economic systems and geographical proximity. They have strong links with, and excessive dependence on, the international economy, arising from the overwhelming importance of oil in their economies and the reliance on imports for a disproportionately large part of their needs for consumption, capital goods, technology and labour, despite the relative abundance of financial capital, a considerable part of which has to be invested abroad.

Third, the Council appears to have opted for a gradualist approach in which the key elements are co-ordination and harmonization, rather than the more ambitious and comprehensive approaches proposed in the broader context of integrative efforts in the Arab world, which have proved so difficult to achieve concrete results. At the same time, the existence of a Supreme Council at the level of heads of State, which meets twice a year, is a feature that should be helpful in ironing out differences and in effectively implementing agreements.

A number of bilateral trade and economic co-operation agreements was also concluded during the period reviewed between the ECWA countries1/. Significant among these were the trade protocol between Iraq and Jordan (April 1981), calling for an increase in the quota of the Jordanian trade centre in Baghdad (from JD 4 million to JD 11 million), a loan to Jordan of JD 30 million for road construction, and Iraqi investment of JD 11 million in Jordanian industries and new joint ventures (to make durable goods such as refrigerators, air-conditioners and agricultural equipment, as well as food packaging and wood processing); the economic and trade co-operation agreement between Jordan and Qatar (January 1981); co-operation agreements on petrochemicals and iron and steel production between Qatar and Saudi Arabia; and, an economic co-operation agreement between Oman and the United Arab Emirates (December 1980), providing for increasing trade and standardizing import specifications.

It is also worth mentioning that the joint ventures2/, established within the framework of the 1975 economic and trade co-operation agreement between Jordan and the Syrian Arab Republic, appear to have survived the strained political relations between the two countries and not to have been adversely affected. However, goods passing by land between the two

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1/ The GCC countries have cancelled all existing bilateral agreements among themselves and have brought them under the cover of the Council's Economic Agreement, signed in November 1981.

2/ Namely, the Syrian-Jordanian Industrial Company, the Joint Industrial Free Zone Company, the Joint Syrian-Jordanian Commercial Bank, the Land Transport Company and the Joint Maritime Transport Company.

countries are required to clear customs in each country, while previously they passed through a unified customs point.

b. Intraregional trade

Another significant development during the period reviewed was the approval by the Arab Economic and Social Council of the Convention for Facilitating and Developing Trade between Arab States1/. This replaces the 1953 Convention for Facilitating Trade and Regulating Transit Trade between the States of the Arab League. The Convention is much more elaborate and comprehensive in nature than its predecessor. Some of its main features are:

- Exemption from customs duties, taxes with similar effect, and waiving of non-tariff restrictions on animal and agricultural products, mineral and non-mineral raw materials, semi-manufactures, and commodities produced by Arab joint projects, which enter inter-Arab trade.
- Gradual tariff exemption of manufactured goods.
- Graduated protection of Arab commodities and products against competition of similar and substitute non-Arab goods.
- In addition to trade liberalization, the aims of the Convention include co-ordinated linkage between production and exchange, particularly through the provision of financing necessary for production; equitable distribution of benefits and costs arising from the application of the Convention; and, taking into consideration the developmental circumstances of member countries, especially the least-developed among them (as specified by the Council) the products of which will be accorded preferential treatment.

c. Joint ventures

The Gulf area has also continued to be the main centre of joint ventures in the Arab world. These include the following:

i. The Gulf Aluminium Rolling Mill which was established in Bahrain (February 1981) with a capital of BD 24 million was shared by Saudi Arabia, Bahrain, Kuwait, Iraq (20 per cent each) Qatar and Oman (10 per cent each). The United Arab Emirates

1/ See Resolution 848/D.30/C.3 of 23-27/2/1981. The Convention will come into force three months as of the date of its ratification by at a least five Arab countries. Three countries (Jordan, Tunisia, and Yemen) were reported to have ratified the Convention by the end of October 1981.

has an option to join. The plant is expected to be completed at the end of 1983 and will have a capacity of 40,000 tons a year.

ii. The Ras Al-Khaimah Company for the Manufacture of White Cement and Building Materials was established in Ras Al-Khaimah with an authorized capital of Dh 600 million, divided into 300 million shares. The firm will be four-fifths owned by prominent financial groups in the Gulf, with another 50 million shares being offered to other Gulf nationals.

iii. The Arab Engineering Consulting Company was established in Abu Dhabi and is jointly owned by the national oil companies of OAPEC's nine member States, with seven countries holding 13 per cent each and Algeria and the Syrian Arab Republic holding 5 per cent and 4 per cent, respectively. Paid-up capital is US$ 4 million, subscribed capital US$ 12 million and authorized capital US$ 20 million. The company will provide design, consultancy and training services in the engineering field.

iv. The Arab Insurance Group was officially opened in Bahrain in October 1981, although operations began earlier in July, with a capital of US$ 3 billion, of which US$ 150 million were paid, shared by, in addition to Bahrain, Kuwait, Libya and the United Arab Emirates. The Group intends to concentrate initially on reinsurance business.

v. A heavy fuel oil processing plant, worth US$ 600 million, is to be built in Bahrain as a joint venture between Bahrain, Kuwait and Saudi Arabia. Bahrain will have a 40 per cent share in the company, with the rest shared equally by Kuwait and Saudi Arabia. The plant will process heavy fuel oil into lighter fuels and naphta for export, and is expected to be operational in five years.

2. Resource transfers

Systematic information on aggregate net disbursements of financial aid by individual ECWA countries to developing countries, including countries in Western Asia, is available up to 1978, and for concessional assistance up to 1979 (see Appendix tables I-1 to I-4).

Following their sharp decline in 1978, concessional assistance flows to developing countries from the five members of the Organization of Petroleum Exporting Countries (OPEC) - Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates - recorded a marked recovery, rising to US$ 4.87 billion in 1979. However, they remained below the record level (US$ 5.36 billion) attained in 1977. Close to three-fifths of the increment came from Iraq, where net disbursements of concessional assistance rose from US$ 172 million in 1978 to US$ 860 million in 1979 (Appendix table I-1).

The increase in concessional assistance was entirely accounted for by bilateral flows (Appendix table I-2), notably by Iraq and Qatar, with these flows accounting for about 95 per cent and 93 per cent, respectively, of their net concessional disbursements. The overall share of bilateral flows in total concessional assistance rose from 73.8 per cent in 1978 to 81.3 per cent in 1979.

Information on the recipients of concessional bilateral flows from all OPEC countries (Appendix table I-3) reveals a marked shift in favour of the Syrian Arab Republic and Jordan, whose share in total aid received by countries of Western Asia increased from 31.3 per cent in 1978 to 52 per cent in 1979 in the first instance, and from 14.2 per cent to 35.9 per cent in the second. This was associated by the virtual suspension of all aid to Egypt.

Concessional assistance from OPEC-financed multilateral aid institutions fell sharply in 1979 to US$ 271 million, from US$ 966 million in 1978 (Appendix table I-4). This was mainly due to the cessation of activities by the Gulf Organization for the Development of Egypt and the significant decline in disbursements by the Arab Fund for Economic and Social Development.

II. AGGREGATE ECONOMIC PERFORMANCE AND PROSPECTS

A. Growth and Structure of Output

Due to the overwhelming weight of oil in the total GDP of the ECWA countries, the changes in the level of economic activity in the region are extremely sensitive to the changes in the value of oil produced in the region. During 1979 and 1980 - the two years for which national accounts data are presently available - oil revenues increased sharply due to the second major round of oil price increases, even though most countries, with the significant exception of Saudi Arabia, effected considerable reductions in oil output.

As a result, the growth rate of real GDP during 1979, for the ECWA region as a whole, increased from 7.9 per cent in 1978 to 10.9 per cent in 1979. The growth rate of the oil producing countries increased much faster; from 7.9 per cent in 1978 to 11.2 per cent in 1979. On the other hand, the rates of growth of non-oil countries declined in 1979. Preliminary estimates for 1980 (Appendix table II-1) show that growth has been slower for the region, as a whole, except for the three non-oil, middle-income countries (the Syrian Arab Republic, Jordan and Lebanon). The following table summarizes the growth rates for the three subregions.

Table II-1. GDP Growth Rates by Subregions

Year	Oil countries	Non-oil countries	Least-developed countries	All countries
1978	7.9	7.1	8.0	7.9
1979	11.2	5.7	7.3	10.2
1980 a/	9.0	8.0	5.0	9.0

Source: ECWA Statistics Division and national sources.

a/ Provisional and based on partial data.

The slowing down of the growth rate in 1980 was due to slower increases in oil prices, accompanied by a reduction in the output of oil 1/, high rates of inflation, and the recession in the economies of the developed world. During 1981, the situation relating to oil deteriorated further and it is expected that the growth rate of the region will be slowed down further. The non-oil countries showed an improvement in their growth rates due to favourable domestic economic conditions, especially in Jordan and the Syrian Arab Republic. On the other hand, the two least-developed countries suffered a set-back, mainly due to deterioration in the domestic agricultural conditions.

1. Structure of output

ECWA countries continue to have largely undiversified economies, with one or two sectors contributing the major share of GDP. Appendix table II-2 shows the structural composition of GDP in the ECWA countries. The four major oil countries (Saudi Arabia, Iraq, Kuwait and the United Arab Emirates) derive more than 50 per cent of their GDP from oil 2/. This percentage has fluctuated as a result of changes in the output and the prices of oil. During 1979-80, this share has increased for most oil countries. In Yemen, the Syrian Arab Republic, Democratic Yemen, Jordan, Lebanon and Iraq a significant part of GDP (from 8 to 29 per cent of GDP) is derived from agriculture. During 1980, this proportion increased in the case of Iraq, but declined in the case of Yemen. The contribution of agriculture to GDP in the Gulf oil countries ranges from 0.3 per cent in Kuwait to 2.0 per cent in Oman. Although increasing efforts are being devoted to developing agriculture in these countries, the share of agriculture is falling, as oil and other non-oil sectors are growing at a much faster rate.

Manufacturing in the countries of the ECWA region is still a relatively unimportant, though growing activity. For the majority of countries in the ECWA region, manufacturing is only around 5 per cent of GDP. In Jordan, Democratic Yemen and Bahrain the percentage is higher - ranging between 12 and 17 per cent of GDP. In Jordan, the growth of the industrial sector in 1980 was particularly high; the proportion of GDP originating in manufactures rising from 12.9 to 15.2 per cent.

1/ The world oil market was in surplus in the first three quarters of 1980. By September 1980, it was estimated that there was a surplus of 2-3 million b/d, leading to the building up of stocks. This led to a decision by many OPEC countries to reduce their oil output by 10 per cent. However, the reduction of oil output forced by the breakout of the Iraq-Iran war, moderated only partly by the increase in the output of Saudi Arabia, again put upward pressure on oil prices. These changes resulted in an increase of 15 per cent, accompanied by a decline in output of 10 per cent of crude oil in ECWA.

2/ Qatar, for which national accounts estimates are not available, also, in all probability, falls in this category. Bahrain, whose oil reserves have been declining, is perhaps the most diversified of the oil countries; it gets only 25 per cent of its GDP from oil revenues although oil-related activities, including the refinery, contribute a substantial additional share.

The variation in the contribution of the construction sector is relatively small among the ECWA countries; in most countries it is around 10 per cent. In Democratic Yemen, Saudi Arabia, Bahrain and Jordan the proportion of GDP derived from construction is among the highest.

The comparison of the contribution of the various sectors to the GDP between oil and non-oil producing countries is vitiated by the enormous weight of oil in the GDP. For this purpose, it is more meaningful to compare the structure of non-oil GDP, which is shown for oil countries in Appendix table II-3.

The services sector (consisting of Transport, Trade and All Others) dominates all non-oil output producing sectors in these countries. These sectors contribute around 70 per cent of GDP in Bahrain, Kuwait and Oman and between 55 and 60 per cent in United Arab Emirates and Saudi Arabia. Construction and manufacturing are the next most important sectors in the oil countries. In Saudi Arabia, the United Arab Emirates and Oman, construction contributes 20 to 30 per cent of non-oil GDP, while in Kuwait, Bahrain and Iraq the proportion is around 10 to 15 per cent. The share of construction in non-oil GDP of most oil countries is either stable or declining. The share of manufacturing sector in non-oil GDP, on the other hand, has risen in most oil countries, especially between 1979 and 1980. In Kuwait the share of manufacturing in non-oil GDP is highest among oil countries and stood at 21 per cent in 1980. Bahrain, where oil itself forms only about 25 per cent of GDP, is next, followed by the United Arab Emirates, Saudi Arabia and Oman.

2. Expenditure on GDP

Available estimates of expenditure on gross domestic product (Appendix table II-4) bring out the contrasting patterns of absorption of GDP by different uses in the oil and non-oil economies. With relatively large populations and low *per capita* incomes, the non-oil economies have characteristically high ratios of consumption expenditure to GDP. In three non-oil countries, namely, Democratic Yemen, Yemen and Jordan, consumption expenditures exceeded the GDP in 1980 by 34, 20 and 14 per cent, respectively, representing a decline in the consumption/GDP ratio for Jordan, but an increase for the two Yemens, over 1979 1/. The oil countries, on the other hand, absorb characteristically less than 50 per cent of their GDP in consumption expenditure. With an increase in oil exports in 1979 and 1980, the ratio has fallen further - reaching around 40 per cent for countries with relatively large population (Iraq, Saudi Arabia and Oman) and around 30 per cent for countries with smaller population (Kuwait and the United Arab Emirates 2/.

1/ Among non-oil countries, the Consumption/GDP ratio is the lowest for the Syrian Arab Republic and shows a somewhat rising trend. In Lebanon, consumption has exceeded GDP by about 10 per cent in recent years.

2/ The exception to this generalization is Bahrain, where oil output is low and declining; GDP still exceeds consumption by about 30 per cent.

The share of the private sector in consumption is still dominant in almost all the countries reviewed, but especially so in the non-oil countries. An exception to this is Saudi Arabia where the growing economic role of the state has increased the relative size of public consumption.

3. Investment

As Appendix table II-4 indicates, the share of capital formation in GDP is generally very high and systematic differences do not exist between oil and non-oil countries. Jordan is among the countries with the highest proportion of GDP devoted to gross capital formation (GCF) which rose from 39.3 per cent in 1979 to 43.0 per cent in 1980. Yemen also has maintained a high GCF/GDP ratio of about 44 per cent in the past three years.

In the oil countries, domestic investment has not kept pace with the rise in the GDP of 1979 and 1980 induced by oil price rises, resulting in the ratio of GCF/GDP ratio for all five oil countries in 1979 and 1980. The United Arab Emirates, Bahrain and Saudi Arabia have, however, maintained the ratio at about 30 per cent in 1980. Kuwait, which deliberately avoided an over-expansionary domestic investment policy and preferred overseas investments, had a GCF/GDP ratio of 10 per cent in 1980. Democratic Yemen, the Syrian Arab Republic and Lebanon have also suffered slight falls in the proportion of gross investment to GDP.

It is obvious that, in spite of their efforts to increase investment, the oil producing countries are generally unable to devote a higher proportion of GDP to investment because of their low absorptive capacity and the unavailability of skilled labour and the high socio-economic costs of importing labour. On the other hand, the high investment of GDP ratios in non-oil countries, made possible largely by heavy external aid flows, still do not represent high enough investment levels, in absolute terms, commensurate with their development needs.

Information on the participation of public and private sectors in total investment is available only for a few countries (see Appendix table II-5). In Democratic Yemen, Iraq and the Syrian Arab Republic, the role of public sector investment is predominant. In Saudi Arabia and the United Arab Emirates, where private investment has few restrictions, the role of the public sector is still very high. In Saudi Arabia, about two-thirds of total investment is by the public sector, while in the United Arab Emirates the private sector has tended to dominate. The role of public sector investment in other countries is also likely to be very high in view of the nature of investment projects being undertaken in the ECWA region, mainly in infrastructure.

Data on the composition of investment by economic activity and by type of asset are limited to a few member countries only (see Appendix table II-6) and is too fragmentary to bear useful analysis by way of inter-country or intertemporal comparisons. The high proportion of agricultural investment in Democratic Yemen, as compared to Yemen and the Syrian Arab Republic - bearing in mind that the proportion of GDP derived from agriculture (see Table II-2) is larger in the latter two - points to possible differences in the definition of agricultural investment. As regards capital formation by type of asset, construction continues to dominate other assets, especially in the oil countries where it reaches up to 81 per cent in Saudi Arabia. A more detailed analysis of this phenomenon is provided in Chapter III.

4. Resource balance

There is a marked asymmetry in the pattern of expenditure use on GDP between the oil and the non-oil countries of the ECWA region. Whereas the former have large surpluses over consumption and investment expenditures, the latter need resource inflows not only to finance part of their investment expenditures, but, in some countries, such inflows seem necessary to finance consumption expenditures as well. Table II-2 shows the resource balance of various ECWA countries in recent years1/.

All the non-oil countries of the ECWA region have substantially negative resource balance ratios2/. In the two least-developed countries (Yemen and Democratic Yemen), the resource balance ratios have declined in recent years and in 1980 in both countries they were around -64 per cent. Jordan, Lebanon and the Syrian Arab Republic also have had negative resource balances in recent years, but their resource position is relatively better and is, generally, improving. While Jordan and Lebanon, along with Yemen and Democratic Yemen, continue to have negative rates of domestic savings, the Syrian Arab Republic has shown positive domestic savings rate which, despite some improvement in 1980, was only about 10 per cent of GDP. Jordan's domestic savings rate, while still negative, has also shown some improvement in 1980, despite an increase in the investment ratio.

1/ The resource balance, defined as the excess of GDP over consumption and investment expenditures, shows the ability of the domestic economy to finance its most important domestic expenditures. However, the surplus (deficit) does not necessarily indicate the economy's ability (need) to lend (borrow) resources to (from) other countries. This is because of the existence of net factor incomes from abroad, which augment or diminish the resource balances, to give the current account balance which is the real measure of a country's ability/need to lend or borrow (rather than merely transfer) financial resources. This aspect of the problem is discussed in detail in Chapter IV, Section A.

2/ The algebraic difference between the GCF/GDP ratio and the domestic savings ratio (col. (2) - col. (3) in Table II-2 gives the resource balance ratio.

Table II-2. Resources Balance as a Percentage of Gross Domestic Product (1977-1980)

Country	Year	Resources balance [a/]	Gross capital formation [b/]	Domestic savings
Bahrain	1977	-15.0	42.5	27.5
	1978	-7.8	40.6	32.8
	1979	-4.5	32.4	27.9
Democratic Yemen	1977	-54.7	46.0	-8.7
	1978	-51.2	38.3	-12.9
	1979	-45.7	29.9	-15.8
	1980 [e/]	-63.9	29.7	-34.2
Iraq	1978	9.5	34.4	43.9
	1979 [e/]	26.5	32.8	59.3
	1980 [e/]	46.7	22.9	69.6
Jordan (East Bank)	1977	-62.5	42.4	-20.1
	1978	-59.2	38.7	-20.5
	1979	-68.1	39.3	-28.8
	1980 [e/]	-57.4	43.0	-14.4
Kuwait	1977	28.6	24.2	52.8
	1978	31.2	18.5	49.7
	1979 [f/]	52.3	10.8	63.1
	1980 [f/]	56.9	10.0	66.9
Lebanon	1977	-33.4	20.9	-12.5
	1978	-28.2	18.6	-9.6
	1979	-27.6	18.0	-9.6
Oman	1977	16.2	35.3	51.5
	1978	10.1	31.5	41.6
	1979	22.4	27.1	49.5
	1980 [f/]	36.5	22.9	59.6
Saudi Arabia [c/]	1977	37.8	25.4	63.2
	1978	21.8	33.1	54.9
	1979	15.8	31.0	46.8
	1980 [f/]	33.1	25.9	59.0
Syrian Arab Republic	1977	-22.3	34.0	11.7
	1978	-16.3	30.2	13.9
	1979	-17.0	25.7	8.7
	1980 [f/]	-15.5	25.1	9.6
United Arab Emirates	1977	30.7	39.1	69.8
	1978	26.9	39.4	66.3
	1979	34.3	35.3	69.6
	1980	43.8	29.8	73.6
Yemen [d/]	1977	-49.7	21.4	-28.3
	1978	-51.6	43.4	-8.2
	1979	-61.9	44.0	-17.9
	1980 [f/]	-64.3	43.9	-20.4

Source: ECWA, based on national and international sources.

a/ Resources balance = GDP - (consumption + investment).

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

c/ Fiscal years ending mid-May.

d/ Fiscal years ending 30 June.

e/ Estimates

f/ Provisional.

All the oil countries, with the exception of Bahrain1/, have had substantial and rising positive resource balances and domestic savings rates, whereas Kuwait had the highest resource balance ratio (56.9 per cent) and the United Arab Emirates had the highest domestic savings ratio (73.6 per cent) among the oil countries.

B. Overall Development Perspectives and Prospects

In spite of the relatively favourable growth performance in the past decade, the ECWA region generally remains in need of considerable development. The future possibilities for growth largely depend on the use of the region's principal natural resource - oil. Oil makes the vital difference between the region's present affluence and the poverty of its recent past by allowing the import of not only the technology and the intermediate and capital goods needed for economic development, but also the expatriate labour and consumption goods. The benefits of this oil-induced growth is not confined to oil producing countries, but also spills over to the more densely populated non-oil producing developing countries of the ECWA region, and beyond, in the form of increased exports, aid and remittances of expatriate workers.

The financial resource situation of many non-oil producing countries of the ECWA region, especially of the two least-developed countries, remains weak, despite the relatively large inflow of aid and remittances and the existence of considerable exploitable non-oil resources, especially agriculture. In the oil countries, the efforts at enlarging the scope of the non-oil sector and of diversifying the economy have come up against a number of hard economic realities; the lack of adequately trained human resources, technological skills, and other complementary factors which are needed to enhance the region's absorptive capacity.

The region, on the other hand, has made impressive economic progress, which would have been unimaginable without the valuable oil resource. The three broad categories (oil, non-oil and least-developed), in which the countries of the ECWA region can be conveniently grouped, have had significantly different growth experiences and have faced qualitatively different development problems. Their prospects for the future are also markedly different and they have adopted different strategies of development as may be observed from the analysis of their past performance and future plans2/.

1/ As was pointed out earlier, Bahrain's economy is structurally more diversified and less dependent on oil and has shown more absorptive capacity than other oil countries. Even so, not only is its resource balance ratio only marginally negative, but it has a substantially high domestic savings rate and a positive current account balance (see Chapter IV).

2/ Most of them start in 1981 at the recommendation of the Amman Summit to adopt a uniform date and period for their national plans.

1. Oil economies

The oil economies (Saudi Arabia, Iraq, Kuwait, the United Arab Emirates, Qatar, Oman and Bahrain), which, as a group, enjoyed the highest growth rates in the region during the past decade, face the continuing dilemma related to the use of their oil resources between the present and the future; a dilemma that has been made more serious by the uncertainties of the international developments reviewed above. This dilemma expresses itself in the effort to keep a balance between the rates of growth of their economies and the rate of depletion of their oil resources.

The major oil producing countries of the region have, in the past, been producing oil at levels which generate resources far in excess of what their economies could absorb in domestic income-generating activities. The launching of ambitious development plans soon after the 1973 oil price rises, which increased domestic expenditures up to ten folds, did absorb a large part of the oil revenues, but the cost in terms of inflation was heavy. The phenomenal rise in world inflation in the mid-1970s also affected the value of the financial assets in which the oil revenue surpluses were invested. Both these developments have infused caution among the oil countries regarding the rapid rate of depletion of the oil resources and created the awareness that a barrel of oil in the ground was worth much more than in the market. This awareness was further strengthened by the difficulties faced in trying to diversify their economies and build viable non-oil sectors.

The experience of Saudi Arabia, the largest of the oil economies, has particular significance as it illustrates and, to some extent, typifies both the possibilities and the limitations of growth in this group of countries. Although the country embarked on its First Development Plan in 1971, the potential for its real economic development was provided by the Second Development Plan (1975-80) which involved an actual expenditure of US$ 160 billion (the planned expenditure was US$ 142 billion)1/. It laid the foundation of the basic infrastructure necessary for development, to which nearly half the total development expenditure during the Second Plan was devoted. During the Second Plan period, the non-oil sector grew at about 15 per cent per year, considerably faster than the oil sector. Construction and utilities were the fastest growing sectors in the non-oil GDP at 18 and 16 per cent, respectively, while manufacturing and services grew at about 10 and 12 per cent per annum, respectively.

Inflation and manpower shortages were the main problems facing the Saudi economy during the Second Plan period. The inflation rate was very high (around 40 per cent), due mainly to supply bottlenecks and

1/ The First Development Plan (1971-1975) involved an expenditure of only US$ 18 billion.

rising import prices. It declined sharply (to around 10 per cent) towards the end of the Plan when these bottlenecks eased at the beginning of the Plan period, after infrastructure facilities were completed and monetary and exchange policies succeeded in bringing down import prices. The enormous increase in employment, mainly in construction, necessitated the large-scale import of foreign labour which brought down the share of the Saudi labour force from 92 per cent of the total in 1975 to 57 per cent in 1980.

The Third Saudi Development Plan was launched in 1981. The planned expenditure of US$ 230 billion was 33 per cent more (in real terms) than that of the Second Plan. The three major objectives of this Plan are (a) to provide an industrial base, centred mainly around oil and gas; (b) to complete the infrastructure projects commenced in the Second Plan; and, (c) to utilize domestic manpower effectively (by increasing manpower availability and raising productivity) and to reduce the dependence on foreign manpower.

The Plan envisages major structural changes in the economy by the end of the Plan period in 1985. The non-oil sector's share in the GDP is expected to rise to about 61 per cent - roughly the share of the oil sector in 1980. The planned growth rates during the Third Plan period and the share of different sectors in the GDP are given below:

	Share in 1980	Share in 1985	Growth rates
Non-oil sector	100.00	100.00	6.20
Agriculture	2.41	2.32	5.35
Other mining	1.11	1.31	-
Manufacturing	5.00	8.78	18.83
Construction	34.08	22.26	-2.48
Utilities	0.26	0.70	29.46
Services	57.14	64.63	8.84

The level of output of the oil sector is planned "to generate sufficient revenues to cover the financial requirements of the Plan". At the present crude oil prices of US$ 34 a barrel, an average production of 6.2 million b/d will be necessary. A production below this level - should it be required in order to defend OPEC oil prices - would force the country either to dip into its financial reserves or to revise the growth targets downwards. Also, the reduction of the oil output target below 6.2 million b/d would involve not only a shortage of financial resources, but would also require a change in the Plan's development strategy, which presently relies heavily on the use of associated gas (previously flared off) to provide the feedstock for their new chemical industries.

The United Arab Emirates (UAE) owes its current affluence to the discovery of oil in Abu Dhabi, which produces 80 per cent of the total oil production. Like the other oil countries of the region, the real upsurge in oil revenues came after 1973, although the oil revenues had already started having considerable impact by the late 1960s on the poverty-ridden state.

Most of the development that has taken place in the United Arab Emirates during the last decade has two broad characteristics. First, the investment has been mainly in the building of infrastructure facilities. Second, the development has been mostly unco-ordinated and largely through the initiative of the private sector.

Some duplication and waste which resulted was inevitable due to the sudden and unprecedented acquisition of oil wealth and the lack of adequate experience. The need for a more planned and co-ordinated use of resources is now realized and the United Arab Emirates has embarked upon its first Five-Year Plan (1981-1985) which has not yet been officially announced.

According to the information available, the UAE Plan has established an average annual growth target of 9.6 per cent for the non-oil sector. The manufacturing sector receives the highest priority of about 30 per cent of investment resources and is targeted to achieve the highest sectoral growth rate (27 per cent), raising its relative share in GDP from 3.8 per cent in 1980 to 10.3 per cent in 1985. Although this target seems rather ambitious, it is probably based on the expected increase in the output of the projects undertaken in the past and of the increased efficiency of the infrastructure already completed.

Iraq has the largest population (about 14 millions) among the ECWA countries. Although in normal times it is the second largest oil producer in the region, after Saudi Arabia, it does not share many of the structural characteristics of the other oil economies, such as a high proportion of expatriate labour force, lack of non-oil resources or absence of physical and human infrastructure. Beside having a large population, it has a well-educated and skilled labour force. Both agriculture and industry contribute significantly to GDP and have great prospects for further development. The large size of the domestic market, both in terms of population and purchasing power, makes the establishment of most industries feasible, without reliance on external markets.

Most of the investment in recent years has been aimed at building the physical infrastructure, mainly for improving and expanding the rail and road networks to provide additional links with the neighbouring countries. Power generation and transmission capacities are also being expanded substantially and a rural electrification scheme is underway. Education at all levels is receiving a very high priority. Health facilities are being expanded to eradicate endemic diseases and extend medical facilities to the rural areas, along with projects such as the modern medical city in Baghdad.

Like many other oil producing countries of the region, Iraq has made a start in utilizing the associated gas for producing LPG and the residue as feedstock for a number of petrochemical industries. The plans for these industries seem to have been adversely affected by the war with Iran. Between 1971 and 1980, US$ 21 billion or about 40 per cent of planned expenditures were reportedly allocated to industrial projects, including steel and aluminium processing plants and the assembly and manufacture of trucks, cars, diesel engines and tyres.

Iraq's agricultural potential is very high due to its abundant land and water resources, although both present considerable problems of management and proper utilization. Its petrochemical industries can provide cheap fertilizers to augment the fertility of land and thus transform agriculture into a modern sector capable of solving the country's and, to some extent, the region's food security problem.

An important element of Iraq's development strategy, which distinguishes it from that followed in other oil producing countries, is the commitment to the creation of a socialist society and to effect income redistribution through development policy.

Kuwait's proven oil reserves are among the largest in the region. However, despite this, Kuwait has been careful in the use of its oil resources and active in reducing its dependence on oil. Kuwait's strategy towards the diversification of its economy is perhaps the principal factor which distinguishes it from the other oil producing countries of the region.

While industrial development has been considerable, diversification has not been confined to industrialization, but has been interpreted in a broader way to include services, such as trade, banking, finance, insurance and shipping; sectors in which its investments have grown very fast and are yielding incomes comparable with that from the oil sector.

The development of industries within Kuwait has been based on three considerations. First, it has been the policy of the Government to introduce industries which would maximize the value added on crude oil processing. It already has the largest refinery capacity in the region and refines almost half of its crude oil output and produces a large range of petrochemical products. Second, the Government has encouraged only those industries which are profitable at international prices. Among the industries which have survived this test are bricks, cement, iron bars, aluminium, furniture and plastics. Third, a factor which has affected the growth of other sectors as well, the Government has been concerned not to allow the economy to get "overheated" and to avoid inflation.

These concerns, along with the desire to keep the requirements of expatriate labour to a minimum, have tended to make Kuwait the most outward looking economy in the ECWA region. This has manifested itself in large overseas investments and in service-oriented activities, in seeking joint venture activities within and outside the region and in increasing its outflow of loans and aid to developing countries. In 1981, the Kuwait Development Fund doubled its capital from one billion to two billion Kuwaiti Dinars, as a result of the increase in its assistance to a large number of developing countries in Asia and Africa. In addition, Kuwait has channelled its aid to these countries through a number of regional and international agencies, and is among the leading aid-donors in the world.

Qatar, the smallest oil producing state in terms of population (about 300,000 in 1980), is among the richest in the ECWA region. Its oil output has averaged about half a million barrels per day. Although offshore production is becoming increasingly important, the main onshore fields have now reached middle-age and oil reserves are estimated to last only 20 to 30 years. The Qatari economy has, therefore, been under greater pressure to reduce its current overwhelming dependence on oil.

Qatar has been among the pionners in the oil producing countries in, at least, three fields, namely, in nationalizing oil production; in using its associated and non-associated gas reserves productively; and, in initiating industrialization based on highly capital intensive and heavy industries. Besides establishing industries based on oil and gas - producing a wide range of petrochemical products - the country has established the first integrated steel plant in the region. It produces an output of about half a million tons of steel, mainly for use in the construction industry in the region. Most of its output is exported to other Gulf States, especially Saudi Arabia, Kuwait and the United Arab Emirates.

In addition to industrial expansion, Qatar has given considerable attention to the development of both physical and social infrastructure. Special emphasis has been given to road development, water supply, sewage facilities and electricity generation, in the physical infrastructure field, and to low-cost housing, health facilities, education and manpower development in the social infrastructure field. Qatar has also been a generous aid giver to the developing countries and ranks among the highest in terms of the proportion of its income devoted to foreign aid.

Bahrain is the smallest oil producing country in the ECWA region. Production of oil has been declining annually at the rate of 4 to 8 per cent and the reserves are expected to last until the end of this century, unless costly recovery operations are undertaken or offshore explorations prove successful. The oil sector contributes only about a quarter of the

GDP, the lowest among the Gulf countries. The declining importance of oil has forced Bahrain to create the most diversified economy in the Gulf region. The recent rise in oil prices also provided the economy, despite falling oil production, with the needed resources to further diversify the economy.

Bahrain's diversification efforts have centred mainly on catering for services and industries built as joint ventures with other Gulf and Arab countries. Among the former are the Arab Shipbuilding and Repair Yard (ASRY) and the creation of a successful offshore banking sector. To its own petroleum refinery, producing 250,000 b/d, and its aluminium smelter, producing 120,000 tons annually, a number of industrial projects, including petrochemicals, iron and steel and aluminium products are being added with the collaboration of Gulf and other Arab countries. A major concern of the Government is to avoid the inflationary effects of the expenditure on these projects.

Bahrain has also made use of its increased oil and other revenues to provide a number of social services to its population, including free education and health facilities, low-cost housing, and supplies of electricity and water. A major problem facing the country is the increased manpower requirements to be met by expatriates. An associated problem is the preference for blue collar work by Bahraini labour force which has led to the "Scheme of Ten Thousand", under which 10,000 Bahrainis will be given technical training with a view to replacing expatriates in professional jobs.

2. Non-oil economies

The three non-oil economies of the ECWA region, the Syrian Arab Republic, Jordan and Lebanon have a more diversified economic structure, with agriculture, industry and services having more balanced shares in the GDP than the oil economies. Although in all the three countries, the services sectors contribute the largest share of GDP, in Lebanon this share is the highest (70 per cent), while in the Syrian Arab Republic and Jordan agriculture and manufacturing, respectively, are of greater relative importance. These countries are also relatively well-developed in terms of both physical and human infrastructure, and are exporters of skilled rather than unskilled manpower.

In all the three non-oil economies, domestic savings have proved insufficient to finance the considerably high rates of investment undertaken. In Jordan and the Syrian Arab Republic, gross domestic capital formation has been around 40 per cent and 30 per cent of GDP, respectively, while in Lebanon it has been around 18 to 20 per cent since the mid-1970s. However, only the Syrian Arab Republic has had positive domestic savings with which it has financed part of its investment. The domestic savings in the other two non-oil economies have been negative and resource inflows have been needed to finance both investment and consumption. These resource inflows have been forthcoming mainly as remittances and foreign aid flows from Arab countries.

The Syrian Arab Republic and Jordan have both been engaged in planned development for a considerable period and are at present embarked on their Fifth and Second Five-Year Plans, respectively.

The Fifth Five-Year Plan (1981-1985) of the Syrian Arab Republic is aimed at achieving an annual average growth rate of 7.7 per cent during the period. This is in contrast to the rather ambitious target of 12 per cent during the Fourth Five-Year Plan (1976-1980), which compared with the actually achieved growth rate of about 6 per cent, although in the last year of the Plan it reached 9 per cent.

In the Fifth Five-Year Plan, the total outlay of investment during the period is estimated at SP 101,493 (US$ 26 billion), 90.7 per cent of which will be financed out of domestic resources and 9.3 per cent from external sources. Investment is expected to grow at the rate of 6.6 per cent and its ratio to GDP will reach 27.9 per cent. The public sector's share of investment will be 79.6 per cent, while its contribution to the financing of investment will be 67.7 per cent. The mixed and private sectors, on the other hand, will receive 20.4 per cent and generate 23.0 per cent of the investment resources.

The planned sectoral growth rates and the sectoral distribution of investment during the Plan period are as follows:

	Rate of growth	Allocation in investment (per cent)
Agriculture	7.8	16.9
Mining and quarrying	-1.1	4.5
Manufacturing	15.3	12.2
Electricity, gas and water	11.8	10.0
Construction	7.9	2.5
Trade	6.4	3.0
Transport, communication and storage	9.1	12.6
Finance and real estate	7.5	18.1
Social services	8.7	20.2

The objectives of the Fifth Five-Year Plan of the Syrian Arab Republic include a number of goals designed to achieve social and economic equality. Agriculture receives priority in investment resources and the Plan aims at reducing the rural-urban income gap. It is also planned to increase the equality of incomes and to "rationalize consumption such that consumption patterns are in conformity with productivity". Considerable emphasis is given to the social sectors and to increasing the educated and skilled labour force.

The First Five-Year Plan (1976-1980) of Jordan aimed at an annual growth rate of 11.9 per cent in GDP. However, the real annual rate of growth of GDP achieved averaged 8.5 per cent during the Plan period, compared to 11.9 per cent anticipated in the Plan.

The Second Five-Year Plan (1981-1985) plans an outlay of JD 3,300 million (or US$ 10 billion) in current prices. The main objectives of the Plan are (a) realizing an 11 per cent of annual growth rate in GDP; (b) changing the structure of the economy in favour of commodity producing sectors; this will involve raising their relative share in GDP from 38.8 per cent in 1980 to 46.0 per cent in 1985, with an annual increase in commodity sectors of 14.9 per cent and the services sector of 8.4 per cent; (c) reducing the trade deficit; the import of goods and services are projected to increase at 13.5 per cent yearly and exports at 17.8 per cent; (d) providing basic needs and narrowing regional disparities through the provision of industrial infrastructure and public services; (e) developing the labour force through qualitative and quantitative improvements, increasing social security and women's participation; and, (f) participating in the Arab development decade.

Among the major sectoral investments and targets for growth, the Agriculture and Co-operation Sector has 7.11 per cent of the total plan investment and is expected to grow at an annual rate of 7.5 per cent. The Mining and Manufacturing Sector, with 22.99 per cent of the investment, will grow at 17.8 per cent and the Electricity, Energy, Water and Irrigation Sectors, with 20.76 per cent of the total investment, will grow at 18.9 per cent per annum.

In Lebanon, where development efforts since mid-1970s have been seriously handicapped by periodic internal disturbances of varying intensity, a Council for Development and Reconstruction (CDR) was, nevertheless, established in January 1977 under a Presidential decree. However, under the circumstances, its activities have been confined, mainly to reconstruction projects which need to be mounted to allow Lebanon to return to normal, while long-term development programmes have largely been deferred. Reconstruction is financed largely by external loans and grants, with the Lebanese Government providing 20-25 per cent of the total counterpart funds. The Council's major activities have concentrated in the areas of housing, infrastructure, education and health. The total estimated cost of the reconstruction programme was LL 14,000 million (in 1978 prices) or US$ 4,737 million during a period of 5 years (1978-82).

3. The least-developed countries

The two least-developed countries of the ECWA region (Yemen and Democratic Yemen), with a total population of about 8 million people, constitute a geographically contiguous and economically poor subregion.

The poverty and underdevelopment of ECWA LDCs are not adequately reflected by their per capita GDP. Other indicators describe a much more telling story. Life expectancy at birth is among the lowest in all LDCs. So is the percentage of population having access to safe drinking water and the daily supply of calories per capita as a percentage of the amount required. Literacy rates and availability of doctors are also among the lowest, while the incidence of disease is among the highest. The availability of social services and of transportation facilities are far below any acceptable norms.

Structurally, the economies of the ECWA LDCs are very weak. Agriculture, which is the main economic activity, is in a state of attrition mainly due to the lack of adequate investment, emigration of labour, lack of sufficient water and deteriorating environmental conditions. Industry, in any meaningful sense, is virtually non-existent, and the proportion of income and employment derived from it is insignificant. Efforts to promote industrialization are thwarted by shortages of capital and skill, high costs of energy and other inputs, lack of adequate infrastructure facilities, unavailability of appropriate technology, and the small size of the market. Although both countries depend heavily on imports, consisting mainly of food and other essential commodities, commodity exports are virtually non-existent and pay for less than 5 per cent of their import bills.

One of the most serious problems impeding the development of ECWA LDCs is the large geographisal area - sparsely inhabited and largely uncultivated - with deserts and difficult terrain making infrastructure investment highly costly. This makes the task of integrating the national economies very hard and increases costs all around.

In spite of these very serious handicaps, the ECWA LDCs have made serious efforts towards developing their economies. Although the two countries have pursued different paths of development, they both share a strong commitment to a policy of growth, better income distribution and improvement in the living standards of their peoples. Both countries are engaged in ambitious development plans designed to achieve these objectives and high growth rates in per capita GDP.

The Second Five-Year Plan of Yemen (1982-1986) aims at having GDP grow at an average annual rate of 7 per cent and per capita income at the rate of 4.1 per cent. The following sectoral growth rates and investment allocations are planned:

	Growth rate	Investment allocation (per cent)
Agriculture	4.7	16.2
Mining	12.0	3.3
Manufacturing	12.0	12.8
Electricity and water	22.0	7.4
Construction	2.0	2.3
Trade	7.3	10.5
Transport	7.8	16.9
Government services	9.0	15.5

The total investment of YR 28,900 million (US$ 6,334.25) at current prices will be financed mainly by foreign grants and loans (46.7 per cent) and remittances (39.8 per cent).

The Plan also aims at reducing the balance of payments deficit gap from YR 3,970 million in the base year to YR 2,800 million in the target year, by freezing imports at the base year level and by increasing exports at a growth rate of about 6 per cent per year. Private consumption is planned to be restricted to grow at 4.3 per cent per annum, but public consumption will increase at 9 per cent per year.

The development objectives emphasized in the Plan include the development of human resources, increasing national savings, utilization of remittances of the Yemeni workers for productive use and greater social and economic equity between economic groups and regions.

The revised Second Development Plan (1981-1985) of Democratic Yemen aims at average annual growth rates of 10.3 per cent, 10.7 per cent, and 7.9 per cent for GDP, GNP and per capita income, respectively. The Plan will have a total investment of YD 508.2 million (US$ 1,471.34) at current prices. The share of producing sectors in GDP is planned to rise from 56.2 per cent in 1980 to 58.2 per cent in 1985. The average annual growth targets of the various sectors are planned as follows:

Agriculture	8.8
Fisheries	11.0
Industry	12.7
Construction	11.0
Transport	9.0
Trade	9.6
Other services	27.2

4. Development prospects for the region

The survey of the problems and prospects of the countries of the ECWA region suggests that it will not be easy to maintain the growth momentum generated during the last decade if the present unfavourable conditions in the world economy continue beyond 1982. The development plans and programmes of the ECWA countries were formulated during a period when the prospects for oil - which 'fuels' and 'lubricates' the engine for the region's growth - were much brighter and the recession in the developed countries was expected to be a more short-lived and milder phenomenon than it has turned out to be. Although there is no immediate danger of the development plans of most countries being threatened by a serious lack of financial resources, there is bound to arise a need for considerable reassessment at the end of 1982 if the present unfavourable trends persist.

The continued availability of financial resources, however, is not a sufficient condition for the successful achievement of the planned targets for growth. Their efficient utilization and management is also necessary. In the past, the need for such care in the use of resources was often dampened by their abundance. It is to be hoped, however, that both the learning process that accompanied the rapid growth in the last decade and the awareness of the likelihood of a fall in the availability of resources will contribute to the need for better utilization of available resources and increased efficiency in economic management. A factor which is likely to enhance the possibilities of a successful growth in the immediate future is the considerable headway that has already been made in the development of infrastructure facilities in most countries of the ECWA region. The proper maintenance, upkeep and utilization of these infrastructure facilities would require more emphasis during the coming years for the maximization of their contribution to the national economies.

Growth rates in the oil exporting countries of the ECWA region in the coming five years are likely to be generally slower than in the boom years of the 1970s. There are two main reasons for this conjecture. First, because of the expected slack in the oil demand, the annual rate of growth of the oil sector in most oil economies of the region is likely to be either nominal or declining, in contrast to about 6.5 per cent per annum during the 1975-80 period. Secondly, most countries are likely to experience supply bottlenecks, mainly of manpower but possibly also of infrastructure, towards the end of the next five years, as the balance between commodity producing sectors and infrastructure shifts in favour of the former. Many oil countries are planning a decline in the level, i.e., a negative growth rate of output of the construction sector.

Most oil countries have plans for diversification and rapid industrialization of their economies. The industries that have been chosen for development in these countries are closely related to their rich oil and gas resources. While this gives them a tremendous advantage in cost terms, they share, to some extent, the same uncertainties as crude oil production. There is world-wide excess capacity in oil refining and certain petrochemical products, and unless the oil producing countries carefully co-ordinate their production plans, they could well face the "glut" in oil products that they are currently facing for crude oil. The development of other industries suited to the resource endowment of oil countries, such as steel and other heavy industries, are handicapped by the shortage of skilled manpower, as well as by the limited nature of the domestic market.

The growth prospects of the non-oil countries of the region are, to a considerable extent, linked with those of the oil countries. A slow down in the latter would inevitably weaken their resource situation, which has depended on balance of payments support in the form of remittances, exports and foreign assistance, principally from the oil countries. The recession in developed market economies, should it continue, will also directly affect the non-oil countries in terms of a reduced demand for their limited exports and a reduction in the volume of their aid flows.

The considerable supplement to the non-oil countries' resources provided by remittances is unlikely to continue at the same rate as in the past. On the other hand, the emigration of skilled workers to the Gulf region is likely to continue and even intensify, as the skilled labour requirements in the oil producing countries continue to increase. This is likely to adversely affect the quality and skill composition of the labour force and hence the productivity in various sectors.

A major condition for the success of the development plans being non-oil countries in accelerating their development is the control of inflation, induced both by domestic and external factors. High rates of inflation, as were witnessed in the 1970s, discourage domestic savings and investment and reduce the confidence of aid-donors. Mobilization of domestic resources, through better economic management and avoidance of waste and under-utilization of existing productive capacity, would be the best way of combating inflation in these countries, given the prospects of external assistance in the next few years.

The two least-developed countries of the region may fare a little better than the rest of the non-oil countries of the ECWA region in accelerating the pace of their development efforts in the next five years. The commitment of the international community to step up its assistance in favour of the least-developed countries, expressed through the Paris Conference on Least-Developed Countries held last year, as well as the renewed efforts in both countries for effective mobilization of their domestic resources are encouraging signs. They, however, continue to face formidable problems of the lack of adequate natural resources, poor physical and human infrastructure facilities and low levels of productivity.

Increased regional co-operation could substantially raise the prospects of future growth in the region. Although these efforts are continuing, there are no clear signs of an immediate break-through. Tangible progress has been made in regional co-operation during recent years, but its effects have so far not been very significant and the progress has been concentrated among the Gulf States. Effective regional co-operation within the non-oil economies and between the non-oil and oil economies, which could radically transform development possibilities in the region, has been far slower and is unlikely to be achieved in the next few years.

In sum, the developmental prospects for the ECWA region during the next five years are not as sanguine as their performance in the past decade. The oil resource, while still a powerful instrument, may lose some of its leverage as an engine of growth. Although this may slow down the region's growth in the short- and medium-term, it may have the welcome effect of forcing the countries of the region to consider more seriously other options for longer-term development, including that of closer regional economic co-operation.

III. SECTORAL PERFORMANCE

A. Agriculture

The agricultural situation in the ECWA region during the past year (1980-81) was characterized by a worsening of the food security problem, as production declined and dependence on imports increased markedly. Although the food supply situation for the region as a whole was satisfactory, especially in the Gulf region where capacity to import was not a constraint, the non-oil producing countries experienced serious problems in financing increased food imports. In these countries, the problem was further aggravated by the continued outmigration of the indigenous labour force, sometimes substituted by relatively inferior expatriate labour. Inappropriate policies, especially in regard to adequate investment in agriculture and price structure of agricultural inputs and outputs, were also partly responsible for the deterioration in *per capita* food production and in the corresponding increase in *per capita* food imports. Favourable developments did, however, take place in horticulture and poultry production, mainly through the adoption of capital-intensive methods of production and modern technology.

1. Agricultural production

Agricultural production during the year was unfavourably affected by climatic factors. In the countries of the northern subregion (the Syrian Arab Republic, Lebanon, Jordan and Iraq), poor distribution of rains resulted in reduced plantings and inadequate availability of soil moisture to ensure successful crop growth and development, while in the two Yemens and south-western Saudi Arabia extensive flooding after unexpected torrential rains caused serious crop damage.

The inherently unstable traditional rainfed farming systems still dominate agricultural production and incomes of a large majority of farm families in the ECWA region, except Egypt. Irrigated agriculture, despite more than two decades' long efforts and public spending on irrigation projects, failed to expand sufficiently to stabilize agricultural production and income in the region.

Production in 1981 was close to the average for the last 3 years. The 1.5 per cent decline in the physical index of regional gross agricultural production registered in 1981 followed the exceptionally good production outcome of 1980, when a 6.3 per cent increase in production was registered (9.4 per cent for the ECWA region, excluding Egypt (Table III.1). The small agricultural economies of the Arabian Gulf continued their expansion throughout 1981, while production in the countries of the northern subregion dropped in varying degrees. In Democratic Yemen, Egypt and Yemen, gross agricultural output stagnated at the level of the previous year.

Table III-1. Index Numbers and Annual Change of Total Agricultural Production (Gross) in the ECWA Countries, Selected Years

(1969/71=100)

Country	1970	1975	1978	1979	1980	1981 a/	Annual percentage change: 1969/71-1981 b/	Annual percentage change: 1981 over 1980
Democratic Yemen	92	125	123	124	126	125	1.9	-0.8
Iraq	98	90	116	131	129	129	2.4	-
Jordan (East Bank)	80	92	127	109	152	125	2.0	-17.8
Lebanon	99	98	100	100	116	107	-0.6	-7.8
Saudi Arabia	93	136	151	158	164	169	6.6	3.1
Syrian Arab Republic	89	149	186	170	208	194	6.8	-6.7
Yemen	86	124	109	113	112	112	1.1	-
Egypt	99	105	112	116	119	119	1.7	-
ECWA (including Egypt)	96	111	123	126	134	132	2.7	-1.5
ECWA (excluding Egypt)	92	118	137	138	151	146	3.8	-3.3

Source: FAO, Interlinked Computer System (ICS) printouts of production index numbers, December 1981 (unpublished).

a/ Preliminary.

b/ Exponential trend.

Note: - = nil or negligible.

Despite intense pressure to ensure increased supplies from domestic sources, gross agricultural output in Egypt, the major producing country, remained unchanged in 1981. This development accentuated the secular negative trend of *per capita* agricultural production. The country's (irrigated) agriculture performs at already very high levels of land productivity and faces a tight resource constraint. Moreover, the sector is confronted with a number of difficult structural problems which require long-term solutions. In its effort to promote food production, the Government continued to shift the land allocation pattern in favour of food crops and to attempt the creation of an economic environment conducive to achieving an acceleration in the growth of output. However, the latter would imply setting incentive producer prices remunerating the farmers' investment and efforts and loosening the administrative controls on production, on the one hand, and further reducing the emphasis on consumer subsidies for imported food commodities, on the other.

The agricultural production performance of the Syrian Arab Republic in 1981 was favourable when viewed in a historical perspective. Compared to the 1980 record, a 6.7 per cent decline in gross agricultural output was recorded, mainly due to smaller, but still average cereal crops. Despite unfavourable weather conditions, harvests and livestock production were above average. Recent production results demonstrate a certain measure of success for government efforts aimed at reducing the sector's instability.

The gross agricultural output of Jordan in 1981 once again showed the extreme vulnerability of the sector to rainfall and other climatic variables. The nearly 18 per cent decline in output was the combined result of a low out-turn in the crop sector and poor results in livestock production. The small irrigated sector of the Jordan Valley witnessed continued expansion of horticultural production during the year under review. The excellence of the general infrastructural development of the past years, and the very favourable production conditions of the area, are likely to make for continued rapid increases in the production of a large variety of fruits, vegetables and feed crops.

Agricultural output in Iraq in 1981 stagnated at the level of 1980 as the small reduction in crop production was offset by a modest increase in livestock production. Government programmes have concentrated on large-scale reservoir construction, water control, irrigation schemes and land reform, while the improvement of agriculture has somewhat suffered. The outlook for agriculture is potentially excellent, but is handicapped by the absence of a satisfactory agrarian structure and large-scale investment in establishing physical, institutional and socio-economic infrastructures in rural areas.

Agricultural output in Saudi Arabia continued its upward trend (over 3.1 per cent per annum), although at less than half the trend rate of growth. Natural obstacles have not affected the Government's determination to establish a small but viable agricultural sector. Steady growth in output has been the result of a combination of factors, including provision of basic infrastructure, such as marketing, considerable public investment in agricultural research, extension and education, and reliance on imported technology and expertise and provision of adequate incentives to farmers. The latter has been instrumental in increasing output in the past years.

During the year under review, the agricultural performance of Lebanon suffered from continued civil disturbances. Gross output declined by 7.8 per cent from its 1980 level. This is generally attributed to disturbed production conditions in the poultry sector and failure of various field crops, namely, the increasing marginalization of cereals crops and a particularly severe off-year of olives (less than 20 per cent of the 1980 crop). Lands traditionally sown to cereals continued to be shifted towards more lucrative crops. Other explanatory factors of the poor performance are severe shortages and high cost of labour and the absence of agricultural credit. However, the remarkable expansion of sheltered cultivation of horticultural crops on the coastal plain at an average of 20 hectares during the past few years, has helped the arrest of the decline in agricultural output.

In Yemen, floods resulted in smaller cereal and other field crops than in 1980 and, in spite of a better performance of the livestock sector, gross agricultural output stagnated in 1981. Increased livestock numbers and expansion of the poultry industry were responsible for the performance of livestock sector, while the performance of the crop sector was far from satisfactory, despite the rapid growth of the horticultural production in the expanding irrigating facilities (mainly ground water). Yields of cereals and pulses remained at very low levels. The stagnation of gross agricultural production during the past few years was caused essentially by the rapid emigration of labour from the sector.

Gross agricultural production in Democratic Yemen has been stagnant since the mid-seventies due to a wide variety of reasons, including the poor management of resources, absence of an effective extension service, labour shortages, scarcity of farm inputs and lack of appropriate incentives to farmers to increase production.

a. Food and non-food production

The physical index of regional food production declined by 2.2 per cent in 1981, mainly due to a significant reduction in cereal and oil crops production (Appendix table III-1). This development contrasts sharply with the 3 per cent per annum trend of regional gross food production during the 1969/71-1981 period, achieved largely as the result of increased efforts by national governments to reduce import dependence and to provide increased food security.

The reduced emphasis on cash crop production in the non-food sector, which came about through the withdrawal of land in favour of food crops, seriously affected output levels in the second half of the seventies. However, production of non-food crops in 1981 - as in 1980 - again reached the level of the early seventies as a result of considerable improvements in productivity levels.

b. Crop production

As a result of less favourable production conditions than in 1980, the regional index of crop production moved downward by 3.8 per cent in 1981 after three consecutive years of growth (Appendix table III-2).

Total regional production of cereals, estimated at 14.3 million tons in 1981 was well above average. The 9.5 per cent reduction from the exceptional production level of the previous year was largely the result of a smaller harvested area (down by 7.8 per cent), particularly in major rainfed producing countries, which suffered from late and ill-distributed rains. Marked setbacks were recorded in Jordan and the Syrian Arab Republic, and, to a lesser extent, in Iraq, Democratic Yemen and Yemen. In the latter two countries, serious damage was caused to cereals crops due to severe flooding after unexpected heavy rains in March.

Regional production of wheat, the region's staple food, was favourable in 1981 when compared to production results of the past few years. The 1981 output of 4.8 million tons, 16.7 per cent below the 1980 level, was the result of "normal" plantings and above average yields. The very low yields recorded under rainfed production were largely offset by improved productivity levels in the irrigated wheat sector. One notable exception was the performance of wheat production in Egypt, where average yields were slightly lower than the previous year. However, due to a five per cent increase in planted area in 1981, production was 3 per cent higher than the 1980 level.

Regional output of coarse grains in 1981 amounted to an estimated 6.8 million tons, down 8.9 per cent from the record harvest of 1980, 80 per cent of the reduction in output is explained by the smaller maize crop in Egypt (2.7 million tons in 1981 compared to 3.2 million tons in 1980) on account of both lower yields (less 6.3 per cent) and lower harvested area (less 10.8 per cent). About 2.75 million tons of paddy rice were produced in the region during the year 1981. While in Iraq production stagnated at 250,000 tons, a 4.9 per cent increase was recorded in Egypt where 2.5 million tons were harvested. Regional production of pulses increased by 50,000 tons, an increase of 7.7 per cent compared to 1980, to reach 698,000 tons in 1981.

During the year 1981, production of horticultural crops continued to expand in the ECWA countries, although at rates below the trend of the past decade due to tighter production conditions (more expensive production inputs) and increasing competition. Regional gross agricultural production of a wide variety of vegetables, grown either as open air field crops or under protection, amounted to an estimated 13.7 million tons. The most important vegetable crops grown include tomatoes (30 per cent of total volume), watermelons (20 per cent of total volume), cucumbers, onions, squash, eggplant, cauliflower and cabbage. The introduction of intensive protected cultivation has sharply increased vegetable production in some of the Gulf countries and Jordan.

Regional output of potatoes, the region's only tuber crop, was down by 3.3 per cent to 1.9 million tons after a few years of a very rapid expansion in all major countries (Egypt, 1.3 million tons; the Syrian Arab Republic, 258,000 tons, Lebanon, Yemen and Iraq, each between 100,000 and 150,000 tons).

The year 1981 was a severe off-year for olives and the regional output dropped by more than 40 per cent, from 448,000 tons in 1980 to 261,000 tons in 1981, affecting all major producing countries - the Syrian Arab Republic, Lebanon and Jordan. This development affected the gross output of primary oil crops down by 8.2 per cent to 334,000 tons of oil equivalent. Harvests of the region's relatively unimportant oilseed crops were normal in 1981.

The regional output of seed cotton moved slightly downward in 1981 to the level of 1,727,000 tons (less 1.1 per cent), with Egypt and the Syrian Arab Republic producing over 95 per cent of the crop. The decline was mainly in Egypt, Iraq, Yemen and Democratic Yemen, with some offsetting increase in the Syrian Arab Republic. The regional output of tobacco, originating mainly in the Syrian Arab Republic, Iraq, Democratic Yemen and Yemen stood at 39,000 tons in 1981, or 1,000 tons better than the 1980 harvest.

2. Livestock production

After five successive years of strong growth, the physical index of regional gross livestock production for 1981 only showed a modest 1.5 per cent increase, compared to the 3.2 per cent annual rate of growth during the seventies (Appendix table III-3). The performances of individual countries varied over a wide spectrum, from decreases of 7.8 per cent in Jordan and 0.6 per cent in the Syrian Arab Republic, to gains of 3.3 per cent in Yemen and 4.3 per cent in Saudi Arabia.

The poultry sector continued to lead the performance of the livestock sector. The year 1981 was another year of rapid growth of poultry meat production, up by 5.8 per cent over the level of 1980. In 1981, poultry meat constituted 30 per cent of the regional total indigenous meat production (excluding offals), compared to 22 per cent one decade earlier. Much of the growth of the industry was in response to a rapid growth in demand for meat which the region's livestock sector was unable to meet. Large-scale poultry operations, based on imported feed, stock and technology and expertise in the Gulf countries, provided a solution to meeting partially the fresh meat demand of the region.

Regional production of whole fresh milk increased moderately and red meat stagnated at the level of the previous year (Appendix table III-3). The growth of milk production is explained by increased numbers of milking animals, particularly buffaloes (in Egypt) and cows. In the red meat subsector, the regional production of beef and buffalo meat in 1981 reached an estimated 353,000 tons (a 1.7 per cent increase), while mutton and goat meat production was down to 244,000 tons (a decline of 2.5 per cent). Traditional livestock systems suffer from poor management standards in general, absence of feed reserve schemes (except the Syrian Arab Republic), and inadequate marketing facilities and systems.

3. Agricultural trade

The regional agricultural trade deficit widened further in 1980, to reach a record of US$ 11.1 billion. The regional agricultural import bill reached a total cost of US$ 12.7 billion, an increase of nearly 30 per cent over the previous year. About 29 per cent of the total cost of regional agricultural imports represented 15.3 million tons of cereals, 1.8 million tons more than in 1979. In contrast, the regional export earnings rose by only 7 per cent and totalled only US$ 1.6 billion.

Regional per capita agricultural imports in 1980 increased to US$ 141, compared to US$ 110 for the Arab world and US$ 57 for the world as a whole.

In the oil exporting countries, agricultural imports rose by 40 per cent, from US$ 3.0 billion in 1979 to 4.0 billion in 1980.

The agricultural trade deficit of the non-oil exporting countries worsened by 48 per cent from 1979 to 1980. This situation resulted from the below-average increase of agricultural production in 1979 and the rise in the prices of their agricultural imports relative to their exports. Consequently, the capacity for the agricultural exports to pay for imports in these countries eroded to 12.6 per cent, compared to 26.5 per cent five years earlier. Egypt and the Syrian Arab Republic, both net agricultural exporters in 1970 (US$ 270 million and US$ 37.5 million, respectively), became net agricultural importers in 1980; their deficit in agricultural trade amounting to US$ 1,624 million and US$ 374, respectively.

a. Exports

More than three-quarters of the regional agricultural export earnings of 1981 originated in three countries, namely, Egypt (42 per cent), the Syrian Arab Republic (19 per cent) and Lebanon (15 per cent).

Cotton lint is the region's chief non-food agricultural export item, which in 1980 earned 38 per cent of total agricultural export revenues. In spite of a 6 per cent reduction in volume, cotton earnings were higher by nearly 3 per cent as a result of improved export prices (see Appendix table III-4). Exports of tobacco and wool (raw and degreased) performed remarkably well in 1980, but their relative importance is small.

Fruit and vegetables are the chief food export items of the region, estimated at well over US$ 400 million in 1980 or 25 per cent of total agricultural exports. Export earnings of horticultural crops increased by more than 30 per cent in 1980. The exported volume of the major vegetable crops increased sharply in 1980, namely, 79 per cent for potatoes and 24 per cent for onions. The increases in the export volume of major fruits during the year under review were, on the average, 10 per cent. However, there were sharp increases recorded in export prices of all fruits (see Appendix table III-4).

b. Imports

The US$ 12.7 billion regional agricultural imports in 1980 were destined to mainly Saudi Arabia (33 per cent), Egypt (18 per cent) and Iraq (13 per cent). Food commodities represented 75 per cent of the total agricultural import trade, the remaining quarter being agricultural raw materials. The region has become heavily dependent on the world market for meeting its needs of all basic commodities. The situation is particularly grave with regard to cereals, especially wheat and rice, of which 10.2 million tons and 1.2 million tons were procured on the world market (see Appendix table III-5). This implies that in 1980 regional wheat and rice consumption depended on the world market for 50 per cent and 30 per cent, respectively.

Cereals represent 30 per cent of total regional agricultural imports. Another 25 per cent is accounted for by meat (including live animals) and dairy products. It is noted that of total fresh meat imports, nearly 60 per cent (US$ 734 million) are poultry meat, implying additional scope for the development of local poultry industries.

Outlays for sugar imported to the region increased by 77 per cent in 1980 due to a 41 per cent increase in volume and a near doubling of the world market price.

B. Energy, Mining and Quarrying

1. Energy

a. Oil

During 1981, energy consumption in the world declined due to a number of factors, including energy conservation and recession. The world experienced a fall in crude oil production throughout the year with an eight month average decline of 6.7 per cent. This fall originated mainly from the ECWA oil producing countries and was due to the fall in demand for crude oil in the world energy market.

While production fell in ECWA countries, most of the other regions increased their production. According to statistics published in the Oil and Gas Journal 1/, countries of the western hemisphere increased their production from 15,551 thousand b/d in 1980 to 15,727 thousand b/d in 1981; countries in Western Europe from 2,376 thousand b/d to 2,556 thousand b/d; the Asian-Pacific countries from 2,718 thousand b/d to 2,876 thousand b/d; and, the Communist countries from 14,522 thousand b/d to 14,601 thousand b/d. Africa is the only region, other than ECWA, which experienced a decrease in crude oil production, excluding Egypt. Africa accounts for around 8 per cent of total world oil production and its production decreased by approximately 26 per cent in 1981 relative to 1980. The decrease in Africa was from 5,602 thousand b/d in 1980 to 4,135 thousand b/d in 1981.

Production in the ECWA region decreased by 15.8 per cent in 1981 relative to 1980, i.e., from 18,273 thousand b/d to 15,377 thousand b/d. Although the rate of decrease in the oil production of Africa (excluding Egypt) is higher than that of ECWA, the quantum effect of the decrease in the ECWA region's oil production is much larger, as it produces thrice as much oil as Africa.

The reduction in the production of oil in the ECWA region has not been shared equally by the member countries. Indeed, some countries, notably Saudi Arabia, increased their oil production during the 1980-81 period (see Table III-2). The reduction in Iraq's production accounts for more than 90 per cent of the net reduction in the region's output. The other three OPEC member countries (Kuwait, United Arab Emirates, and Qatar) have effected voluntary output reductions of 29.1, 10.6 and 9.1 per cent, respectively.

1/ All figures are for the 8-month average production in 1980 and 1981.

Table III-2. Oil Production in ECWA Region

Country	Thousand barrels per day (8-month average) 1980	1981	Change	Percentage change
Bahrain	49	46	-3	-6.1
Iraq	3,475	838	-2,637	-75.9
Kuwait[a]	1,743	1,236	-507	-29.1
Oman	282	317	+35	+12.4
Qatar	475	432	-43	-9.1
Saudi Arabia[a]	9,777	10,213	+436	+4.5
Syrian Arab Republic	165	165	0	-
United Arab Emirates	1,720	1,537	-183	-10.6
Egypt	588	594	+6	+1.0
TOTAL	18,273	15,377	-2,896	-15.8
WORLD TOTAL	60,858	56,778	-4,080	-6.7

Source: Oil and Gas Journal, 5 November 1981.

a/ Including share of neutral zone production.

Note: - = nil or negligible.

During 1981, a number of OPEC meetings were held to resolve sharp differences about pricing policies, which ultimately resulted in raising the official price of Saudi Arabia light (34° API) to US$ 34 per barrel effective 1 October 1981. The official prices of other OPEC crude oils were adjusted, depending on quality and transport advantages, with an upper limit of US$ 38 per barrel. The prices for non-OPEC ECWA countries crudes were readjusted in the light of the new OPEC prices. The resultant new prices for selected ECWA member countries are shown in Appendix table III-6. In addition to these prices changes, Saudi Arabia also agreed to reduce its production from 9.5 million b/d (its October 1981 production ceiling) to 8.5 million b/d, in response to the big drop in demand for OPEC oil. More recently, Saudi Arabia has agreed to further reduce its output of oil by one million b/d.

b. Natural gas

At the beginning of 1981, the proven reserves of natural gas in the ECWA region were estimated at $7,478^{*} \times 10^{9}$ cubic metres. This represents 9.6 per cent of world proven reserves of natural gas; a surprisingly low figure when compared with the region's 50 per cent share of world proven oil reserves. As can be seen from Appendix table III-7, Saudi Arabia and Qatar had the largest share of ECWA natural gas reserves in 1981, amounting to 35.8 per cent and 24.7 per cent, respectively. Large additional reserves of natural gas are likely to be discovered in the ECWA region. Large natural gas deposits have already been found in the Khuff formation at a deep level in the United Arab Emirates below the existing oil fields, and there is the likelihood of other large discoveries to be made in the Gulf.

The ECWA region's share of world natural gas production for the first eight months of 1981 remained almost the same as in 1980 at almost 2.5 per cent of total world production. This production rate is of net production, i.e., excluding flaring, reinjection or other on-site uses. However, natural gas production, as a percentage of total energy production in the ECWA region, amounts to less than two per cent, indicating its unimportance relative to crude oil production in the region. However, although it represents a small share of energy production, natural gas accounts for about 22 per cent of total energy consumption (excluding on-site uses) of the region.

All natural gas producing countries of the ECWA region have plans to expand natural gas utilization, especially the associated gas which is currently being flared. Such utilization will be for gas both as a fuel and petrochemical feedstock. In some countries, efforts are being made to replace domestic oil consumption by natural gas, thus allowing increased export of crude oil.

In view of the prevailing energy situation, new and renewable sources of energy assume greater importance within the world energy scene and, consequently, the ECWA countries have been giving more importance lately to alternative sources of energy. Research and development programmes are being carried in different ECWA countries and small-scale applications of new and renewable sources of energy are found in some countries as well. A summary of these activities is shown in Appendix table III-8 1/.

ECWA member countries played an effective role in the deliberations of the United Nations Conference on New and Renewable Sources of Energy which was convened in Nairobi, Kenya, on 10-21 August 1981. The efforts of ECWA countries influenced the final adoption of the Nairobi Programme of Action 2/ which stressed the need for regional co-operation in the areas of (i) energy assessment and planning; (ii) research, development and demonstration; (iii) transfer, adaptation and application of mature technologies; (iv) information flows; (v) education and training; and, (vi) mobilization of financial resources.

c. TNC activities in energy sector

The take-over of crude oil production from transnational companiês, which started in 1973, is now nearing completion in the ECWA countries. A variety of production-sharing contracts, where the transnational company is repaid with a portion of the oil produced, is in operation. In the case of those countries in which remnants of the old concessionary system still apply, the current royalty is generally 20 per cent on posted prices and 85 per cent tax rate on the taxable base.

In 1980, Saudi Arabia is reported to have compensated the four transnational partners of Aramco (Standard Oil of California, Exxon, Texaco and Mobil) the full book value of their assets in the country, but both sides have yet to reach a compromise concerning many aspects of the take-over. The final agreement will be retroactive to 1976 under which Aramco will continue to operate and market on a fee basis 3/.

In Bahrain, oil production is now 100 per cent owned by the Bahrain National Oil Company (BANOCO). In December 1979, BANOCO took over the outstanding 40 per cent share of production and exploration rights held by the Bahrain Petroleum Company (BAPCO), a subsidiary of the U.S. oil firm, Caltex, itself jointly owned by Standard Oil of California and Texaco. It is worthnoting that in spite of the ownership take-over BAPCO has remained as the operator of the oil fields.

1/ For detailed information, see ECWA document E/ECWA/NR/WG.I/2/Rev.1, and ECWA publication New and Renewable Energy in the Arab World.

2/ See UN document A/Conf. 100/11.

3/ Quarterly Economic Review of Saudi Arabia, Annual Supplement, 1981, p.16.

The above developments leave Oman the only ECWA oil producing country with foreign ownership of crude oil production. The Government of Oman has 60 per cent share in Petroleum Development Oman (PDO); the minority partners, apart from Royal Dutch Shell with 34 per cent, are Compagnie Francaise des Pétroles with 4 per cent and Partex with 2 per cent. *De facto* management is provided by Royal Dutch Shell 1/.

Some ECWA countries are trying to improve the terms that were negotiated at the time of take-over. Qatar, for instance, renegotiated the terms of its agreement in the beginning of 1981 which resulted in reducing the service fee to Shell Qatar and Qatar Petroleum by 25 cents per barrel (22 ¢/b instead of 47 ¢/b) from what it would have had to pay under the agreement negotiated at the time of the take-over of oil concessions in 1976/77 (with an escalation clause for the price of oil). The service agreements will be due for renewal in 1982 and, while the Government wishes to continue to use the companies for management and operational services, new terms are being proposed2/. 1980-81 was also marked by the taking over of the distribution and marketing the country's share of oil products in the United Arab Emirates by a national company from the foreign oil companies3/. Abu Dhabi continues to own 60 per cent equity in the major oil producing operations in that Emirate.

In the downstream activities of refining, gas and petrochemical projects, while transnational corporations' involvement in the ECWA region is very important, the terms of such involvement have not been wholly satisfactory to the host countries and there is a reluctance on the part of the transnational corporations to invest in such projects. In Saudi Arabia, the foreign ownership of five such new ventures agreed upon during 1980-81 remained at 15 per cent, although the Government would have liked it to be 50 per cent4/. Moreover, in return for their investments, the companies are entitled for 500 b/d of crude oil at market prices per US$ 1 million invested in petrochemical plants and 250 b/d of crude oil per US$ 1 million invested in refinery projects. The Saudi Government has now decided that it will no longer use crude oil to attract foreign companies' equity participation in future industrial projects, but will finalize such deals with foreign companies for five more projects, under negotiation5/

1/ Meed Special Report - Oman, November 1980, p.13.

2/ Quarterly Energy Review - Middle East, 3rd Quarter 1981, p.25.

3/ Quarterly Economic Review of Oil in the Middle East, 4th Quarter 1980, p.14.

4/ Quarterly Economic Review of Saudi Arabia, 2nd Quarter 1980, pp.9-10.

5/ *Ibid.*, p.11.

Recently, the Saudi Government took over 50 per cent share of the four transnational corporations (partners in Aramco) in the liquefied natural gas (LNG) facilities established at Ras Tanura, making it 100 per cent state-owned. This development, however, does not seem to affect the foreign partners' marketing rights for this product1/.

The most important development in the oil industry of Bahrain during 1980 was the agreement between the Government and the American Company Caltex, the owner of BAPCO which owned and operated the oil refinery in Bahrain. Under the terms of the agreement, the Government took over 60 per cent of the ownership of the refinery at Sitra with 250,000 production for around US$ 400 million

2. Mining and quarrying

With the exception of Jordan, Iraq, Egypt and the Syrian Arab Republic the contribution of the mining and quarrying sector to GDP in most member States is still extremely low. Nevertheless, considerable efforts are being made in several fields of mining activities with the objective of promoting the development of mineral deposits. Vast programmes of prospecting and exploring for minerals are being implemented in several countries of the region, notably Saudi Arabia, Democratic Yemen and Yemen. Other member countries are not merely investing more funds to increase raw material output, but are also attempting to process a greater portion of these outputs locally. The latest national development plans in most member countries stress the importance of exporting intermediate or finished products and establishing local mineral based industries.

Mineral production in Egypt includes iron ore, phosphate rock, gypsum, limestone, salt and several other construction materials. The reserves of iron deposits in Egypt in Aswan and Al Bahriya areas are around 154 million tons (MT). Production of iron from Bahriya, used for the Helwan iron and steel factory, is currently between one and 1.5 million tons per year (MT/y) and is targeted to increase to 3.5 MT/y. Production of phosphate has been rising steadily, reaching 658,000 tons in 1980. Plans envisage an output of 3.5 MT/y from Abu Tartur in 1983. An experimental mine in Abu Tartur started operating in 1980. In addition, an increase in the production of phosphates from Abu Sheigla is expected, by 1985, in Abuzaabl's Sebaiya west mine and Hamrawin mine by 1983. This should raise production to the target level of 9 MT/y by 1986. Uranium reserves are estimated to be 128,000 tons. Mining was expected to start in January 1981 near El-Mascat in the eastern desert at the rate of 30 to 50 MT/y. Significant efforts are being made to increase the output of raw

1/ Quarterly Energy Review - Middle East, 2nd Quarter 1981, pp.27-28.

materials required to produce cement. Demand for cement in 1980 rose to 6 MT, while domestic production was estimated to be only 3.7 MT. Several projects are underway to provide 12 MT/y of cement by the end of 1983. Gypsum reserves in El-Hamman are estimated at 20 MT. In addition, other substantial deposits have been located at Ras Malab. The Egyptian Gypsum, Marble and Quarries Company is building a gypsum plant in Alexandria with a capacity of 300,000 T/y. Manganese extracted from the eastern desert amounts to 4,000 T/y and production from the Om-Bogma deposits in Sinai is expected to increase in 1982. In the same period, expansion of salt production capacity to 191 MT/y by El-Nasr Saline Company is also expected.

In Jordan, the phosphates reserves are estimated at more than one billion tons. Phosphates are extracted from three deposits: Ruseifa, Qatrna-El-Hasa and Wadi Al-Abyad. The output exploited by Jordan Phosphate Mines Company for export purposes totalled 3.91 MT in 1980. An increase in production is expected in the output of El-Hasa mine. The whole phosphate production was expected to reach 5 million tons at the end of 1981. The fourth phosphate deposit in Shidiyah is expected to start production in 1985. Potash reserves from the Dead Sea brines are 2,000 MT, constituting 4 per cent of the world's reserves. Recovery of potash salts by evaporation from the brines of the Dead Sea proceeded, as scheduled for 1981, and production is expected to start in June 1982. Output of potassium chloride from the refinery is expected to reach 240,000 metric tons during the first year, and its full capacity of 1.2 MT/y by 1985. Arab Potash Company is also studying possibilities to produce bromine, with an annual capacity of 30,000 T/y, and has plans for producing 7 million metric T/y of table salt (NACL) by mid-1982. The estimated copper reserves in Jordan (Wadi Araba) amounts to 60 MT. However, its exploitation did not commence in 1981 as expected due to difficulties in world market prices. Exploitation of the manganese-copper deposit, located in Feinan District, has also encountered difficulties because extensive and special treatment is required to make separate marketable production. Exploitation of Kaoline, a high quality clays of Mahis, made notable progress during the period 1980 and 1981; its annual production is estimated at 30,000 tons and other kaoline deposits have been proved in Azraq (10 MT), Rashidiyah (10 MT), Fujij (20 MT) and Batn-El Ghoul (400 MT). The Public Mining Company is extracting gypsum from the Zarqa River area at an annual rate of 80,000 tons. A Jordan glass factory in Ma'an is being established, Production from the glass sand deposits of Ras Nagb area will produce 18 to 27 thousand tons of glass sheets by 1983. Annual production of marble is estimated at 50 thousand cubic metres. Travertine from Deir Alla has been mined since November 1980, Cement is produced in Fuheis area, with a current capacity of 1.2 MT/y. The annual production of building materials in Jordan has reached 40 MT of building stones, sands, volcanic tuffs and limestone.

In Saudi Arabia, geological surveys of its mineral wealth and the economic feasibility of extracting them are being intensively studied. By the end of 1980, 18 out of 35 base metal prospects were drilled. Zinc and copper deposits are most promising, with estimated reserves of 15 million tons of zinc in Khnaigniyah-Al-Amar region. The total reserves of copper at Kattam, Wadi Baida and Jabel Sayid areas are around 24,500 thousand tons. Mahd-adh-Dhahab final feasibility study was completed in 1980 for a 120,000 T/y ore mine and the ore grades are 24 g/t gold, 129 g/t silver and 0.8 per cent copper. However, mineral production in Saudi Arabia is still confined to construction materials. Montimorillite clays suitable for brick and tile manufacture are produced from two areas: Jeddah and Riyadh, and production is believed to have reached 2,500 t/d of ware. Production capacity of cement in the three working plants is to reach 9 MT for 1981. Granite, marble, anorthosite, gypsum and high quality sand for glass manufacture are mined and locally utilized.

Iraq ranks first in sulphur production in the ECWA region. Its major sulphur source is the Mishraq Frasch Sulphur mine which produced 750,000 tons in 1979, while in 1980 production was down to 450,000 tons. The annual production of sulphur through the period 1981-85 is planned to reach 900,000 tons. Iraq is also expected to emerge in 1982 as one of the five major producers of phosphate in the Middle East. The total phosphate reserves of Iraq amount to 1,760 MT. The Akashat phosphate mine was officially inaugurated in April 1981 and production was scheduled to start in October 1981 at a level of 3.4 MT/y. Iraq also produces dolomite from the Al-Anbar area, kaoline and bentonite from El-Tamim, raw materials for producing cement, marble from Arbeil and El-Suleimaniah, sands and aggregates.

Production of phosphates in the Syrian Arab Republic totalled 1.22 MT in 1980 from both Kneifis and Eastern deposits. The total Syrian reserves of phosphates are estimated at 859 MT and production is expected to reach 2.2 MT in 1982. Industrial salt is produced from Der Alzour area. Natural asphalt is produced from Kufriah and Bishari, with reserves estimated at 13 MT and 98 MT, respectively. Several projects are underway for the exploitation of quartzite sands for making bricks from the Nabakit deposit; iron ore from Rajo, Amdar and Kiri (total reserves are estimated at 61,000 thousand tons); and, chrome from Al-Baier area (with an estimated reserve of 20 thousand tons).

In Oman, copper is the most promising mineral and a copper mining project is being implemented in Sohar; the three mines developed at Al-Asail, Al-Arja and Al-Baida will provide 1 MT/y of copper. The present copper reserves of the three mines, plus two small deposits at Darus and Rakah, are estimated at 12 MT of ore. The Oman Mining Company opened its second copper mine in August 1980 and production is expected to start in 1982. The possible reserves of chromite deposits in the Omani mountains are estimated at 900,000 tons. Other mineral occurrences under investigation are asbestos, iron and manganese. At present Oman produces marble from a number of areas. A cement plant which is expected to start by 1983, at the rate of 650 t/d, will utilize limestones and quartzite, gypsum, local shale and limestone.

A number of geological surveys were completed in Democratic Yemen during the last few years, and the occurrences of the following minerals have been proven: iron and titanium at Mikress and Mura areas, gold in Wadi Mudin and in Ayan area. Limestones for cement manufacture have been located in Batiss area, with reserves of 76 MT. Clay reserves in Abyan and Lakida district are estimated at 6 MT. Gypsum reserves in Hadramout and Abyan districts are estimated at 14 MT. The high quality glass sand reserves in Habban area amount to 3 MT and dolomite reserves in Om Quz area amount to 750,000 tons. Both these minerals are used in the manufacture of glass wares. Salt production has increased to 250 thousand tons a year.

Geological studies are being undertaken in Yemen to assess the economic exploitation of both copper and nickel deposits found in the Hamoura area (Haifan). Their proven reserves are 4 MT of crude ore. Geological and economic studies are also expected to cover deposits of sulphur, iron and gold. The Salif deposits yield 240 thousand tons of salt annually, while their gypsum reserves (20 MT) are yet to be explored.

The Ministry of Petroleum and Mineral Resources in the United Arab Emirates has finalized a mapping survey of the country with a detailed geological map. Occurrences of the following minerals have been located: iron, copper, manganese, chromite, talc, asbestos and gypsum, but studies on the economic value of the aforementioned minerals are not completed.

In Kuwait, limestone and dolomite deposits in Jabal Al-Ahmar are exploited for construction. Glass and deposits in Um-Nagiah, estimated at one million tons for use in the production of glass, is expected to start soon. Gypsum and salt rock deposits are available, but studies carried out showed that economic exploitation would be too expensive.

In Qatar, clay and gypsum are produced and used in cement manufacturing. Sand and gravel are found abundantly and used for construction. Research is being undertaken on possibilities of exploiting the asbestos deposits and the iron ores discovered in Haloul.

C. Manufacturing

In our discussion of the sectoral structure of GDP above, it was pointed out that the contribution of the manufacturing sector to total GDP is still very small in the ECWA region, especially in the oil countries. Its share in the non-oil GDP is rising, but the latter itself is still a very small part of total GDP in most oil countries of the region. In spite of heavy investments undertaken in the manufacturing sector during the past decade, the relative impact on output has been small as the investments undertaken have generally been in highly capital-intensive industries where the gestation period between investment and output is quite large.

The structure of manufacturing output in the region is predominantly oriented, in the non-oil economies, towards the production of consumer goods (mainly food, beverages and tobacco and textiles and wearing apparels), and, in the oil economies, towards intermediate goods (mainly petrochemical industries, non-metallic mineral products and to some extent basic metal industries). More complex and integrated industrial activities in the field of capital goods and engineering industries have only recently received due attention.

While the lack of resources and the limitation of the market at the country level may have prevented the establishment of such industries, the absence of a regional outlook to the problem of industrializstion has certainly been the major factor for their absence. As a matter of fact, the countries of the region have not drawn yet clear outlines for an integrated industrial strategy, based on an overall general development stratêgy for the region. The approach to industrialization has so far been a piecemeal one with very little or no co-ordination between the production plans of the various countries.

In the non-oil economies, food, beverages and tobacco, clothing and textiles industries, together occupy major positions, and have been gaining more importance since early in the decade representing 75 per cent of total manufacturing income in 1977 as compared to 50 per cent in 1975.

On the other hand, chemical industries, including petroleum refining and petrochemical products, constituted the main activity in most oil economics representing, on the average, 80 per cent of manufacturing value added during the late 1970s.

The manufacturing value added contribution of non-metallic mineral products, composed mainly of cement and building materials, generally increased in all countries of the region. This increase came in fact as a result of a surge for the development of this branch to cope with the vast increase in demand for construction in almost all countries of the region.

As for basic metal and engineering industries, including manufacturing of machines, tools, and equipment, the relative contribution of these activities to manufacturing value added is still small but rising. It should be noted that this activity includes aluminium smelting and extraction, the production of which is mainly for export markets. The engineering industries in the region are still in their infancy and consist mainly of engineering services and metal manufacturing, catering primarily for the building and construction sector.

The limited production base and the weak industrial structure having few backward or forward linkages has resulted in large imports and small exports of manufactured goods. A high proportion of the goods required for production are being supplied by imports mainly from developed market economies. The share of imports of manufactured intermediate products in total manufacturing imports is steadily increasing and is approaching 50 per cent for the region as a whole. Intermediate imports of manufactured goods accounted for 76 per cent of total manufacturing output in 1977 in the ECWA region, compared to 69 per cent in 1975 and 41 per cent in 1970. This dependence on imports of industrial inputs is much greater if other imported inputs, such as raw materials and machinery and equipment for industrial use, are included. The value of imports of manufactured intermediate products (excluding machinery and equipment) for the whole region amounted to US$ 13.6 billion in 1977, and more than doubled the level of 1975 and increased more than 12 times over 1970.

As for exports of manufactured products, including some re-exports, they have maintained in 1977 their level of 1975, averaging 9 per cent of the region's total exports and continued to be concentrated mainly in chemicals and petroleum products which accounted for about 80 per cent of the total manufactured exports.

A major constraint on the growth of industrialization in the ECWA region is the lack of regional co-ordination of industrial programmes and policies. In view of the small size of the market in most ECWA member countries, it is difficult to establish efficient industries without such co-ordination. The trend towards such co-ordination and integration of industrial countries has been increasing recently, but has not yet become sufficiently widespread. It is confined mainly to the Gulf region and only to a limited number of industries.

If industrial growth has to be accelerated in the region, without wasteful generation of excess capacities, it is imperative that the complementarities of the economies of the region are made use of through the evolution of a more efficient pattern of intraregional specialization. The horizontal expansion of industries that has characterized the industrial development in the region so far, would then have to be replaced by a policy of greater internal structural (i.e., vertical) integration for major specialized industries.

D. Transport, Communications and Tourism

1. Transport

a. Shipping

(i) National fleets

The total tonnage of the merchant fleets of ECWA countries as of July 1980 amounted to 6,730,986 gross registered tonnage (GRT) or 10,994,059 deadweight tonnage (DWT), representing 1.62 and 1.61 per cent of the world total fleet (see Table III-3). Compared with July 1979, the region's overall GRT grew by 6.7 per cent and the DWT by 5.4 per cent. The relative distribution of the various types of tonnage among the ECWA States is shown in Appendix table III-9.

The share of the ECWA countries in the world fleets is well below their share in the world sea-borne trade, especially in the liquid bulk trade, where their share of trade is above 35 per cent of the world total, while they own only 2.18 per cent of the DWT of oil tankers. Oil tankers constitute the bulk of ECWA merchant fleets (67.16 per cent by deadweight). However, the majority of these tankers' tonnage (93.1 per cent) is owned only by three countries, namely, Iraq, Kuwait and Saudi Arabia, as indicated in Appendix table III-10.

Presently, Kuwait's oil tanker fleet is the largest in the region and is expanding rapidly. During 1980, Kuwait placed with Japanese yards orders for two 290,000 DWT tankers, in addition to four 80,000 DWT each. Another six oil tankers are under construction in Taiwan. It is expected that by 1984 Kuwait tankers would be able to carry 40 per cent of Kuwait crude oil exports, 60 per cent of its refined oil exports and 50 per cent of liquid petroleum gas (LPG) exports.

In terms of age structure, much of the ECWA tankers fleet is of recent origin, especially that in Iraq (see Appendix table III-11). Almost 100 per cent of Iraq's DWT is under 10 years old, including 65.82 per cent under 4 years. Kuwait has 40 per cent of its oil tankers' DWT under 4 years old. The proportion of old tanker tonnage is much larger in the Saudi Arabian fleet. In order to expand and modernize its tanker fleet, Saudi Arabia purchased a 22,000 DWT tanker in 1981 and is expected to buy four more of the same capacity.

Other countries of the region also took measures to expand their bulk carrier fleets. During 1981, the United Arab Emirates ordered three 27,000 ton tankers from France. It also ordered six oil products tankers, three 56,000 DWT to be built in France, one 56,000 DWT and two 35,000 DWT to be built in South Korea. All are due for delivery in 1983.

Countries of the region are also emphasizing container and Ro-Ro (Roll off-Roll on) fleet expansion programmes. During 1981, Saudi Arabia ordered four Ro-Ro vessels from Sweden. These vessels will be the largest in the region, weighing 39,500 DWT and with a capacity of 2,000 Twenty-feet Equivalent Units (TEU) each. The vessels are due for delivery in 1983 and are expected to operate between Saudi Arabia and the United States. Early in 1981, Saudi Arabia also acquired the first two container vessels, each of which of 1,250 TEU capacity, to capture a major share of construction and industrial imports. These vessels belong to the first fully-owned Saudi national shipping company.

Table III-5. Merchant Fleets of ECWA Countries by Flag of Registration and Types of Ships, in GRT and DWT, as of 1 July 1980

(DWT figures are shown in parentheses)

Flag of registration	Total	Oil tankers	Bulk carriers a/	General cargo b/	Container ships	Others
Bahrain	10,248 (7,211)	913 (1,300)	-	2,223 (2,950)	-	7,112 (2,961)
Democratic Yemen	12,230 (13,057)	1,886 (3,185)	-	3,465 (5,040)	-	6,879 (4,832)
Iraq	1,465,949 (2,564,623)	1,148,487 (2,175,915)	-	209,980 (305,954)	-	107,482 (82,754)
Jordan (East Bank)	496 (1,200)	-	-	496 (1,200)	-	-
Kuwait	2,529,491 (4,218,818)	1,347,792 (2,604,680)	12,860 (18,822)	767,615 (1,132,013)	82,632 (97,225)	318,592 (366,078)
Lebanon	267,787 (374,253)	752 (1,090)	- -	223,259 (328,585)	1,946 (1,543)	41,830 (43,035)
Oman	6,953 (9,769)	-	-	3,156 (6,030)	-	3,797 (3,739)
Qatar	91,934 (157,616)	72,756 (138,327)	-	2,216 (3,773)	-	16,962 (15,516)
Saudi Arabia	1,589,668 (2,652,573)	1,125,539 (2,096,944)	8,794 (14,679)	189,262 (245,189)	-	266,073 (295,761)
Syrian Arab Republic	39,255 (54,483)	-	-	37,796 (53,883)	-	1,459 (600)
United Arab Emirates	158,210 (256,321)	81,330 (151,669)	-	56,651 (85,322)	-	20,229 (19,330)
Yemen	2,979 (1,850)	-	-	1,260 (1,850)	-	1,719
Egypt	555,786 (682,285)	129,025 (210,188)	-	331,484 (421,997)	1,206 (1,277)	94,071 (48,843)
TOTAL ECWA COUNTRIES	6,730,986 (10,994,059)	3,908,480 (7,383,298)	21,654 (33,501	1,828,863 (2,593,766)	85,784 (100,045)	886,205 (883,449)
TOTAL WORLD	414,487,912 (682,768,334)	174,695,169 (339,324,150)	106,309,729 (185,651,922)	80,975,754 (115,823,500)	11,274,078 11,242,813)	41,233,182 (30,725,949)
ECWA per cent of World	1.62 (1.61)	2.24 (2.18)	0.02 (0.01)	2.26 (2.24)	0.76 (0.89)	2.15 (2.88)

Source: UNCTAD, "Review of Maritime Transport, 1980", 25 May 1981.

a/ Ore and bulk carriers of 6,000 GRT and over, including ore/bulk/oil carriers.

b/ Including passenger/cargo ships.

Note: - = nil or negligible.

The measures taken by the countries of the region to increase their fleet and to form fully-national shipping companies reflect an increasing trend in the region towards greater state regulation and active participation in shipping affairs, according to General Assembly resolution 35/56 of 5 December 1980 concerning the International Development Strategy for the Third United Nations Development Decade, which calls upon developing countries to expand their national fleets, so as to increase by 1990 their shares as close as possible to 20 per cent of the DWT of the world merchant fleet.

The share of ECWA countries in shipping their own trade is often restricted by contractual arrangements whereby ECWA countries are obliged to export/import their goods in ships of transnational enterprises1/. Taking advantage of their strong bargaining power in oil, some ECWA countries have initiated action, with a view to obtaining a fair share of the sea-borne trade of the oil they generate. In 1980, Saudi authorities introduced an incentive contract with the following provision: "The buyer undertakes to give preference to the vessels owned or controlled by Saudi Arabian shipping companies for lifting crude oil sold hereunder when the financial and other terms offered by the Saudi shipping companies are equal to those offered by the non-Saudi shipping companies"2/. Kuwait has advanced a step further. More recently, Kuwait Petroleum Corporation (KPC) included a clause in its new oil sales contracts providing for the transportation of at least 70 per cent of crude exports in Kuwaiti tanker. Moreover, KPC is imposing a 40 per cent/barrel surcharge on customers who fail to comply with the clause3/.

(ii) Ship repair

The Bahrain-based Arab Shipbuilding and Repair Yard (ASRY), a subsidiary of the Organization of Arab Petroleum Exporting Countries (OAPEC), showed, in 1980, a slightly increased operational efficiency. It was recently reported in the monthly OAPEC Bulletin that revenues in 1980 increased by 7 per cent over the previous year, against a 5 per cent decrease in the occupancy rate of the yard which was due to such temporary factors as the world depression in the tanker trade market and the increased insurance risk premiums for ships entering the Gulf. The yard, however, continued to run up a deficit amounting to US$ 9.7 million due to an increase in its operational costs, in addition to an estimated US$ 16.5 million in depreciation. The ASRY was asked in 1981 to also operate the

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1/ For more information on this and other related aspects on shipping in the ECWA member countries, see UNECWA Operations of Transnational Shipping Enterprises in the ECWA Region (forthcoming).

2/ Middle East Economic Survey (MEES), 25 August 1980.

3/ Quoted in Quarterly Energy Review-Middle East, 2nd Quarter 1981, p. 25.

similar huge drydocking facility at Dubai which has been idle since its opening in 1979 for the lack of skilled labour and adequate management. Dubai drydock was earlier taken over by the central government of the United Arab Emirates.

(iii) Ports

The congestion at ports, following the 1973 oil boom, began in 1974, reached its climax in 1975-76, considerably eased by 1977 and almost disappeared in 1978. More recently, hostilities in the Gulf, between Iraq and Iran, have affected traffic through the ports of the region. Some Mediterranean ports and the Jordanian port of Aqaba, are subjected to congestion. Others, mainly in the Gulf, are temporarily benefiting from this situation to overcome their problem of over-capacity.

Containerization continued to advance steadily and to dominate shipping in most of the Gulf ports. During 1980, port Rashid in the United Arab Emirates, for instance, containerized shipping increased by 23 per cent over the year 1979. Overall cargo tonnage handled, however, was slightly less than the record figure for 1978. Container throughput at Mina Zayed increased by 43 per cent in 1980 over 1979. On the other hand, container traffic at Port Khalid (Sharjah) dropped considerably by 40 per cent in 1980 over 1979. Nevertheless, total cargo handled went up from 2.0 to 2.2 million tons during the same period. Jebel Ali (Dubai) is making some effort to diversify away from general container and cargo traffic and offer more specialized services such as Ro-Ro and reefer cargo handling services.

In Saudi Arabia, Dammam replaced Jeddah as the largest port, with 39 berths as compared to Jeddah's 37. Two commercial ports were newly constructed in the two industrial complexes of Jubail and Yanbu, with 10 and 9 berths respectively. Container handling in the 5-major ports increased dramatically to reach 1.3 million containers by the end of 1980.

In Kuwait, the third phase of Shuaiba port development is underway. There will be 20 berths, two of which will have container facilities.

b. Railways

Among the means of transportation, the railways are a relatively unimportant and slow growing sector in the ECWA region. Currently, railway networks exist in only 6 countries of the ECWA region, namely, the Syrian Arab Republic, Jordan, Iraq, Saudi Arabia, Lebanon and Egypt.

The main development is the railway sector in the ECWA region has been in the Syrian Arab Republic, where railways have progressed significantly since the mid-1960s. By the end of the 1980-85 plan, the Syrian

Arab Republic is expected to have about 2,304 kms of track, mostly of standard-gauge. In February 1981, commercial operations started on the newly-built through line from Homs to Tartous port. The line runs now entirely in the Syrian territory instead of partly passing through Lebanon. An extension of the line along the Mediterranean coast, 10 kms beyond Tartous, to a cement factory was also scheduled for completion in 1981. Likewise, the 193 kms Homs-Palmyra line started its operations early in 1981. It is mainly engaged in transporting phosphate from Khunaifis and Al-Sharkiya to the superphosphate plant at Homs. Similarly, in January 1981, the Syrian Arab Republic took over officially the 758 kms through line from Latakia to Qamishly built by the Soviet Union. Also, under construction are the Aleppo-Homs and Homs-Damascus lines. The former line is to be upgraded or virtually rebuilt by 1985, while 50 kms are already completed in 1981. The latter line is 203 kms long and is due for completion by the end of 1983. It has been reported that two thirds of the work was completed by 1981. The first 64 kms section to the junction with the phosphate line at Mhine is already open.

c. Roads

Road construction in the ECWA region has helped to integrate the region more closely, beside linking the various parts of each country and making scattered and isolated communities easily accessible.

The Iraq-Iran war has provided new momentum to road construction in Iraq, with a view to creating alternative supply lines necessitated by the closure of the southern port of Basrah. Construction work started in 1981 on two big road schemes. The first is near the border with Jordan where the route became vital for the transport of Iraqi imports unloaded in Aqaba as well as passengers travelling through Amman. The second scheme is a 104 kms road from Rumailah to Safwan on the Kuwaiti border which will link up with the Kuwait network, thus providing a by-pass for imports coming through the Gulf ports. This section is part of the huge project "Expressway Number One" which will eventually link Iraq, Jordan and Kuwait. Other parts of the project, currently underway, are Baghdad-Hilla, 106 kms; Baghdad-Hit, 137 kms; Hit-Diwaniyah, 76 kms; Diwaniyah-Nasiriyah, 144 kms; and, Nasiriyah-Rumailah.

In Lebanon, in spite of the security situation, work is underway in the following parts of the coastal highway: Tabarja-Byblos, 13.5 kms; Byblos-Batroun, 13.5 kms; Batroun-Chekka, 14.0 kms and Khaldeh-Damour, 11.5 kms.

In Saudi Arabia, where paved road building started in 1951, 8,000 kms of paved roads were built by 1970 and, by the end of the second plan in 1980, there were 11,394 kms of main roads, 10,053 kms of secondary roads and 23,180 kms of rural roads. There are 28 ongoing road projects left over from the second plan, with a total of 1,094 kms still to be built.

In the south-eastern part of the Arab Peninsula, one of the major road projects is currently underway in Oman. This is the 780 kms road from Nizwa to Thamarit. The road is intended to connect the network in the northern part of Oman to the widely separated southern network in the Dhofar Province, thus contributing to the political, economic and social integration of the country. Travel time between Muscat and Salalah will be reduced from 20 to 8 hours. The project was expected to have been completed ahead of schedule, by March 1982.

d. Civil aviation

The growth of air transportation in the region continued, in spite of the intense competition and generally depressed state of the world aviation industry. Appendix table III-12 shows selected performance indicators of the region's commercial carriers (non-IATA carriers, such as Gulf Air and purely cargo carriers, such as TMA are excluded). For the region as a whole, the number of aircrafts increased by 6.2 per cent, the passenger-kms performed increased by 17.5 per cent, passengers travelled increased by 10.0 per cent and tons-kms performed by 11.1 per cent. The average load factor was 55.8 per cent for passengers and 46.6 per cent for weight carried.

The Iraqi and Lebanese carriers were adversely affected by war and internal strife. The Iraq-Iran war forced the closure of the Baghdad airport for 3 months in 1980 and a severe cutback in its operations in 1981. The internal strife in Lebanon forced the closure of Beirut airport for 3 weeks in early 1981. Both countries have been affected by the reduction of frequency and landing rights, which are granted on a reciprocal basis, by foreign countries.

The Gulfair, owned by Bahrain, Qatar, the United Arab Emirates and Oman, achieved operating profits in 1980 after several years of heavy losses, mainly due to rapid expansion. In 1981, a maintenance company was established in Abu Dhabi to handle, as a first step, Gulfair Tristar aeroplanes and subsequently the maintenance of Arab-owned aircrafts.

2. Communications

The regional satellite telecommunication project for the Arab States entered into the implementation stage this year. A contract was signed in May1/ to build three satellites at a total cost of US$ 135 million. The project is sponsored by the Arab Satellite Organization "ARABSAT" which is an agency of the League of Arab States, with Saudi Arabia as the largest shareholder. The system, which is expected to be operational in 1984, will provide a big push to the telecommunication system of the Arab States.

1/ Aerospatiale of France and Ford Aerospace and Communications Corporation of USA as major subcontractor.

The project involves launching two orbiting satellites in an orbit 22,500 miles above the earth, while having a third one as a reserve. Each satellite will provide some 8,000 telephone links, 6 T.V. channels and one channel for regional trunk television distribution. The launching operation, which will cost half the construction costs of the satellites, will be carried out either by the European Space Agency (ESA) by an "Ariane" rocket from the Kourou space centre in French Guyana or by the space shuttle "Columbia" of the US National Aeronautics and Space Administration (NASA). The main control station of the system will be in Saudi Arabia and a back-up control station will be located in Northern Africa. The system will also have 22 earth stations. Kuwait is expected to have its station ready next year.

At the subregional level, a pan-Arab telecommunications project is underway, linking up the Syrian Arab Republic, Iraq, Jordan and Saudi Arabia by modern installations of telex and telephone services. Among the objectives is the laying of coaxial cables and related equipment, the expansion of microwaves networks and links among the four countries. The project is due for completion in 1984 and is partially financed by the Arab Fund for Economic and Social Development (AFESD) through loans to the Syrian Arab Republic and Jordan which were signed this year.

In the Syrian Arab Republic, 44,000 new telephone lines were installed in 1980. The old manual telephone exchanges in many districts have been replaced by semi-automatic ones. It is hoped that electronic exchanges will be introduced. About 1,000 villages, which have no telephone service at present, will have telephone booths in the coming year. In Iraq, contracts were awarded to a Japanese consortium to build a telecommunication network. In Qatar, the second satellite tracking station is to be completed next year which would facilitate direct communications with the US currently routed through London.

3. Tourism

International tourist traffic is still heavily concentrated in the northern hemisphere and the share of the ECWA region is very low. In 1980, the region attracted only one per cent of total world international tourist arrivals (17 per cent below 1979) and 1.6 per cent of international tourism receipts (one per cent above 1979). The latest data on tourism, compiled in Appendix table III-13 provide some idea of the low level of tourism flows and payments in the ECWA region, which have considerable possibilities of further development.

During the period under review, tourism policies of ECWA countries concentrated on the following main fields: investment in higher category of hotel accommodation; tourism infrastructure investments, such as airports and highways; manpower development and vocational training for hotel industry. The Gulf region went through an unprecedented hotel construction boom in the 1970s, which has created considerable over-capacity in some centres, resulting in heavy price discounts although the posted tariffs remain very high compared to international rates. An emerging problem is that the absence of suitable general maintenance and refurbishing programmes, which are badly needed for accommodation capacities built in the 1970s.

The main problem constraining tourism development in the region derives principally from the prevailing political uncertainty and from various internal and external conflicts. Inadequate tourism development planning and investment policies, coupled with the lack of intraregional co-ordination, particularly in the field of marketing, air-fares and price policies, are also responsible for poor performance in this area. Complicated immigration formalities, conditioned mainly by considerations for limiting expatriate labour inflow, security and smuggling, also discourage tourism development. Some consideration, therefore, needs to be given for intraregional co-ordination to facilitate the entry and exist of bona fide tourists.

IV. TRADE AND FINANCE

A. Foreign Trade and Payments

World trade recovered during 1979-80. The dollar value of world trade expanded by about 23 per cent in 1980[1/] but its volume increased by only 2 per cent, against 7 per cent in 1979. This reflected a deceleration in the growth of volume of trade in manufactures and raw materials, and a reduction in absolute volume of trade in petroleum. In view of the persistence of recession in the industrialized countries, an equally disappointing outcome is expected in 1981 (one per cent rise). On the other hand, with the mild recovery in economic activity ancitipated in 1982, the growth rate of the volume of world exports is expected to increase by about 5 per cent in that year[2/].

The poor performance with regard to the volume of trade has continued to be associated with inflationary pressures. Prices of internationally traded goods - as measured by the unit value of world exports - increased by 19 per cent in 1980. In 1981, the trend revealed a decline in the prices of primary commodities[3/], while prices of manufactures are estimated to have increased by only 2 per cent, compared to 12 per cent in 1980.

The international environment facing developing countries at the beginning of the 1980s remained highly unfavourable, being characterized by a slow growth in the principal markets for their exports and weakening terms of trade. The volume of exports from developing countries, which fell by 3 per cent in 1980, was expected to fall further in 1981 and recover to about 7 per cent in 1982.

1. Overall trade performance

a. Exports

After a slow growth in the period 1975-77 and a 0.6 per cent decline in 1978, the ECWA region's aggregate dollar value of exports increased remarkably by 62 per cent in 1979; it registered a further, though smaller, increase in 1980 (see Table IV-1).

1/ The rate of increase in the dollar unit value of world trade was 19 per cent in both 1979 and 1980, compared to 10 per cent in 1978 (see United Nations, Monthly Bulletin of Statistics, October 1981).

2/ See UNCTAD, Trade and Development Report, 1981 (TD/B/863; July 1981).

3/ In September 1981, the World Bank average price index of 33 primary commodities (excluding petroleum) was 21 per cent (in current United States dollars), below its peak of October 1980.

Table IV-1. Average Annual Percentage Change in the Value of Exports and Imports of Western Asia a/ (1975-1980)

	Exports				Imports			
	1975-77	1978	1979	1980	1975-77	1978	1979	1980
Total ECWA Region	9.6	-0.6	61.8	...	24.0	15.9	24.5	...
Oil Economies	10.1	-1.0	62.9	50.5	27.0	19.0	24.6	34.2
Bahrain	17.1	2.7	31.5	70.5	21.0	0.8	21.0	43.2
Iraq	5.2	14.6	94.3	23.0	2.1	-6.0	66.2	86.2
Kuwait	2.0	6.9	76.6	8.3	27.0	-5.1	13.2	28.4
Oman	3.7	-1.4	42.9	40.2	2.8	11.5	9.3	24.9
Qatar	4.9	14.2	63.2	46.0	44.0	-3.3	20.2	0.3
Saudi Arabia	13.6	-6.4	55.8	70.0	50.0	39.0	18.8	24.0
United Arab Emirates	11.4	-4.9	50.8	51.1	19.0	19.5	27.9	26.0
Non-oil Economies	-3.7	15.5	23.2	...	15.6	2.1	24.1	...
Democratic Yemen	1.7	22.0	12.2	...	19.0	-35.0	10.7	65.9
Jordan (East Bank)	17.6	19.3	35.4	42.8	24.0	8.5	30.0	22.9
Lebanon	-23.0	50.0	-34.0	...	-0.1	10.0	12.9	...
Syrian Arab Republic	4.6	-0.3	55.1	28.2	16.8	-7.4	35.3	26.6
Yemen	0.1	-36.0	100.0	...	50.0	23.0	16.3	...

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

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

Note: ... = not available.

- = decrease

The high growth rates experienced in 1979 and 1980 are largely associated with the performance of the oil economies which realized an average rate of export growth of 63 per cent and 50 per cent, respectively. In fact, the rapid recovery of the oil economies' exports is entirely explained by higher petroleum prices1/, as the volume of crude oil output actually declined, although in varying magnitudes, in most of the oil economies during 1980, with the major exception of Saudi Arabia.

Apart from oil exports, other factors peculiar to individual countries have influenced the export performance of oil producing countries. Bahrain, for example, recorded a 70 per cent growth rate in the value of exports in 1980, despite a decline in the production of refined oil and aluminium. In Iraq, the growth rate of exports fell sharply in 1980 due to the conflict with Iran. In the case of Kuwait, the increase in non-oil exports/re-exports was the major factor behind the small rise recorded in the total value of exports, with exports of Kuwaiti origin showing a 54 per cent increase2/. Re-exports accounted for 90 per cent of non-oil exports in Oman in 1980. Exports of Omani origin declined slightly, primarily due to a poor harvest of lime. In Qatar, non-oil exports/re-exports increased almost sevenfold from US$ 25 million in 1978 to US$ 172 million in 1979. Steel, urea and ammonia were the main non-oil exports of Qatari origin. In Saudi Arabia, where the rate of growth of exports recorded a further improvement in 1980, non-oil exports remained insignificant, despite the increasing level of production which has been largely absorbed by the domestic market. In the United Arab Emirates, the 51 per cent growth rate of exports is partly attributed to the increase in liquefied petroleum gas (LPG) exports.

As for the non-oil economies, Democratic Yemen's exports have recently included ginned cotton, hides and skins and cotton fabrics, beside the traditional fish exports. Refined oil products still account for more than 90 per cent of total exports. The share of phosphates, Jordan's main export, declined to about 33 per cent in 1978-79 and rose to 42 per cent in 1980, mainly due to a 40 per cent rise in prices. Exports of manufactures also increased by 40 per cent in 1980, resulting in an overall export growth rate of over 40 per cent during that year.

Despite the recurring economic disruptions, the value of Lebanese exports increased from an estimated US$ 933 million in 1979 to US$ 1,211 million in 1980. The principal export was building materials (26 per cent of total exports) with cement alone accounting for 9 per cent of all exports. Agricultural produce and fruits exports accounted for another 20 per cent. Since

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1/ Prices of crude petroleum increased by an average of 65 per cent in 1980, against 45 per cent in 1979.

2/ The impact of higher oil prices on the value of oil exports was offset by a 37 per cent and a 26 per cent decline in the volume of crude oil and oil products exports, respectively.

1974, crude petroleum has replaced cotton as the leading export of the Syrian Arab Republic. However, oil exports were expected to fall sharply in 1981, partly due to the interruptions in oil supplies from Iraq1/. Good cotton production prospects for 1981-82 may not increase exports significantly if domestic requirements keep rising. In 1981, the Syrian Arab Republic started exporting LPG to Turkey. Cement, ammonia and urea and marble are also expected to become important exports in the coming few years. Increases in domestic consumption have also adversely affected Yemen's exports. Yemeni cotton exports have recently declined as qat cultivation increased; while exports of coffee has almost disappeared because the entire output is now being consumed locally.

b. Imports

The annual growth rate of the dollar value of imports into the ECWA region dropped from an average of 24 per cent in 1975-77 to 16 per cent in 1978 and then recovered to 24 per cent in 1979. The renewed expansion of the region's imports occurred mainly because of the overall improvement in member countries' payments situations attributed to the second major round of oil price increases in 1979 and 1980. The increase in the value of imports of the non-oil economies was due to two reasons: one because of the rise in the value of oil imports and two because their import capacity increased as they continued to benefit from the growth in official transfers and private remittances originating in the oil economies.

The overall import levels of the ECWA countries during 1980 varied from virtually no change in Qatar to an 86 per cent rise in Iraq. In Bahrain, the slackening in government operations, as well as in private sector activities, led to a slow growth in non-oil imports in 1979 and 1980. Thus, the 43 per cent rise in imports was mainly due to the higher value of crude oil imports. In Kuwait, after an absolute decline in 1978, the value of imports rose by 13 per cent in 1979 and 28 per cent in 1980. This could be mainly attributed to the increase in imports of capital goods to satisfy the needs of industrialization, and to the growth of re-exports to neighbouring countries. The increase in the value of Omani imports by about 25 per cent in 1980 is due mainly to the revival in economic activity and the rise in the cost of imports. The 24 per cent growth in the value of Saudi Arabia's imports reflected an almost equivalent rise in prices and quantities.

In Democratic Yemen, a substantial part of the two-thirds increase in the value of imports in 1980 is attributed to an increase in both the volume and price of crude oil imported2/. Furthermore, the values of imports

1/ The Syrian Arab Republic has rights to some of the Iraqi crude that flows across its territory by pipeline from the Iraqi oil fields to Tripoli in Lebanon.

2/ The value of crude petroleum imports more than trebled.

of food and live animals, and machinery and transport equipment, rose by 69 and 42 per cent, respectively. Jordan's imports increased by 23 per cent in 1980 compared to 30 per cent in 1979 1/. Fuel imports accounted for over one-third of the increment in total imports. In Yemen, 70 per cent of imports during the period 1978-80 was for construction purposes.

c. Trade balances and export/import ratios

The trade surplus of the ECWA region declined from an average of US$ 41.6 billion in 1975-77 to about US$ 32.7 billion in 1978, then rose sharply in 1979, more than doubling to US$ 70.3 billion (see Appendix table IV-1). Available data indicate a further significant increase in this surplus in 1980.

These variations reflected the situation in the oil economies, in general, with Saudi Arabia exercising the major influence. The surpluses recorded by the oil exporting countries in 1980 varied from an impressive US$ 79 billion in Saudi Arabia to US$ 125 million in Bahrain. In sharp contrast, the trade balances of the non-oil economies registered widening deficits.

The overall export/import ratio of the oil economies improved during the period reviewed to 2.9, but was still well below the record 1974 ratio of 6. In the non-oil economies, the export/import ratio remained low, with Yemen recording a mere 0.01 ratio in 1979. Only Democratic Yemen showed an improvement, its export/import ratio, which was the highest among ECWA non-oil economies, rose from an average of 0.4 in 1975-77 to 0.6 in 1978-79.

2. Commodity structure of trade

Fuel, mainly in the form of crude oil 2/, continues to form the overwhelming proportion of the region's exports (see Appendix table IV-2). Manufactured goods 3/ are increasingly dominating the non-oil export (including re-exports) trade of the oil economies. For example, manufactures accounted for 84 per cent of non-oil exports of Kuwaiti origin, comprising mainly fertilizers, and also other chemicals (insecticides, air freshners, agricultural sulfa, plastic bags and marine paints), building materials

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1/ The larger increase in 1979 was mainly due to higher imports of building materials and fuels.

2/ Except for Bahrain and Democratic Yemen, where fuel exports consist entirely of refined products. In 1979, oil products accounted for 79 per cent and 92 per cent of total exports in Bahrain and Democratic Yemen, respectively.

3/ Defined as the sum of SITC sections 5 to 8 less 67 and 68.

(cement products, porcelain, mosaics, marble and sanitary ware), and some steel structures such as sheds, autovehicle bodies, windows and prefabricated houses. In the United Arab Emirates, as a result of introducing exports of iron and steel structures, the share of manufactures in total exports amounted to 0.4 per cent in 1979.

In the non-oil economies (excluding Lebanon), primary commodities accounted for about 70 per cent of non-oil exports in 1979. However, manufactured goods exports are especially important in Jordan and Lebanon, and include a wide range of products, notably in the latter. In Jordan, the share of manufactures rose from an average of 20 per cent in 1975-76 to 34 per cent in 1978-80, while industrial exports accounted for 44 per cent of all Lebanese exports in 1980.

Re-exports are an important part of the trade activities of several ECWA countries. In the oil economies, the value of re-exports is generally much higher than that of non-oil exports1/; manufactured goods dominate re-exports, though food items are quite significant2/.

The ECWA region relies heavily on imports. Thus, imports account for a substantial portion of the Gross Domestic Product (GDP) and, in some countries, their value exceeds that of GDP3/.

The share of manufactured goods in total imports declined from 76 per cent in 1978 to 64 per cent in 1979, while the share of primary commodities rose by 2 percentage points, to 17 per cent. The increase in the share of fuel imports from 5 per cent to 14 per cent is attributed to the higher value of crude oil and products.

While imports of primary commodities are dominated by food items in the oil economies, they are generally more evenly distributed among food, fuels and raw materials in the non-oil economies. Furthermore, manufactured goods imports in the oil economies account for a larger proportion of total imports than in the non-oil economies, some of which have a significant domestic production.

1/ In 1979, the value of re-exports was 4 times that of non-oil exports in Kuwait, and over 10 times in each of Oman and the United Arab Emirates.

2/ For example, the share of manufactured goods in total re-exports during 1979 was 68, 69 and 89 per cent in the United Arab Emirates, Oman and Kuwait, respectively.

3/ Available data show that in 1979, the ratio of imports of goods and services to GDP was lowest in Kuwait, with a value of 0.31, and as high as 1.16 in Jordan.

3. Geographical distribution of trade

The European Economic Community (EEC) stands as the leading trading partner of the ECWA countries, absorbing 30 per cent of the region's total exports and supplying 35 per cent of its imports in 1980 (see Appendix table IV-3). The importance of the EEC as an export market is greater for the oil economies, but its share in imports is virtually the same for both oil and non-oil economies.

For the oil economies, Japan was the largest single market, absorbing 20 per cent of their total exports in 1980, or as much as the share directed to all non-ECWA developing countries (mainly in Asia). The share of the United States doubled from 5 per cent in 1975-76 to 10 per cent in 1980, primarily due to rising crude oil exports1/. The share of intraregional exports has remained below 5 per cent, gaining importance only in the case of Bahrain, where it rose from 28 per cent in 1975-76 to 30 per cent in 1979 and 36 per cent in 1980. There are practically no exports to the Council for Mutual Economic Assistance (CMEA), except from Iraq, and, to a lesser extent, from the United Arab Emirates, consisting entirely of crude oil in the latter.

In the non-oil economies, the share of intraregional exports rose from an average of 27 per cent in 1975-76 to 38 per cent in 1980, reflecting the growing importance of the region (especially the oil economies) as an outlet for Jordanian and Lebanese exports in particular. The substantial rise in the share of exports to CMEA from 10 per cent in 1979 to 18 per cent in 1980 was accompanied by a drop in the share of the EEC from 31 to 15 per cent2/. The share of non-ECWA developing countries in total exports decreased from 11 per cent in 1975-76 to 8 per cent in 1979, but rose again to 10 per cent in 19803/.

From the import side, Japan was also the main single supplier to the oil economies, providing 17 per cent of their total imports in 1980. Next was the United States and other developing countries, accounting for 14 per cent and 10 per cent of imports in 1980, respectively. Imports from within the region remained more important than intraregional exports, despite the drop in their share from 14 per cent in 1975-76 to 9 per cent in 1980.

1/ One fifth of total oil exports from Saudi Arabia was destined to the United States.

2/ This shift is largely attributed to a change in the pattern of Syrian exports in favour of CMEA countries, which absorbed 36 per cent of its exports in 1980, compared to 14 per cent in 1979, while the share of Syrian exports absorbed by the EEC fell from 52 to 21 per cent.

3/ The drop in the share of developing countries can be traced back to a sharp decline in Lebanese and Jordanian exports destined to this group.

In the case of the non-oil economies, the share of intraregional imports rose from 11 per cent in 1975-76 to 18 per cent in 1979-80. CMEA's share was 9 per cent in 1980, mainly accounted for by the Lebanese and Syrian imports. Imports from other developing countries constituted 10 per cent of total imports, this being important only for the two Yemens. Finally, the shares of Japan and the United States were much smaller than in the oil economies, amounting to 7 and 8 per cent in 1979 and 1980, respectively.

The EEC countries provided one third of the total imports of the region. This proportion has remained relatively stable for both oil and non-oil economies over time.

4. International payments and reserves

a. Oil economies

The balance of trade surpluses characteristic of the oil economies declined considerably in 1978 and about doubled in each of 1979 and 1980 (see Appendix table IV-4). In Bahrain, after a persistent deficit in the period 1976-78, favourable developments in oil revenues, together with a slow growth in non-oil imports, produced an almost balanced account in 1979. The modest (US$ 11 million) surplus was expected to rise to US$ 124 million in 1980, largely as a result of higher oil earnings. The same reason lies behind the second consecutive and very sharp rise in the trade surpluses of Oman, Saudi Arabia and the United Arab Emirates, in the same year, while in Kuwait, the combined effect of a tangible decrease in the volume of exports and increased imports produced a smaller rise in this surplus.

The large balance of trade surpluses of the oil producing ECWA countries have continued to be whittled down by the considerable, and generally increasing, private transfer payments incurred due to the remittances of expatriate workers. These payments have ranged, in 1980, from US$ 285 million in case of Bahrain to US$ 4,063 million in case of Saudi Arabia1/. Most oil producing countries have also incurred large net payments on the services account. The largest deficit on this account, amounting to US$ 24,618 million in 1980, is of Saudi Arabia. Although separate statistics are not available for the United Arab Emirates, it also seems to have had a large deficit on the services account. Kuwait, Qatar and Bahrain, however, showed a positive balance on the services account in 1980. This has been made possible mainly by large receipts of investment income by many of the oil producing countries, which invest considerable proportion of their surplus oil revenues abroad2/.

1/ The United Arab Emirates and Iraq have also made large payments on this account in recent years, but statistics on them are not available separately for 1980.

2/ Between 1979 and 1980, investment income rose from US$ 4,926 million to US$ 7,448 million in Saudi Arabia, from US$ 3,331 million to US$ 5,353 million in Kuwait, and from US$ 36 million to US$ 61 million in the case of Bahrain.

ECWA oil producing countries are also liberal donors of foreign aid. This is reflected in the very substantial net public transfers made by them (except Oman, which is a net recipient of foreign aid). Saudi Arabia, the United Arab Emirates and Kuwait were the major donors in 1980, granting US$ 3,998 million, US$ 2,293 million and US$ 888 million, respectively, of aid and loans.

The balance on current account (see column 5 of Appendix table IV-4) is, with the remarkable exception of Kuwait, much smaller than the balance of trade (see column 1 of Appendix table IV-4) for the oil economies of the ECWA region1/. However, in 1980, this did not hamper further substantial increases in the current account surpluses which rose by 11 per cent, 54 per cent, and 250 per cent in each of Kuwait, the United Arab Emirates, and Oman, respectively, and more than quadrupled in Saudi Arabia.

Such surpluses have been used to finance capital outflows, especially short-term, and to augment official international reserves held by the monetary authorities. In the oil exporting countries, increases in international reserves still account for a large share of the current surpluses2/. In 1979-80, increases in foreign reserves holdings averaged 78 per cent and 89 per cent of the current account surpluses in Kuwait and the United Arab Emirates, respectively. The increase in the reserves of Qatar was 74 per cent in 1979.

b. Non-oil economies

In sharp contrast to the surplus position of the oil economies, the balance of trade of the non-oil economies has been chronically in deficit (see Appendix table IV-4). During the period reviewed, this was due to the high growth rates in the volume and prices of imports that were not matched by a rise in export earnings. The services balance is generally in deficit too, thus accentuating the deficit in the balance on goods and services3/.

Private and public unrequited transfers, as well as capital inflows, tended to reduce the deficit and, in many cases, led to realizing a surplus in the overall balance. This has produced an increase in the reserves of many non-oil economies, notably Jordan and Lebanon.

1/ The current account surplus as a proportion of the trade balance in 1980 was 114.2 per cent in the case of Kuwait, 68.4 per cent in the case of Oman, 63.4 per cent in the case of Qatar, 54.9 per cent in the case of Saudi Arabia, and 33.5 per cent in the case of the United Arab Emirates.

2/ This has not been the case in Saudi Arabia, due to the huge capital outflows recorded.

3/ Services still provide a surplus in Lebanon despite the war situation. However, this is not enough to cover the deficit in the trade balance.

Expatriate remittances are the main source of private transfers. Remittances amounted to US$ 312 million in 1979 in Democratic Yemen, US$ 600 million and US$ 792 million in Jordan in 1979 and 1980, respectively, and could reach US$ 1,400 million in 1981 in Yemen. In addition to remittances, higher public transfers, and earnings from tourism and travel have helped produce a substantial surplus in the 1980 current account of Jordan, after the small deficit of the preceding year.

Public transfers and capital outflows generally take the form of grants and loans from the oil exporting countries of the region. Transfers and capital movements have always been in Lebanon's favour. Together with the positive balance on services, they resulted in an overall balance surplus and a substantial increase in the country's foreign reserves. The surplus was expected to be US$ 800 million in 1981, against US$ 475 million in 1980, despite a further deterioration in the trade balance.

In the Syrian Arab Republic, the widening deficit on goods and services, coupled with a relatively small decline in public transfers, led to a negative balance on the current account that could not be offset by capital inflows.

Yemen's overall balance of payments deficit sharply increased from US$ 17 million in 1978 to US$ 201 million in 1980, necessitating resort to the use of foreign reserves. This was in contrast to the large additions to these reserves, observed during 1974-78.

c. International liquidity

The region's international reserves (see Table IV-2) increased from US$ 30.9 million in 1979 to US$ 37.2 billion in 1980 1/. The pace of reserves accumulation in the oil economies slowed down in recent years. After an actual decline in 1978, reserves increased by only 6 per cent in 1979 and 26 per cent in 1980. In absolute terms, the increases ranged between US$ 64 million in Qatar and US$ 4,157 million in Saudi Arabia. The overall reserves position of the non-oil economies recorded a decline in 1980 due to a fall in the reserves of the Syrian Arab Republic and Yemen.

The reserves/import ratio of the oil economies as a whole showed no variation from 1979 to 1980 2/. Only Oman experienced a marked improvement in this ratio from 0.44 to 0.53 during the period under revision. Available data reveal a decline in the reserves/import ratio in Democratic Yemen, Jordan, and the Syrian Arab Republic. The deterioration is most serious in the latter; the ratio having dropped to as low as 0.09 in 1980.

1/ The data exclude Iraq due to the lack of recent information.

2/ There was a slight improvement in this ratio of all countries, except for Saudi Arabia, where the ratio showed a small decline.

Table IV-2. ECWA's International Reserves[a] and Reserves/Imports Ratios

1979 and 1980

	Reserves ($ million)		Reserves/imports (ratios)	
	1979	1980	1979	1980
Total ECWA	30,922.6	37,238.1	0.60	...
Oil Economies	25,504.8	32,018.0	0.61	0.61
Bahrain	620.5	960.0	0.25	0.27
Iraq	...	...	...	....
Kuwait	2,986.1	4,045.2	0.57	0.60
Oman	604.7	913.7	0.44	0.53
Qatar	300.4	364.6	0.21	0.26
Saudi Arabia[b]	19,484.0	23,641.0	0.80	0.78
United Arab Emirates	1,509.1	2,093.5	0.22	0.24
Non-oil Economies	5,417.8	5,220.1	0.58	...
Democratic Yemen	211.5	235.6	0.54	0.36
Jordan (East Bank)	1,247.7	1,358.1	0.64	0.57
Lebanon	1,920.9	1,997.5	...	...
Syrian Arab Republic	610.0	366.0	0.18	0.09
Yemen	1,427.7	1,282.9	0.96	...

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

a/ End of period data on gold (at national valuation) and foreign exchange holdings by monetary authorities, reserve position with the IMF plus Special Drawing Rights where applicable.

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

Note: ... = not available.

B. Monetary and Fiscal Developments

1. Banking

a. Arab banking

The impressive entry of Arab banks into the international finance market during the last few years marked an important stage in the development of financial institutions in the region. Within a short period of time, they have acquired an important role in the international banking system. Helped by the accumulating surpluses and reserves of the oil producing countries, and a strong desire to gainfully deploy these resources, they established direct links with the Western financial markets and played a crucial role in the recycling of oil revenues by lending to Arab and other developing countries.

Arab banks operating in international markets have taken various forms, ranging from wholly public institutions to private concerns, with total Arab ownership and/or varying degrees of foreign shareholding. Most of the major and important banks, however, are state-owned organizations. In the beginning, Arab governments and banks merged their capital with the experience of foreign banks by establishing consortia1/ with foreigh shareholders.

By the end of the seventies, and especially after the freezing of the Iranian assets abroad, the Arab countries intensified their efforts to minimize risks facing their investments abroad. As most of their banks had gained experience in international banking practices, and as their surpluses showed new upsurge, attention was focused on diversifying their investment portfolios and maximizing earnings. It marked the establishment of the Arab joint ventures in banking. Typically, these Arab banks were owned by a number of Arab governments and located in the region, principally in Bahrain; the Arab Banking Corporation (ABC)2/ and the Gulf International Bank (GIB)3/ are examples of such institutions.

1/ Among the important ones were the three Paris-based banks, namely, Arab Banque Internationale, Union des Banques Arabes et Francaises (UBAF), and Banque Arabe et Internationale d'Investissements (BAII); the European Arab Bank, in Brussels; and, the Arab Latin American Bank, in Peru.

2/ The ABC was formed by Kuwait, Libya and the United Arab Emirates in 1980 with a capital of US$ 1 billion. It has expanded rapidly and has become one of the leading Arab banks, in syndicated loans.

3/ The GIB is a Bahrain based state-owned consortium bank (with the Governments of Bahrain, Kuwait, Iraq, Oman, Qatar, Saudi Arabia and the United Arab Emirates as shareholders). See the "Emerging Arab Banking Corporations", Arab Economist, August 1981.

A third group of banks that is partly or wholly owned by an Arab Government, such as the Saudi International Bank (SIB) and the "three Ks", (the Kuwait Investment Company, Kuwait Foreign Trading, Contracting and Development Company, and Kuwait International Investment Company), act as an arm of their respective governments in carrying out investment operations. The more recent arrivals into the market are branches of privately-owned Arab banks that are engaged in the recycling of oil revenues and in Euromarket operations1/.

Although the upsurge in Arab international banking began in the seventies, it has experienced rapid growth during the past two to three years. For example, in London alone, out of the 25 Arab banks represented, 20 started operation in the past two years2/. The activities of the majority of Arab banks in the West are concentrated on financing trade with the Arab world and the Third World countries, as well as, on bond underwriting, portfolio management, and medium-term financing. Some of the relatively large banks have also been involved in Eurocurrency syndications. Preliminary estimates show that in 1981 Arab banks together led 26 per cent of all lead managed syndicated interbank Eurocurrency credits compared to only 10 per cent in 19803/.

Notwithstanding these significant achievements, the Arab banks suffer from basic limitations. First the size of the capital base of most Arab banks is small. Only the Arab Banking Corporation has a capital of around US$ one billion; most have a capital of less than US$ 500 million, whereas the capital of a European or an American Bank, even of a second or third rank, according to size, exceeds US$ 3 billion4/. Of the 500 largest banks listed by size of assets, only 17 were Arab5/.

Secondly, Arab banks do not have easy access to the financial resources of the oil producing countries. The bulk of the oil revenues is concentrated in the big Western banks. The assets of Arab international financial institutions are around US$ 25 billion, out of an estimated total Arab deposits of US$ 300 billion in the Euromarket. This situation is likely to improve once the newly established Arab financial institutions have achieved maturity and acquired the confidence of Arab investors.

1/ For details see the "Substantial Growth of Arab Banking in Europe", Arab Economist, September 1981.

2/ For further details see the "Special Report", the Economist, 21 November 1981.

3/ See the International Monetary Fund "Survey", February 8, 1982.

4/ Citicorp., the world's largest banking corporation, has assets of some US$ 110 billion, IMF Survey, February 1982.

5/ See "The Banker", June 1981.

Shortage of qualified personnel in banking and finance is the third obstacle that has hindered a more rapid expansion of Arab banks. Management contracts with Western banks are not uncommon among both local and international Arab financial institutions. Only very recently, most of the Gulf countries have begun providing training in various aspects of banking and finance. The Union of Arab banks, a joint organization of around 130 Arab central and commercial banks, agreed to establish in Abu Dhabi a specialized financial institute to train the personnel of its member banks. UNDP, the Arab Monetary Fund, the United Arab Emirates Government and ECWA have embarked upon a project aimed at establishing the Arab Training Institute in Banking and Finance.

b. Transnational banking

Offshore banking, which began in Bahrain in 1975, has attracted 50 foreign banks, some from as far afield as Japan. Offshore banking in Bahrain grew very rapidly and realized considerable profits in the beginning, which levelled off in subsequent years. However, in 1981, these banks regained their earlier profit growth rates and did remarkably well. According to published statistics, the total assets of the 65 offshore banks reached the level of US$ 46 billion by the first half of September 1981, compared to US$ 37.5 billion in June 1980 for 58 offshore banks, indicating an increase of 38 per cent in one year. In Lebanon, although the role of foreign banks has considerably declined, almost half of the 88 registered banks in 1981 were either foreign or with a majority Arab and foreign shareholdings.

ECWA countries have continued their efforts to reduce the share of the transnational banks in their commercial system. In Saudi Arabia, although only two of the twelve commercial banks are wholly domestically owned, they account for about three quarters of the balance sheet total. All of the ten banks with foreign participation are now conforming with a government decree requiring majority local participation1/.

At the end of September 1981, there were 13 banks operating in Qatar, out of which only three were entirely nationally owned and had the largest market share. The Commercial Bank of Qatar, which signed a management contract with Chase Manhattan in 1975, has taken over some of the managerial functions, but is still partly run by the transnational bank at rather high fees.

In the United Arab Emirates, the National Bank of Ras Al-Khaimah is managed by Hill Samuel, a transnational bank2/. The Central Bank of the United Arab Emirates promulgated, in July 1981, regulations

1/ Quarterly Economic Review of Saudi Arabia, Annual Supplement, 1981, p.22.

2/ Quarterly Economic Review of the United Arab Emirates, 2nd Quarter, 1980, p. 34.

aimed at reducing the activities of foreign banks in the Emirates. Nine foreign banks were given two and a half years to close down about 89 of their total number of branches. No foreign bank is allowed to have more than eight branches with preference being given to the establishment of local banks.

Out of 20 commercial banks operating in Oman, 7 are locally incorporated and the rest are branches of transnational banks. Two transnational banks own a 49 per cent share in the locally incorporated National Bank of Oman, which is the market leader with about 20 per cent of the country's total commercial bank assets1/.

In Yemen, out of the 10 commercial banks, only one is 100 per cent national. Two are joint ventures and the rest are branches of foreign banks. The national bank ranked first in terms of volume of deposits, having more than 60 per cent of the market share in 1979-80. Moreover, several commercial banks reported losses for 1980, as a result of which some of the well-established transnational banks are planning to close2/.

2. Money and central banking

a. Monetary developments

During the past two years (1980 and 1981), there was a sharp increase in money supply in most countries of the ECWA region, as shown in Appendix table IV-5. The percentage increase in total money supply between 1979 and 1980 has been, generally, larger in the three non-oil economies (the Syrian Arab Republic, Lebanon and Jordan). Among the oil countries, Oman had the highest percentage increase (31.3 per cent), followed by the United Arab Emirates (29.3 per cent) and Bahrain (27.2 per cent). Much of the increase in money supply is attributable to expansion in Government expenditures, induced by increased oil revenues.

The growth rate of the quasi-money component of total money supply, consisting of savings and time deposits, has been much higher than that of total money supply, in almost all countries between 1979 and 1980, especially in the oil producing countries. The growth in this component was the highest in Saudi Arabia, where it more than doubled, while Bahrain and Qatar also had very high growth rates for quasi-money. This growth is largely attributable to the high interest rates prevailing during the period. In Democratic Yemen, during 1979-80, and in Yemen, during 1980-81, the growth rate of quasi-money was very high, 58.5 and 116 per cent, respectively, partly reflecting an increasing tendency for expatriate workers' remittances to be used for savings purposes.

1/ MEED Special Report - Oman, November 1980, p. 27.

2/ Quarterly Economic Review of Bahrain, Qatar, Oman, the Yemens, 2nd Quarter 1981.

A major monetary development in the Syrian Arab Republic was the institution, as of April 1981, of a parallel market for the Syrian Pound whereby it was allowed to find its own level. The aim of this measure was two folds: first to make Syrian exports more competitive, while encouraging the remittances of Syrian workers abroad and, second, to render imports more expensive and thus boost domestic outputs of competitive goods. The ultimate result anticipated from such a development is an increase in foreign currency earnings and a reduction in pressures on the exchange value of the Syrian Pound.

b. Central banking

In the Arab countries of the Gulf, where central banks have been established only recently, efforts to increase and exercise their regulatory power over the monetary and financial institutions are being intensified to enable them to play a more effective role in the formulation and management of economic policies. The central banks in a number of countries of the region are also being asked to play a more active role in the financing and implementation of development programmes by establishing the nucleus of specialized credit institutions.

To enable it to strengthen its operations, the capital of the Central Bank of Oman was more than doubled in 1981, from OR 20 million (US$ 55.9 million) to OR 50 million (US$ 144.7). In Qatar, efforts are underway to increase the power of the Qatar Monetary Agency (QMA) in order to tackle domestic liquidity problems induced by the flight of capital to the Gulf financial centres and to Europe. The measures taken are aimed at strengthening some of the orthodox instruments of monetary policy, namely, rediscount and lending facilities for banks, the issuance of investment bonds, and the fixing of reserve and liquidity ratios for commercial banks. In an effort to establish firmer control over the operations of the banking system, QMA has assumed the tasks of bank supervision and control which were previously being undertaken by the Government.

In the United Arab Emirates, the creation of the Central Bank, in 1980, replaced the Currency Board with its limited scope of power. The Bank is expected to play a leading role in the implementation of the five year socio-economic development plan of the United Arab Emirates. It has also taken a number of regulatory measures, such as placing limits on the branches of foreign banks and regulating the activities of money changers.

In Jordan, the Central Bank has encouraged commercial banks to increase their participation in the financing of development efforts by lowering the legal reserve ratio and by raising interest rates on bonds and treasury bills Commercial banks are required to participate in government bonds and related securities up to 10 per cent of the value of their deposits.

3. Fiscal developments

The countries of the region experienced rapid increases in the level of government revenues and exp nditures during much of the period under review. The situation, however, varies considerably among the different groups of countries, as shown in Appendix tables IV-6 and IV-7.

In the oil producing countries, the rising price of oil in 1979 and 1980 and the relative success in keeping down inflationary pressures have promoted the Governments of these countries to resume their expansionary economic policies by increasing, rather significantly, their budgetary allocations in 1980 and 1981. In Bahrain, for example, the Government has injected extra funds into the economy through a two-year budget for the period 1980-81 of BD 750 million, about 15 per cent more than the original target of BD 650 million, and triple the 1979 budgetary figures. The Government is also increasing its role in diversifying and expanding the economy by adopting a four-year development plan for the period 1982-85, with an expenditure target of BD 2.3 billion.

Government revenues in Kuwait also increased substantially in 1980. The increase, reflected in non-tax revenues, is mainly attributed to larger oil revenues. Government revenues and expenditures for 1981 were expected to stabilize at about the 1980 level. In Oman, the discovery of new oil fields and the increasing prices of oil in 1980 sharply augmented government revenues and expenditures which rose by 39 and 42 per cent, respectively. Current expenditures showed considerable increases due mainly to adjustments in the salaries of civil servants and increased welfare payments and services, as well as rises in defence outlays. A special reserve fund, to receive 15 per cent of the net oil revenues, was also established to help guarantee the repayment of the Sultanate's outstanding loans and serve as a reserve for future generations. The 1981 budget earmarked OR 1,410 million as total expenditures, with defence taking the lion's share of OR 582 million, more than 40 per cent of total.

Actual expenditures in Saudi Arabia, which reached between 60 to 70 per cent of budgetary allocations in the past, amounted to about 90 per cent of budgetary estimates for the fiscal year 1980/81. This is a remarkable achievement and reflects the increasing absorptive capacity of the country, as well as more realistic budgetary practices. Over one half of the actual expenditure was spent on development projects. The 1981-82 budget, in contrast, shifts the emphasis to current expenditure. It envisages salary increases ranging between over 100 per cent for the defence forces and 50 per cent for civil servants, as well as a 40 per cent increase in social benefits. Municipal areas are given priority in budgetary allocations, amounting to an increase of 111 per cent. Defence and security are provided with a large share of total outlays, amounting to just under 28 per cent and equal to its share for the period 1980-81. The adverse inflationary impact is being softened by a 78 per cent increase in subsidies to keep consumer prices down.

In the United Arab Emirates, for the first time actual federal government revenues exceeded the budgetary estimates for 1980 by 45 per cent and rose to 167 per cent above their 1979 level as a result of the agreement between the Abu Dhabi and Dubai Governments to allocate one half of their oil revenues to the federal budget. Federal expenditures increased by more than two-folds over their 1979 level. Delay in the implementation of development projects is still a serious problem; the implementation ratio in development expenditures was only 60 per cent in 1980, with the main part of the allocation directed towards the completion of on-going projects. The 1981 federal budget was DH 24,000 million. The budget gave priority to completing existing projects and to financing new ones in the first five year development plan. It included provisions for an increase in the number of government employees and a 30 per cent federal tax on tobacco.

Aside from increases in recurrent and development expenditures, most of the oil producing countries allocated a sizable share of their receipts as aid to developing countries, either on bilateral and/or through multilateral regional and international organizations. For instance, Qatar's external aid allocations were of the order of QR 1,025.2 million in 1980, whereas the United Arab Emirates' foreign aid commitments averaged US$ 1.5 billion a year in each of 1979 and 1980. As for the major aid-donor country of the region (Saudi Arabia), its quota in the IMF was increased from 1.74 per cent to 3.5 per cent in 1981 in return for lending pledges of SDR 4 billion a year for 3 years, putting it sixth in the IMF ranking and thus guaranteeing the Kingdom an important place at the policy-making level in the Fund.

In the non-oil economies of the region, government fiscal policy during 1980 and 1981 aimed at reducing the characteristically large budgetary deficits. In the case of Jordan, this objective was achieved by increasing reliance on domestic revenues, derived mainly from taxes, to cover current expenditures. While domestic revenues rose by 19.5 per cent, foreign receipts from external sources, in the form of grants from oil countries, maintained their 1979 level, thus lowering their relative importance in total revenues in 1980. As for the 1981 budget, it predicted an increase in spending of 20 per cent over 1980, with 71.5 per cent of current expenditures to be covered by domestic revenues as against 69 per cent during the previous year; a modest move towards achieving self-sufficiency in financing current expenditures.

In Lebanon, the widening deficit reflects the Government's inability to collect taxes and stop widespread smuggling activities. While the 1981 budgeted expenditure figures of LL 5,450 million showed an increase of 41 per cent over the previous year, there was almost a total brake on development and public investment expenditures, due mainly to the general situation in the country. As for the 1981 deficit, the Government relied on external and internal loans, including the issuing of treasury bonds.

In the Syrian Arab Republic, where the average annual rate of inflation has been running at some 15 to 20 per cent, increases in budgetary outlays in 1981 were kept to as low as 5.5 per cent over the previous year. Government expenditures had to be controlled gradually in order to decelerate the rate of inflation and lessen the pressure on the country's foreign exchange situation. Moreover, the Government has emphasized tax reform as one of the stabilization measures designed to contribute to the sustained growth of the economy.

In Yemen, Government budget in 1980 was characterized by an increase in current expenditures of around 37 per cent over the previous year, whereas current revenues increased by only 27.5 per cent. Development expenditures, on the other hand, declined by 4.8 per cent, decreasing the total budget deficit in 1980. Internal financing represented 60.8 per cent in 1980, compared to 27.2 per cent in 1979, revealing considerable improvement and seriousness in government fiscal policy to increase reliance on domestic rather than external sources of finance. The 1981 budget was put at YR 6,804 million, with an anticipated total revenues of YR 4,435 million, leaving a deficit of YR 2,369 million.

V. DEMOGRAPHIC AND SOCIAL DEVELOPMENTS

A. Population, Labour Force and Employment

1. Demographic levels and trends

The analysis of demographic trends in the ECWA region is handicapped by the fact that the sources of demographic data in the region are not uniform. While in most of the countries1/, a solid base of demographic data is being built, in others, such a base is either limited or non-existent. It is expected that, by the end of the eighties, almost all ECWA countries will succeed in building the basic data required for socio-economic planning.

By mid-1980, there were about 89 million persons living in the ECWA region (see Appendix table V-1), forming about 54 per cent of the total Arab world and 2 per cent of the world population. The overall density was only 12.2 persons per square kilometre. Nevertheless, because of vast desert areas in the region, the density in habitable areas is much higher. The countries of the ECWA region show a wide variation in the degree of population density, which is very low in the Gulf States (except Bahrain and Kuwait) and Democratic Yemen, while Lebanon and Bahrain are very densely populated.

The level of fertility in the ECWA region is among the highest in the world. The "total fertility rate" in 1980 in Bahrain, Egypt and Lebanon was 5.7, 5.2 and 4.2 per cent, respectively, while in the other countries, it ranged from 6.8 per ccent in Yemen to 8.0 per cent in Saudi Arabia2/. Such high rates led to a crude birth rate, varying between 27 per thousand in Lebanon and 50 per thousand in Jordan. This level is not likely to decrease sharply in the near future; in the Gulf States, it is likely to either remain constant or to increase further. However, in Bahrain, as well as in Egypt and Lebanon, the rate is likely to decline slightly in the future.

In contrast to fertility rates, mortality rates differ widely in the region. The countries with the lowest level of life expectancy at birth, are Yemen, Democratic Yemen and Oman (41.3, 44.0 and 49.8 years,

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1/ Egypt, the Syrian Arab Republic, Jordan, Iraq, Bahrain, Kuwait, the United Arab Emirates and Saudi Arabia.

2/ The 1975-80 "total fertility rate" was the 3.9 for the world, 4.6 for the "less-developed regions" and 2.0 for the "more developed countries".

respectively), while Saudi Arabia, Egypt, Iraq and Qatar have levels similar to those prevailing in the least-developed regions (55.1). Lebanon, the Syrian Arab Republic, Jordan and Bahrain enjoyed a life expectancy higher than the world average, while Kuwait enjoyed the highest life expectancy (73), comparable to the one prevailing in the "more developed regions". Similarly, great variations exist in the "infant mortality rate" and the "crude death rate", with the lowest in Kuwait and the highest in Yemen1/. It is expected that mortality will continue to decline during the eighties. In the Gulf States, this fall is likely to be more pronounced than in other ECWA countries.

Migration under its various forms, however, is the most important demographic phenomenon in the ECWA region. Forced migration is mainly identified with the massive expulsion of Palestinians from the West Bank and Gaza, and of Lebanese from South Lebanon. The Gulf States, on the other hand, have, since the early seventies, attracted a large number of migrants, coming mainly from the Arab world and Asia. This has resulted in a high proportion of expatriates in the population, ranging between 18.2 per cent in Oman and 76.1 per cent in the United Arab Emirates. These factors, along with the pattern of economic development in the region, have led to a very high degree of urbanization, ranging between 45 per cent in Egypt and 90 per cent in Kuwait2/.

The combined effects of fertility, mortality and migration, which varied widely across the region, gave rise to similar variations in the overall rate of growth of population. With the exception of Lebanon3/, this rate was much higher in the ECWA countries than in the other parts of the world4/. For the region as a whole, it was estimated to be 3.3 per cent in 1980, with the widest variation and the highest level in the Gulf States - between 5 per cent (Oman) and 12.5 per cent (UAE) - and with

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1/ While the "infant mortality rate" and the "crude birth rate" were 43.7 per cent and 6.1 per thousand for Kuwait, they were 169.3 per thousand and 222 per cent for Yemen.

2/ With the exception of Yemen, Oman and Democratic Yemen, where these percentages were 11, 22 and 37, respectively.

3/ In 1980, Lebanon observed a zero rate of growth. This was mainly due to the large net out-migration from the country.

4/ During 1975-80, the population rate of growth was estimated to be in the different regions of the world as follows: 2.08 per cent in the "less-developed regions"; 0.71 per cent in the "more-develcped regions" and 1.72 per cent in the "world total".

moderately high rates in the Syrian Arab Republic (3.1), Iraq (3.4) and Jordan (4.9)1/. Yemen and Democratic Yemen had the lowest growth rate (2.5) in the region. Although the rate of growth of population in the Gulf States is likely to decrease in the near future, this is unlikely to affect that of the whole region, since the total population of the six Gulf States represents less than 15 per cent of the total ECWA population.

2. Employment growth and manpower development

a. Employment situation

Total labour force in the region is estimated to have reached 23 million in 1981, forming 26 per cent of the total population. The overall average annual growth rate of the labour force in the ECWA region (including Egypt), for the past decade, was around 3 per cent; slightly below the rate of population growth. This rate varies widely between oil and non-oil producing countries. In the non-oil countries, for instance, it is only 2.9 per cent for Egypt and around 3.5 per cent for the Syrian Arab Republic2/, while in the oil countries it ranges between 7.2 per cent in Saudi Arabia and 19.5 per cent in United Arab Emirates. However, preliminary indications for 1981 show that the annual growth rates of employment for the oil producing countries have started their downward trend.

Despite the rapid economic development in the region during the second half of the past decade, manpower under-utilization is still evident under various forms and is acknowledged as being serious and requiring systematic attempts for remedial action. Although open unemployment, with the exception of Egypt, is not widespread and is believed to have decreased considerably in the past few years (probably due to the increased economic activity in the oil rich countries and the resulting intraregional labour mobility), underemployment is still a serious problem which defies solution.

Manpower under-utilization, evidenced mainly by low crude participation rates, implies high dependency ratios and low family income. The cause of this problem is inherently embedded in the population structure of these countries. The high percentage of youth (52 per cent of the

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1/ Although Jordan is traditionally a labour exporting country, it has become, during the past few years, labour importing too. The high "rate of growth" observed in 1980 is due to the "Jordanian returned migrants" and to the "migration for replacement" toward Jordan. One can say that this high "rate of growth" reflected the situation in 1980 rather than a trend in the early eighties.

2/ This rate is expected to reach 4.2 per cent in the Syrian Arab Republic over the period 1980-85.

population were in the age group 0-15 years in 1980) and the low rate of female participation in the economic activity, which is below 5 per cent reflects a very low overall crude participation rate of about 26 per cent in 1980. The low level of educational attainment, conservative social norms and lack of employment opportunities, especially for females, have all contributed to the existence of this crude participation rate.

In some countries, the crude participation rate is expected to fall further in the future. For instance, in the Syrian Arab Republic, it is expected to reach as low as 22 per cent by 1985 1/. Such a development will aggravate the human resources under-utilization problem and increase the already high dependency ratio.

Despite the considerable differences among ECWA countries in the sectoral distribution of the labour force, the tertiary sector continues to absorb an increasing share of the labour force (around 40 per cent in 1980) due to the continuous growth of government services, business and financial institutions, trade and other services. The share of the agricultural sector (reaching about one third of the total labour force) did not seem to have undergone any significant changes. In contrast, the secondary sector still absorbs only a small proportion of the labour force, reflecting, on the one hand, the relatively moderate degree of industrialization and, on the other hand, the adoption of the capital intensive techniques in newly established industries.

b. Migrant workers in the region

The number of migrant workers is estimated to have reached 2.3 million in 1981, representing 10 per cent of the total labour force and around 3 per cent of the total population in the region. The remarkable influx of migrant workers, reaching in 1980 2/ about 32 per cent of the total national population of the oil rich countries (excluding Iraq), is the outcome of the ever-growing manpower needs for the development of these countries, accentuated by acute shortage of all categories of national manpower. The skill composition of the manpower requirements of the oil countries is steadily shifting in favour of high-skilled categories. Thus, it is anticipated that the stock of highly qualified manpower will be tripled in 1985, as compared to 1975 3/.

1/ The Fifth Five-Year Economic and Social Development Plan (1981-1985) for the Syrian Arab Republic.

2/ Estimated by ECWA (Population Division).

3/ See the World Bank, Summary Report of the Research Project on "International Migration and Manpower in the Middle East and North Africa", 1981, p.7.

This dramatic growth of migrant workers has caused concern in the host countries about its socio-economic implications and, in recent years, there have been some efforts to restrict and control the flow of expatriate workers. Although the short- and medium-term requirements of expatriate workers are planned to increase at a decreasing rate, in the long-term these countries are endeavouring to lessen the reliance on foreign labour and develop their own indigenous supply of skilled labour. For example, Saudi Arabia's Third Development Plan for 1980-1985 aims at limiting the net increase of foreign labour to 9,000 qualified personnel only, while the net increase in the indigenous workforce for civil employment will be 146,000.

The trend of importing additional labour from the Far East, which developed over the period 1976-1981 1/, may have reached its peak. In a new development during 1981, the United Arab Emirates passed a federal law that calls for priority in employment to Arab nationals next to United Arab Emirates' citizens. Arabization of the country's labour force has been promoted, inter alia, with the recent signing of recruitment agreements by the United Arab Emirates' Government with Tunisia, Morocco and the Sudan.

The implications of the current world recession and the oil "glut" analyzed above might be seriously adverse to the employment of expatriate labour in the oil countries, if this trend continues for long; it may lead to a definite fall in the demand for all categories of labour. Such an outcome would aggravate the unemployment problem in many labour exporting countries of the region.

c. Manpower development

Data on the educational and occupational structures of the labour force in the ECWA region are scarce and limited. On the basis of available data, it is estimated that the illiteracy rate is still very high in the region, reaching 58 per cent 2/ of the total population in 1980. Such high rates of illiteracy are accompanied by low rates of educational attainment. While the ratio of enrolment is 63.7 per cent in the first educational level, it reaches 30.9 per cent in the second level, and only 5.4 per cent in the third level. Such poor level of educational attainment of this region's population and, consequently, the labour force constitutes an enormous impediment to the assimilation of modern technologies needed for economic development. This obstacle is viewed seriously by all countries of the region and, in all their plans, objectives are set to enhance the

1/ For example, in Kuwait, out of 56, 78 new work permits issued by the Ministry of Labour and Social Affairs during 1980, 56 per cent were for Asians and only 40 per cent for Arabs. Among the Asians, the South Koreans were the predominant nationality.

2/ Estimated by ECWA (Population Division).

educational level and labour productivity1/ in order to improve the quality of their potential manpower.

The occupational structure of the labour force provides a crude measure of the country's development level. The two major occupational groups, namely, "the professional, technical and related workers" and "the administrative and managerial workers", play a major role in the modernization process of each country. Hence, the countries of the region pay special attention to the improvement and enlargement of this group. Available data for Kuwait show that these groups occupied about 17.5 per cent of their labour force in 19802/.

B. Social Developments

ECWA countries continued to emphasize self-reliance in social planning and the development of social services. Social programmes were consolidated and expanded, taking into account constraints imposed by the availability of financial and human resources. The overall standard of living continued to improve, with efforts being made to reduce income disparities and to make the benefits of social progress available to all groups and sectors of society. Institutional infrastructures were strengthened through the training of personnel and the emphasis on organization and planning. Important contributions to social welfare were made by non-governmental organizations.

1. Education

In improving the human resources available for national development, no sector is more important than education. It is, therefore, gratifying to note that ECWA countries devoted a substantial portion of their government budgets and a significant proportion of their GNP to education during the 1970s, as shown in Appendix table V-2. The share of total public expenditure allocated to education in 1978 ranged from 4.9 per cent in Oman to 11.6 in Saudi Arabia, while the proportion of GNP devoted to education ranged between 3.7 and 8.2 for the same pair of countries. This percentage varied somewhat in different years, depending on the overall level of development expenditures in a particular year.

1/ In the Fifth Five-Year Economic and Social Development Plan (1981-1985), the Syrian Arab Republic anticipates a drop in the ratio of the labour force with less than intermediate level of education and a consequent increase in the ratio of those with higher educational levels.

2/ While the "administrative and managerial workers" occupy only 0.8 per cent, the "professional and technical workers" occupy 16.8 per cent which, by international standards, is a very high proportion.

As shown in Appendix table V-3, all countries of the region continued to make steady advance towards universal elementary education. In Oman, the increase in the enrolment ratio from 3 per cent in 1970 to 45 per cent in 1978 was the most dramatic. Other notable increases were achieved by Democratic Yemen, Iraq, Saudi Arabia, and the United Arab Emirates. Several countries, namely, Iraq, Jordan, Lebanon, Qatar, the Syrian Arab Republic and the United Arab Emirates are approaching the 100 per cent target of universal enrolment.

While the enrolment ratios are an important indicator of advancement in education, due account must be taken of the particular historical experience of each country, as well as the financial and human resources available to it. In most of the Gulf countries, the growth in enrolment could only be achieved by employing expatriate teachers, mainly from Arab countries.

Changes in the quality of elementary education are reflected through changes in the number of pupils per teacher, which are shown in Appendix table V-4.

The greatest advances, in terms of lowering this ratio, occurred in the countries with the most financial resources, even though all countries made progress in this respect. One of the major obstacles is the supply of teachers, especially in the least-developed countries. These countries are making great efforts to increase the supply of trained teachers through the expansion of teacher-training programmes at all levels.

Developments in elementary education were accompanied by continued expansion at the secondary and university levels. Educational reforms were introduced with the object of increasing the emphasis on scientific and technical education. Universities, however, produced more arts than science graduates, contrary to the manpower requirements of the region.

2. Disability rehabilitation and prevention

In the International Year of Disabled Persons, it is appropriate to report in this Survey on the situation of disabled persons in the ECWA region. It is estimated that there are between 8 or 9 million disabled persons in the region. These figures indicate the overall scope of the problem of disability, and they must be compared with the relatively small numbers of disabled persons who receive such benefits as welfare payments, special education and vocational training. In Kuwait, which has one of the most extensive training programmes, over 4,000 students are enrolled in schools, institutions and workshops for disability rehabilitation. In the Syrian Arab Republic, more than a thousand persons received assistance for disability in 1979.

Most services for the disabled are provided by the Governments, but non-governmental organizations also play an important role. The Palestinian Red Crescent Society provides medical services, prosthetic devices, and physiotherapy for the physically disabled. Together with a number of other organizations, it seeks to obtain appropriate employment for the disabled and has established sheltered workshops.

A system of welfare payments has been established in a number of ECWA countries to provide financial assistance to the disabled. In Bahrain, the number of recipients has grown rapidly in recent years, to an average of 448 persons in 1978. Similar growth patterns are reported for Kuwait and the United Arab Emirates.

Planning for disability rehabilitation emphasizes the improvement of training programmes. In Jordan, stress is placed on co-operation between the public and the private sector. Egypt's Five-Year Plan aims at the provision of vocational training for the disabled, with centres in both urban and rural communities. Saudi Arabia plans to establish more centres for the disabled, of which five are to be productive workshops for the blind.

Public health programmes emphasize the prevention of disability, through the inoculation of infants and children, the provision of safe water supply and the efforts to identify and diagnose disability at an early age. The rapid increase of the population places a heavy burden on the preventive services as they must expand to keep up with the population needs.

3. <u>Integrated rural development</u>

Many ECWA countries have recently begun to adopt the "minimum package" or the comprehensive integrated rural development (IRD) approaches. However, thus far the use of the two approaches has been limited to projects aimed at the development of agriculture and irrigation subsector and directed toward the development of certain areas or regions where heavy concentration of the rural poor existed. Not all projects directed to the development of agriculture and irrigation subsector, however, utilized the IRD approach. For example, of the fourteen agriculture and irrigation projects planned to be implemented in Democratic Yemen during 1974-78, only four projects have used the IRD approach; while, in Yemen, seven of the 34 projects directed to the development of agriculture and irrigation subsector in 1978-80 have used such an approach.

The IRD aims at increasing production and creating employment opportunities, while ensuring people's participation in action-oriented programmes. An "all-out-attack" was needed to combat rural poverty and the low living standards prevailing in the rural areas, and to integrate economic with social services in rural development projects. This is the essence of IRD programmes which several countries in the region such as the Syrian Arab Republic, Iraq, Jordan, Saudi Arabia, Yemen, Democratic Yemen and Oman have already initiated. However, it must be noted that the experience which the countries of the region have with the integrated approach to rural development is still limited and recent. At present, the national development plans of most countries of the region do not contain clear policies for IRD which should aim at achieving a balanced development of their rural sector. IRD is largely dealt with on a piece-meal sectoral basis and programmes are an integral part of the whole development plans.

Another important problem confronting the countries of the region in their rural development efforts is the lack of national bodies or machineries entrusted with the prime responsibility of planning, implementing and co-ordinating the various IRD activities. Different ministries and/or departments are presently in charge of different IRD projects.

Lack of local participation and involvement in rural development projects and lack of organizational structures to enhance and strengthen such participation are common problems facing most countries of the ECWA region. If rural development projects are to succeed and to last longer, rural people or their representatives should be involved in their planning and implementation. One way to ensure local participation and involvement in IRD projects, at the village and district levels, has been to establish special committees for the purpose of representing farmers. In some countries, forms of village or district organizations are already in existence, such as co-operatives, youth or women organizations, local development associations, farmers' unions, etc.

Another major problem which continues to hinder the implementation of practically all IRD projects in the countries of ECWA region is the lack of qualified and well-trained technical manpower. Government agencies administering agricultural development projects are inadequately equipped to plan, implement, monitor and evaluate such projects. Various short-run solutions to this problem are being sought, including crash in-service training programmes for government officials.

APPENDIX TABLES

Appendix table I-1. Concessional Assistance by ECWA Countries Members of OPEC to Developing Countries (net disbursements)

Donor country	In millions of U.S. dollars					As per cent of GNP				
	1975	1976	1977	1978 a/	1979 a/	1975	1976	1977	1978 a/	1979 a/
Iraq	218.4	231.7	61.1	172.0	860.5	1.65	1.44	0.33	0.76	2.94
Kuwait	976.3	615.3	1,517.4	1,268.3	1,098.6	8.12	4.52	10.19	6.35	5.14
Qatar	338.9	195.0	196.9	105.7	251.1	15.62	7.95	7.93	3.65	5.60
Saudi Arabia	1,997.4	2,407.1	2,408.7	1,470.0	1,955.6	9.57	8.70	6.08	2.76	3.13
United Arab Emirates	1,046.1	1,058.9	1,174.5	684.4	706.6	14.09	11.02	9.55	5.55	5.42
TOTAL	4,577.1	4,508.0	5,358.6	3,700.4	4,872.4					

Source: Organization for Economic Co-operation and Development (OECD), Development Co-operation, 1980 Review.

a/ Provisional.

Appendix table I-2. Concessional Assistance by ECWA Countries Members of OPEC Channelled Bilaterally and Multilaterally

(net disbursements; millions of U.S. dollars)

Donor country	1978			1979			Percentage share of bilateral flows	
	Total	Bilateral [a/]	Multilateral	Total	Bilateral [a/]	Multilateral	1978	1979
Iraq	172.0	120.3	51.7	860.5	817.0	43.5	69.9	94.9
Kuwait	1,268.3	956.7	311.6	1,098.6	927.9	170.7	75.4	84.5
Qatar	105.7	48.0	57.7	251.1	232.5	18.6	45.4	92.6
Saudi Arabia	1,470.0	1,051.4	418.6	1,955.6	1,357.0	598.6	71.5	69.4
United Arab Emirates	684.4	553.4	131.0	706.6	627.9	78.7	80.9	88.9
TOTAL	3,700.4	2,729.8	970.6	4,872.4	3,962.3	910.1	73.8	81.3

Source: Organization for Economic Co-operation and Development (OECD), Development Co-operation, 1980 Review.

a/ Provisional.

Appendix table I-3. Bilateral Concessional Aid Flows from OPEC Donors to Individual Countries in Western Asia, 1976-1979

(net disbursements)

Recipient	In millions of U.S. dollars				Percentage share			
	1976	1977	1978	1979	1976	1977	1978	1979
Egypt	1,022.4	881.7	508.2	32.4	43.4	40.7	30.4	1.3
Bahrain	146.3	79.6	91.2	27.3	6.2	3.7	5.5	1.1
Jordan (East Bank)	361.6	325.6	237.5	878.4	15.3	15.0	14.2	35.9
Lebanon	8.1	24.4	123.9	34.7	0.3	1.1	7.4	1.4
Oman	45.8	50.5	16.7	76.5	1.9	2.3	1.0	3.1
Syrian Arab Republic	448.7	564.7	523.0	1,272.6	19.0	26.1	31.3	52.0
Democratic Yemen	135.1	66.0	35.2	10.4	5.7	3.1	2.1	0.4
Yemen	190.6	174.5	135.0	115.0	8.1	8.1	8.1	4.7
SUB-TOTAL	2,358.6	2,167.0	1,670.7	2,447.3	100.0	100.0	100.0	100.0
TOTAL	4,531.5	3,873.2	2,964.7	4,019.8				

Source: Organization for Economic Co-operation and Development (OECD), Development Co-operation, 1980 Review.

Appendix table I-4. Concessional Net Aid Disbursements from OPEC-Financed Multilateral Institutions
(in millions of U.S. dollars)

	1975	1976	1977	1978	1979
Arab Fund for Economic and Social Development	40	64	87	183	106
Arab Technical Assistance Fund	-	1	4	(7)	(7)
Arab Bank for Economic Development in Africa	-	2	8	29	42
Gulf Organization for the Development of Egypt	-	250	950	645	-
Islamic Development Bank	-	-	1	10	15
Islamic Solidarity Fund	-	6	7	9	10
OAPEC Special Account	-	37	-	-	-
OPEC Fund[a/]	-	-	162	83	91
Special Arab Aid Fund for Africa	118	59	13	-	-
TOTAL	158	419	1,232	966	271

Source: Organization for Economic Co-operation and Development (OECD), Development Co-operation, 1980 Review.

a/ Not including contributions to IFAD, IMF Trust Fund and UNDP through the OPEC Fund.

Note: - = nil or negligible.

Appendix table II-1. Growth of Aggregate Output in Countries of the ECWA Region

(1977-1980)

Country	Year	Annual percentage growth rates				Absolute values		
		GNP a/		GDP a/		GNP (million US$)	GDP (million US$)	GDP per capita (US$)
		current	constant	current	constant			
Bahrain	1977	13.3	1.1	25.9	13.6			
	1978	...	...	17.0	6.2			
	1979	...	...	13.9	2.5	...	4,030.6	8,597.1
Democratic Yemen	1977	24.6	15.1	24.3	...			
	1978	...	...	17.7	...			
	1979	...	...	19.0	...			
	1980	...	...	5.8	...	...	687.6	349.0
Iraq	1977	11.6	...	9.4	17.3 d/			
	1978	21.4	...	22.3	12.2 d/			
	1979	...	...	47.6	...			
	1980 x	...	...	43.1	...	...	48,826.6	3,732.9
Jordan (East Bank)	1977	14.9	0.4 d/	18.9	3.8 e/			
	1978	16.4	8.8 d/	20.7	12.9 e/			
	1979	21.3	6.2 d/	23.5	8.1 e/			
	1980 x	22.0	9.8 d/	22.0	9.9 e/	3,594.9	2,910.0	1,609.9 f/
Kuwait	1977	5.2	...	5.6	3.7			
	1978	2.9	...	3.5	3.8			
	1979	51.4	...	53.5	10.2			
	1980 x	...	...	14.5	...	...	27,277.5	20,118.7
Lebanon	1977	...	...	157.6	...			
	1978	...	...	7.3	...			
	1979	...	...	26.7	...	...	3,438.4	1,112.7
Oman	1977	10.4	...	6.4	...			
	1978	2.9	...	1.4	...			
	1979	32.7	...	31.3	...			
	1980 p/	58.4	...	53.0	...	4,696.9	5,194.8	5,277.4 f/
Saudi Arabia b/	1977	25.6	...	24.6	15.1			
	1978	8.6	...	9.9	5.9			
	1979	13.6	...	10.7	6.7			
	1980 p/	52.7	...	54.9	9.6	117,594.0	116,167.1	14,049.5 f/
Syrian Arab Republic	1977	...	...	9.4	-2.5			
	1978	...	...	19.9	8.7			
	1979	...	...	20.2	5.3			
	1980 p/	...	...	28.9	9.7	...	12,904.6	1,437.2
United Arab Emirates	1977	23.2	...	24.3	15.6			
	1978	-3.4	...	-4.3	-8.3			
	1979	34.1	...	31.8	3.8			
	1980	41.8	...	37.1	4.2	29,009.8 g/	29,577.6	27,886.0 f/
Yemen c/	1977	31.3	13.4	31.5	5.1			
	1978	27.7	...	26.7	8.3			
	1979	24.7	...	23.7	6.5			
	1980 p/	18.2	...	17.2	5.7	3,085.8 g/	2,612.4	456.4 f/

Source: ECWA, based on national and international sources.

a/ At market prices.

b/ Fiscal years ending mid-May.

c/ Fiscal years ending 30 June.

d/ Real growth rates and current growth rates are based on two different series appearing in two different sources.

e/ Deflated by cost of living index.

f/ GNP/capita.

g/ GNP calculated as GDP + (net remittances of employees from the rest of the world + net property and entrepreneurial income from the rest of the world).

Notes: ... = not available.

x Estimate

p/ Provisional.

Appendix table II-2. Structure of Output - Percentage Sectoral Contribution at Current Prices a/ in Countries of the ECWA Region
((1977-1980)

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/	All services sectors
Bahrain	1977	723.5	1.7	26.7	...	11.0	10.7	9.0	17.0	23.9	49.9
	1978	846.3	1.6	25.0	...	10.9	10.8	10.5	14.3	26.9	51.7
	1979	964.2	1.4	25.3	...	11.6	11.0	11.0	13.6	26.1	50.7
Democratic Yemen	1977	140.0	18.2	0.2	-	13.1	10.9	13.1	19.7	24.8	57.6
	1978	164.9	16.4	0.2	-	14.4	13.8	10.9	18.8	25.5	55.2
	1979	208.6	16.5	0.2	-	16.3	14.3	10.8	18.1	23.8	52.7
	1980	220.9	16.6	0.2	-	16.2	14.2	10.9	18.1	23.8	52.8
Iraq	1978	5,938.9	8.0	50.4	...	8.6	5.3	5.7	5.2	16.8	27.7
	1979	9,068.9	5.7	64.7	...	6.1	3.8	4.0	3.7	12.0	19.7
	1980x	12,555.4	7.6	52.2	...	8.3	5.1	5.5	5.0	16.3	26.8
Jordan (East Bank)	1977	403.3	10.4	4.9	-	17.2	6.7	8.9	16.4	35.5	60.8
	1978	494.7	11.9	4.6	-	13.4	7.1	13.6	17.6	31.8	63.0
	1979	626.6	7.0	4.4	-	12.9	9.7	11.5	18.3	36.2	66.0
	1980x	762.4	7.7	4.5	-	15.2	9.9	9.9	17.4	35.4	62.7
Kuwait	1977	4,053.2	0.3	61.3	(61.3)	6.4	3.9	1.9	8.7	17.5	28.1
	1978	4,194.5	0.3	60.1	(60.1)	6.7	4.2	2.1	7.6	19.0	28.7
	1979p/	6,439.2	0.3	68.9	(68.9)	6.1	2.8	1.6	5.4	14.9	21.9
	1980p/	7,373.7	0.3	69.9	(69.9)	6.3	2.5	1.6	5.1	14.3	21.0
Lebanon	1977	8,200.0	8.5	------ 18.5 ------			3.4	7.7	28.3	33.6	69.6
Oman	1977	880.1	2.7	60.8	(60.8)	1.6	9.6	3.2	7.4	14.7	25.3
	1978	892.8	3.0	55.8	(55.8)	2.2	9.6	3.7	8.1	17.6	29.4
	1979	1,172.5	2.7	61.5	(61.5)	2.0	7.7	3.1	7.1	15.9	26.1
	1980p/	1,794.3	2.0	69.2	(69.2)	1.7	5.4	2.9	5.6	13.2	21.7
Saudi Arabia	1977	203,942.0	0.9	63.4	(63.0)	4.6	12.5	3.3	4.2	11.0	18.5
	1978	223,818.0	1.8	56.9	(56.4)	4.5	14.3	4.4	4.9	13.2	22.5
	1979	247,622.0	1.7	53.4	(52.9)	5.2	14.0	5.2	5.6	14.9	25.7
	1980p/	384,236.0	1.2	63.3	(62.9)	4.4	11.0	2.3	4.6	13.2	20.1
Syrian Arab Republic	1977	27,264.4	18.3	------ 19.5 ------			5.9	6.4	26.7	23.2	56.3
	1978	32,695.4	21.0	------ 20.6 ------			5.5	5.9	24.1	22.9	52.9
	1979	39,302.5	17.4	------ 21.0 ------			6.9	7.1	24.1	23.5	54.7
	1980p/	50,650.7	20.9	------ 20.9 ------			6.1	6.2	21.2	24.7	52.1
United Arab Emirates	1977	63,895.3	0.8	56.0	(55.7)	3.6	13.3	4.1	9.8	12.4	26.3
	1978	61,269.8	1.0	53.5	(53.2)	4.7	13.5	4.7	9.2	13.4	27.3
	1979	80,797.4	0.8	59.6	(59.3)	4.3	11.6	4.2	8.5	11.0	23.7
	1980	111,292.4	0.7	63.6	(63.4)	4.8	8.8	3.4	8.2	10.5	22.1
Yemen	1977	6,487.0	35.7	0.8	-	4.9	7.4	3.3	19.4	28.5	51.2
	1978	8,220.0	29.3	1.2	-	4.9	9.7	3.8	18.6	32.5	54.9
	1979	10,166.0	30.0	1.3	-	5.4	10.3	3.6	17.6	31.8	53.0
	1980	11,919.0	29.0	1.3	-	6.1	8.4	3.6	18.4	33.2	55.2

Source: ECWA, based on national and international sources.

a/ GDP at market prices for Bahrain, Kuwait, Lebanon, Oman, Syrian Arab Republic and Yemen and at factor cost for the remaining countries.

b/ Including electricity gas and water.

c/ Mainly public administration and defence.

Note: See footnotes b and c of Appendix table II-1.

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

x Estimates.

p/ Provisional.

Appendix table II-3. Structure of Non-Oil Output - Percentage Sectoral Contribution at Current Prices a/ in the Major Oil Producing Countries

(1977-1980)

Country	Year	Non-Oil GDP (mns of national currency units)	Agriculture	Manufacturing b/	Construction	Transport	Trade	All others c/	All services sectors
Bahrain	1977	529.7	2.3	15.0	14.6	12.2	23.2	32.7	68.1
	1978	634.8	2.1	14.5	14.3	4.0	19.1	36.0	69.1
	1979	719.9	1.9	15.5	14.7	14.8	18.3	34.8	69.9
Kuwait	1977	1,570.2	0.8	16.5	10.2	4.9	22.4	45.2	72.5
	1978 p/	1,674.4	0.8	16.7	10.5	5.4	19.0	47.6	72.0
	1979 p/	2,005.4	0.8	19.6	9.0	5.2	17.4	48.0	70.6
	1980 p/	2,216.9	0.8	21.0	8.3	5.4	16.9	47.5	69.8
Oman	1977	345.3	7.0	4.2	24.4	8.2	19.0	37.2	64.2
	1978	394.4	6.9	4.9	21.6	8.4	18.3	39.9	66.6
	1979	451.5	7.1	5.2	20.1	8.1	18.4	41.1	67.6
	1980 p/	553.3	6.6	5.4	17.8	9.3	18.0	42.9	70.2
Saudi Arabia	1977	74,653.0	2.5	12.6	34.2	9.1	11.4	30.2	50.7
	1978	96,637.0	4.1	10.5	33.1	10.3	11.4	30.6	52.3
	1979	115,404.0	3.6	11.2	30.1	11.1	12.1	31.9	55.1
	1980 p/	141,187.0	3.3	12.1	30.3	6.0	12.4	35.9	54.3
United Arab Emirates	1977	28,132.7	1.8	8.3	30.1	9.5	22.2	28.1	59.8
	1978	28,444.9	2.1	10.1	29.1	10.1	19.7	28.9	58.7
	1979	32,693.4	2.1	10.8	28.6	10.5	21.0	27.0	58.5
	1980	40,525.4	2.0	13.1	24.3	9.2	22.4	29.0	60.6

Source: ECWA, based on national and international sources.

a/ GDP at market prices for Bahrain, Kuwait and Oman and at factor cost for the remaining countries.

b/ Including electricity, gas and water.

c/ Mainly public administration and defence.

Note: See footnote b of Appendix table II-1.

p = provisional.

Appendix table II-4. Structure of Expenditure on the Gross Domestic Product in Countries of the ECWA Region (1977-1980) (in percentages)

Country	Year	GDP	Consumption			Gross capital formation		Exports of goods and services	Imports of goods and services
		(mns of national currency units)	Total	Private	Public	Total	Changes in stocks		
Bahrain	1977	723.5	72.5	57.2	15.3	42.5	-	117.7	132.7
	1978	846.3	67.2	51.6	15.6	40.6	-	106.6	114.4
	1979	964.3	72.1	56.4	15.7	32.4	-	107.2	111.7
Democratic Yemen	1977	160.2	108.7	81.3	27.4	46.0	(5.0)	24.0	78.7
	1978	188.5	112.9	81.9	31.0	38.3	-	19.2	70.4
	1979	224.4	115.8	81.1	34.7	29.9	-	16.7	62.4
	1980	237.5	134.2	90.3	43.9	29.7	-	18.8	82.7
Iraq	1978	6,829.0	56.1	37.1	19.0	34.4	-	47.6	38.1
	1979*	10,076.7	40.7	27.6	13.1	32.8	-	62.8	36.3
Jordan (East Bank)	1977	477.6	120.1	87.3	32.8	42.4	(1.2)	50.7	113.2
	1978	576.7	120.5	88.3	32.2	38.7	(-1.1)	45.8	105.0
	1979	712.0	128.8	95.7	33.1	39.3	(-2.0)	47.7	115.8
	1980	869.0	114.4	83.0	31.4	43.0	(2.1)	46.7	104.1
Kuwait	1977	4,053.2	47.2	32.7	14.5	24.2	(3.2)	72.0	43.4
	1978	4,194.5	50.3	35.5	14.8	18.5	(-0.2)	71.7	40.5
	1979 p/	6,439.2	36.9	25.5	11.4	10.8	(0.1)	83.6	31.3
	1980 p/	7,373.7	33.1	22.6	10.5	10.0	(-0.1)	87.9	31.0
Lebanon	1977	8,200.0	112.5	...	...	20.9	...	18.1	51.5
	1978	8,800.0	109.6	...	...	18.6	...	--- 28.2 a/ ---	
	1979	11,150.0	109.6	...	...	18.0	...	--- 27.6 a/ ---	
Oman	1977	880.1	48.5	...	...	35.3	-	--- 16.2 a/ ---	
	1978	892.8	58.4	...	...	31.5	-	--- 10.1 a/ ---	
	1979	1,172.5	50.5	...	...	27.1	-	--- 22.4 a/ ---	
	1980 p/	1,794.3	40.4	...	...	22.9	-	--- 36.7 a/ ---	
Saudi Arabia	1977	205,056.0	36.8	16.8	20.0	25.4	(0.4)	68.4	30.6
	1978	225,400.0	45.1	24.2	20.9	33.1	(3.4)	62.4	40.6
	1979	249,539.0	53.2	24.4	28.8	31.0	(0.2)	59.0	43.1
	1980 p/	386,453.0	41.0	18.2	22.8	25.9	(1.3)	67.9	34.8
Syrian Arab Republic	1977	27,264.4	88.3	68.9	19.4	34.0	(-1.2)	18.0	40.3
	1978	32,695.4	86.1	66.2	19.9	30.2	(3.0)	14.7	31.0
	1979	39,302.5	91.3	69.7	21.6	25.7	(-0.2)	18.5	35.5
	1980 p/	50,650.7	90.4	66.9	23.5	25.1	-	18.4	33.9
United Arab Emirates	1977	63,419.0	30.2	20.1	10.1	39.1	(3.3)	65.1	34.4
	1978	60,669.0	33.7	21.7	12.0	39.4	(-3.1)	66.1	39.2
	1979	79,972.0	30.4	19.4	11.0	35.3	(-0.3)	71.1	36.8
	1980	109,656.0	26.4	16.9	9.5	29.8	(2.3)	77.1	33.3
Yemen	1977	6,487.0	128.3	115.0	13.3	21.4	(-1.6)	4.3	54.0
	1978	8,220.0	108.2	93.1	15.1	43.4	(5.0)	2.9	54.5
	1979	10,166.0	117.9	100.4	17.5	44.0	(0.3)	4.7	66.6
	1980 p/	11,919.0	120.4	102.0	18.4	43.9	(3.0)	6.7	71.0

Source: ECWA, based on national and international sources.

a/ Trade balance

Note: See footnotes b and c of Appendix table II-1.

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

* Estimates.

p/ Provisional.

Appendix table II-5. Gross Fixed Capital Formation: Distribution by Private and Public Sectors

(1977-1980)

Country	Year	Gross fixed capital formation (mns of national currency units)	Percentage distribution Private	Percentage distribution Public
Bahrain	1977	307.6	...	...
	1978	343.7	...	...
	1979	312.0	...	...
Democratic Yemen	1977	65.7	3.2	96.8
	1978	72.2	...	...
	1979	67.1	...	...
	1980	70.5	...	...
Iraq	1977	1,259.2	20.3	79.7
	1978	2,349.2	19.9	80.1
	1979	3,300.7	...	...
	1980*	3,302.0	...	...
Jordan (East Bank)	1977	197.0	...	...
	1978	229.1	...	...
	1979	294.5	...	...
	1980*	355.4	...	...
Kuwait	1977	853.5	...	...
	1978	785.0	...	...
	1979 p/	691.0	...	...
	1980 p/	737.4	...	...
Lebanon	1977	1,718.0	...	...
	1978	1,640.0	...	...
	1979	2,010.0	...	...
Oman	1977	310.8	26.0	74.0
	1978	281.0	32.4	67.6
	1979	318.0	31.8	68.2
	1980 p/	411.4	33.6	66.4
Saudi Arabia	1977	51,191.0	46.6 a/	53.4
	1978	66,891.0	39.5 a/	60.5
	1979	76,645.0	36.0 a/	64.0
	1980 p/	94,977.0	35.1 a/	64.9
Syrian Arab Republic	1977	9,597.0	37.6	62.4
	1978	8,887.0	33.2	66.8
	1979	10,194.0	23.4	76.6
	1980 p/	12,717.0	29.1	70.9
United Arab Emirates	1977	22,686.0	53.3	46.7
	1978	25,779.0	54.9	45.1
	1979	28,442.0	47.0	53.0
	1980	30,155.0	58.7	41.3
Yemen	1977	1,496.1	...	...
	1978	3,159.6	...	...
	1979	4,445.1	...	...
	1980 p/	4,881.7	...	...

Source: ECWA, based on national and international sources.

a/ Including investment in the oil sector.

Note: See footnotes b and c of Appendix table II-1.

... = not available.

* Estimates.

p/ Provisional.

Appendix table II-6. Percentage Distribution of Gross Fixed Capital Formation
(1977-1980)

Country	Year	By economic activity a/				By type of asset			
		Agricul-ture	Mining & quarrying b/	Manufac-turing c/	Transport & communication	Construction		Machinery equipment	Transport equipment
						Total	Residential		
Democratic Yemen	1977	32.4	- - - - 7.0 - - - -		...	...	...	...	...
	1978	33.8	- - - - 8.3 - - - -		...	...	...	...	...
	1979p/	34.6	- - - - 8.7 - - - -		...	...	...	...	...
Kuwait	1977	...	...	...	...	39.5	...	60.5	...
	1978p/	...	...	...	...	52.5	...	47.5	...
	1979p/	...	...	...	...	63.1	...	36.9	...
Saudi Arabia	1977	...	14.3	...	...	73.6	...	14.7	10.7
	1978	...	12.0	...	...	77.0	...	11.6	9.6
	1979	...	10.7	...	...	82.7	...	7.7	8.8
	1980p/	...	10.7	...	...	80.9	...	11.2	7.3
Syrian Arab Republic	1977	4.9	...	50.0	17.0	44.5	14.8	53.6	1.9
	1978	6.6	...	44.5	13.7	53.2	18.3	44.9	1.9
	1979	7.9	...	43.1	13.1	63.3	15.1	35.2	1.5
	1980p/	4.1	...	31.8	12.8	63.5	20.8	31.6	4.9
United Arab Emirates	1977	0.8	13.1	24.6	25.1	63.0	...	...	...
	1978	1.2	14.0	34.4	21.2	56.5	...	...	...
	1979	1.0	15.2	45.4	16.3	53.9	...	...	...
	1980	1.9	18.1	41.9	13.7	54.3	...	...	...
Yemen	1977	4.0	- - - - 15.7 - - - -		16.5	72.9	...	- - - - 29.5 - - - -	
	1978	7.3	- - - - 13.2 - - - -		26.3	68.2	...	- - - - 30.9 - - - -	
	1979	7.1	- - - - 14.4 - - - -		22.9	65.3	...	- - - - 34.4 - - - -	
	1980p/	6.4	- - - - 9.8 - - - -		31.8	58.6	...	- - - - 40.6 - - - -	

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.

Note: See footnotes b and c of Appendix table II-1.

... = not available.

p/ Provisional.

Appendix table III-1 Index Numbers and Annual Change of Food, Non-Food and Agricultural Production (Gross) in the ECWA Region, Selected Years

(1969/71=100)

Item	1970	1975	1978	1979	1980	1981 a/	Annual percentage change	
							1969/71-1981 b/	1981 over 1980
Food production	96	116	128	130	139	136	3.0	-2.2
Non-food production	98	80	89	95	101	100	-0.1	-1.0
Agricultural production	96	111	123	126	134	132	2.7	-1.5

Source: FAO, ICS printouts of production index numbers, December 1981 (unpublished).

a/ Preliminary.

b/ Exponential Trend.

Appendix table III-2. Annual Percentage Change in the Volume of Production (Gross) of the Crop and Livestock Subsectors in the ECWA Region, Selected Years

(per cent)

Item	1977	1978	1979	1980	1981 a/	1969/71-1981 b/
Crop subsector	-5.1	8.0	1.7	8.1	-3.8	2.4
Livestock subsector	3.4	5.8	3.1	3.8	1.5	3.2

Source: FAO, ICS printouts of production index numbers, December 1981 (unpublished).

a/ Preliminary.

b/ Exponential trend.

Appendix table III-3. Livestock Production in the ECWA Region, Selected Years
(thousand tons)

Commodity	1969/71	1975	1978	1979	1980	1981 a/	Annual percentage change	
							1969/71-1981 b/	1981 over 1980
Whole fresh milk	3,092	3,538	3,925	4,043	4,159	4,257	3.1	2.4
Red meat (excluding offals)	511	525	566	584	597	597	1.5	0.0
Poultry meat c/	149	206	236	244	258	273	5.4	5.8
Eggs	133	183	223	246	267	273	7.3	2.3

Source: FAO, ICS printouts of agricultural production, December 1981 (unpublished).

a/ Preliminary.

b/ Exponential trend.

c/ Indigenous.

Appendix table III-4. Volume and Value of Agricultural Exports of the ECWA Region, Selected Years

(thousand metric tons; millions of U.S. dollars)

Commodity		1969/71	1975	1978	1979	1980[a/]
Food items						
Citrus fruit	Volume	333.8	579.4	523.0	506.9	547.2
	Value	37.1	105.0	130.0	117.0	148.3
Dates	Volume	321.3	280.6	187.3	199.2	201.6
	Value	23.1	45.3	41.9	46.3	32.3
Apples	Volume	84.3	88.0	84.1	84.5	94.4
	Value	8.8	19.4	34.5	34.6	42.8
Potatoes	Volume	115.0	79.0	140.9	151.6	271.9
	Value	8.8	12.9	23.7	35.4	63.4
Onions	Volume	142.2	100.5	96.2	79.1	98.2
	Value	17.9	20.3	22.0	19.5	36.5
Pulses	Volume	64.3	38.4	128.2	143.7	126.0
	Value	10.2	14.6	39.9	44.8	47.2
Non-food items						
Cotton lint	Volume	426.0	294.0	262.0	265.0	249.0
	Value	435.0	641.0	511.0	586.0	603.0
Tobacco[b/]	Volume	9.2	8.0	5.8	6.7	9.2
	Value	7.9	19.1	18.5	21.3	28.9
Wool[c/]	Volume	17.1	9.7	11.6	11.6	11.8
	Value	12.2	14.3	17.9	21.8	26.1

Source: ECWA, computed on the basis of FAO, ICS printouts of agricultural trade, October 1981.

a/ Provisional.

b/ Unmanufactured.

c/ Greasy and degreased.

Appendix table III-5. Volume, Unit Value and Value of Major Agricultural Imports in the ECWA Region, Selected Years
(thousand metric tons; U.S. dollars per ton; millions of U.S. dollars)

Commodity		1969/71	1975	1978	1979	1980[a]
Wheat and wheat flour (wheat equivalent)	Volume	3,519.0	6,051.0	8,694.0	9,357.0	10,156.0
	Unit value	66.9	197.2	158.5	174.8	205.2
	Value	235.5	1,193.4	1,377.9	1,635.4	2,084.6
Rice	Volume	485.0	521.0	1,134.0	1,334.0	1,229.0
	Unit value	160.4	521.6	505.9	491.6	556.3
	Value	77.8	271.8	573.8	655.8	683.5
Sugar (raw equivalent)	Volume	782.0	1,000.0	1,792.0	1,523.0	2,151.0
	Unit value	97.6	702.5	267.1	292.5	573.9
	Value	76.4	702.7	478.5	445.5	1,234.7
Meat, total (fresh, chilled, frozen)	Volume	46.0	160.0	432.0	522.0	776.0
	Unit value	704.4	1,255.7	1,482.6	1,518.4	1,655.5
	Value	32.5	201.3	639.7	792.5	1,284.3
Sheep and goats, live	Volume[b]	2,976.0	2,886.0	5,272.0	7,009.0	8,898.0
	Unit value	16.6	35.2	49.9	52.4	59.4
	Value	49.4	101.6	263.3	367.6	528.7
Milk, total	Value	42.2	157.9	340.0	464.2	577.9

Source: ECWA, computed on the basis of FAO, ICS printouts of agricultural trade, October 1981.

a/ Provisional.

b/ Thousand heads.

Appendix table III-6. New Official Prices for Selected ECWA Member States a/ and Differentials b/

(U.S. dollars per barrel)

	Crude	°API	New price	Differential vs marker	Previous price	+ -
Saudi Arabia	Arabian Light (Marker)	34	34.00	-	32.00	+2.00
	Arabian Medium	31	33.00	-1.00	31.45	+1.55
	Arabian Heavy	27	31.50	-2.50	31.00	+0.50
	Arabian Berri	39	35.60	+1.60	33.52	+2.08
Kuwait	Kuwait c/	31	33.0	-1.00	35.50 (34.50)	-2.50 (-1.50)
United Arab Emirates	Murban	39	35.70	+1.70	36.56	-0.86
	Zakum	40	35.60	+1.60	36.46	-0.86
	Umm Shaif	37	35.50	+1.50	36.36	-0.86
Iraq (Gulf terminals)	Basrah Light	34	33.96	-0.04	33.96	-
	Kirkuk	36	34.18	+0.18	34.18	-
Qatar	Dukhan	41	35.65	+1.65	37.42	-1.77
	Marine	37	35.50	+1.50	37.23	-1.73
Egypt	Suez Blend	33	34.50	0.00 d/	33.00	+1.50
	Belayim Blend	26	31.50	-3.00 d/	30.00	+1.50
	Ras Gharib	22	28.50	-6.00 d/	27.00	+1.50

Source: Middle East Economic Survey, 2 November 1981, and Petroleum Intelligence Weekly, 9 November 1981.

a/ Members of OPEC.

b/ New prices for OPEC members will be mainly effective 1 November 1981, though retroactivity is possible in some cases. The new Saudi prices are effective 1 October 1981. New prices are assumed to be based on 30 days' credit terms, though no binding agreement has yet been reached on this point within OPEC.

c/ Figures in brackets refer to net price after application of 90 days (i.e., 90 days extra) credit terms as from 1 October 1981.

d/ Adjusted to reflect 30 days' credit.

Note: - = nil or negligible.

Appendix table III-7. Natural Gas Reserves in ECWA Region
(in 10^9 cubic metres)

Country	1st January 1970	1st January 1980	1st January 1981
Bahrain	11	283	280
Iraq	552	768	780
Kuwait	1,215	1,128	938
Oman	57	140	142
Qatar	207	878	1,848
Saudi Arabia	1,498	2,096	2,678
Syrian Arab Republic	14	134	90
United Arab Emirates	269	710	638
Egypt	40	85	84
ECWA TOTAL	3,863	6,222	7,478
WORLD TOTAL	38,099	73,848	77,711

Source: Petroleum Economist, various issues.

Appendix table III-8. Summary of R&D Activities Including Primary Applications of New and Renewable Sources of Energy in the ECWA Countries

1981

Energy sources	Bahrain	Democratic Yemen	Iraq	Jordan	Kuwait	Lebanon	Oman	Qatar	Saudi Arabia	Syrian Arab Republic	United Arab Emirates	Yemen	Egypt
Direct uses of solar energy, cooling and heating	x	x	x	x	x	x	x	x	x	x	x	x	x
Drying	x	x	x	x	x	x	x	x	x	x	x	x	x
Photovoltaics			x	x	x	x			x	x			x
Passive systems	x		x	x	x	x	x	x	x	x	x		x
Wind energy		x			x	x	x		x	x			x
Biomass energy		x	x	x		x	x			x		x	x
Gasification													x
Biogas													x
Geothermal energy		x		x					x	x		x	x
Environmental & socio-economic studies			x	x	x	x	x	x	x	x	x		x

Appendix table III-9. Percentage Distribution of Various Types of Deadweight Tonnages by Flag of Registration as of 1 July 1980

Flag of registration	Total	Oil tankers	Bulk carriers	General cargo	Container ships	Others
Total ECWA Countries:	100.00	100.00	100.00	100.00	100.00	100.00
of which						
Bahrain	0.07	0.02	-	0.11	-	0.33
Democratic Yemen	0.10	0.04	-	0.19	-	0.55
Iraq	23.33	29.47	-	11.80	-	9.36
Jordan (East Bank)	0.01	-	-	0.05	-	-
Kuwait	38.37	35.28	56.18	43.64	97.18	41.41
Lebanon	3.40	0.01	-	12.67	1.54	4.87
Oman	0.09	-	-	0.23	-	0.42
Qatar	1.43	1.87	-	0.15	-	1.76
Saudi Arabia	24.14	28.40	43.82	9.45	-	33.48
Syrian Arab Republic	0.50	-	-	2.08	-	0.07
United Arab Emirates	2.33	2.05	-	3.29	-	2.19
Yemen	0.02	-	-	0.07	-	-
Egypt	6.21	2.85	-	16.27	1.28	5.52

Source: UNCTAD, "Review of Maritime Transport, 1980", May 1981.

Note: - = nil or negligible.

Appendix table III-10. Size Distribution for Tanker Fleets of the Main Owner States in ECWA Region
as of 1 July 1980

	100-999		1,000-4,999		5,000-9,999		10,000-14,999		15,000-19,999		20,000-49,999		50,000-99,999		100,000-139,999		140,000 & above		Total	
	No.	DWT	No.	DWT	No.	DWT	No.	DWT	No.	DWT	No.	DWT	No.	DWT	No.	DWT	No	DWT	No.	DWT
Iraq																				
TOTAL	8	5,225	2	6,932	3	20,791	-	-	-	-	7	149,625	8	614,481	-	-	2	351,433	30	1,148,487
Average, DWT		653		3,466		6,930		-		-		21,375		76,810		-		175,716		-
Percentage		0.46		0.60		1.81		-		-		13.03		53.50		-		30.60		100.00
Kuwait																				
TOTAL	4	1,477	1	2,671	-	-	2	23,743	2	34,757	3	101,121	2	161,879	4	458,892	3	563,252	21	1,347,792
Average, DWT		369		2,671		-		11,872		17,379		33,707		80,940		114,723		187,751		-
Percentage		0.11		0.20		-		1.76		2.58		7.50		12.01		34.05		41.79		100.00
Saudi Arabia																				
TOTAL	25	15,749	17	29,812	1	7,548	6	82,342	1	17,566	6	178,734	4	273,834	4	519,954	-	-	64	112,539
Average, DWT		630		1,754		7,548		13,724		17,566		29,789		68,459		129,989		-		-
Percentage		1.40		2.65		0.68		7.32		1.56		15.88		24.33		46.20		-		100.00

Source: Compiled on the basis of "Lloyd's Register of Shipping. Statistical Tables", 1980.

Appendix table III-11. Life Time of Tanker Fleets of the Main Owner States in ECWA Region as of 1 July 1980

Time brackets	Iraq			Kuwait			Saudi Arabia		
	No.	DWT	Per cent	No.	DWT	Per cent	No.	DWT	Per cent
0 - 4 years	12	755,884	65.82	7	528,079	39.18	1	135,119	12.00
5 - 9 years	15	389,077	33.88	4	297,520	22.07	8	301,143	26.76
10 - 14 years	1	2,966	0.25	6	437,783	32.48	19	444,671	39.51
15 - 19 years	2	560	0.05	3	71,781	5.33	14	118,003	10.48
20 - 24 years				1	12,629	0.94	11	106,572	9.47
25 - 29 years							5	17,346	1.54
30 years and over							6	2,685	0.24
TOTAL	30	1,148,487	100.0	21	1,347,792	100.00	64	1,125,539	100.00

Source: Compiled on the basis of "Lloyd's Register of Shipping: Statistical Tables,1980".

Appendix table III-12. Selected Statistics Regarding Main Airlines in the ECWA Region
(IATA members only) a/

Airline	No. of aircrafts	Percentage change over 1979	Scheduled passenger-Kms performed in 1980		Passengers travelled		Tons-Kms performed		Load factor	
			Millions	Percentage change over 1979	Thousands	Percentage change over 1979	Millions	Percentage change over 1979	Passenger percentage	Weight percentage
ALIA, Jordan	14	16.7	2,611	22.2	1,113	21.7	316	21.7	57.4	51.5
EGYPTAIR, Egypt	20	17.6	2,870	-7.9	2,028	20.0	299	8.0	56.2	49.8
IRAQI AIRWAYS, Iraq	11	0.0	1,161	-14.4	620	-9.9	157	-8.9	52.6	48.0
KUWAIT AIRWAYS, Kuwait	14	16.7	2,114	16.9	1,076	11.5	265	17.2	53.1	42.0
MEA, Lebanon	22	22.2	1,571	4.4	930	2.9	185	4.3	57.8	53.3
SUADIA, Saudi Arabia	48	-4.0	9,938	16.4	9,241	9.1	1,069	14.8	59.8	44.4
SYRIAN AIRLINES, Syria	8	12.5	948	3.5	465	7.3	101	6.7	53.9	48.7
TOTAL	137	6.2	22,213	17.5	15,473	10.0	2,392	11.1	55.8	46.6

Source: International Air Transport Association (IATA), "World Air Transport Statistics 1980", June 1981.

a/ Scheduled international and domestic services combined.

Appendix table III-13. Selected Tourism Data in ECWA Countries

Country	Year	Arrivals of foreign visitors of frontiers		Arrivals of foreign tourists in hotels		Night spent by foreign tourists in hotels	International tourism receipts	Capacity in registered hotels	
		Total	Arabs	Total	Arabs		US$ mn	Rooms	Beds
Bahrain	1980	321,430	140,242	374,697 a/	...	463,630	...	2,676	4,709
Democratic Yemen	1979	...	...	...	...	...	1 b/	...	...
Iraq	1980	1,221,754	918,946	...	...	...	...	...	...
Jordan (East Bank)	1980	1,635,614	1,155,934	...	...	...	536	3,502	6,579
Kuwait	1979	1,768,259	...	113,721	58,249	389,000	(826) c/	2,173	3,384
Lebanon	1980	764,686 d/	...	115,763 e/	...	695,143 e/	...	4,751	7,471 f/
Oman	1980	...	...	...	...	...	...	...	...
Qatar	1979	...	...	...	...	...	...	1,287	2,685
Saudi Arabia	1979	...	...	...	...	...	(2,400) g/	...	...
Syrian Arab Republic	1979	270,944 h/	1,056,845	774,544	581,583	1,748,317	150	...	20,843
United Arab Emirates	1979	...	...	392,000	...	1,019,000	...	...	10,583
Yemen	1980	39,283	13,109	...	...	392,830 i/	27 j/	1,914	8,307
Egypt	1980	1,253,000	...	...	...	8,000,000	573	...	57,202

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

a/ Bahrainis included.
b/ Expenditure US$ 5 million.
c/ International tourism expenditure.
d/ Beirut International Airport, total arrivals of passengers.
e/ Number of guests in Beirut and coastal hotels.
f/ Total 68 hotels; 62 in Beirut and 6 on the coast.
g/ International tourism expenditure.
h/ In 1980 = 1,239,123; 971,207 Arab visitors and 267,916 others.
i/ Estimates by the General Tourism Corporation, Sana'a.
j/ 1979.

Note: Statistical methods and coverage being different in each country, these data are not strictly comparable.

... = not available.

Appendix table IV-1. Average Trade Balances and Export/Import Ratios in the ECWA Region, 1975-1980

(millions of U.S. dollars; ratios)

	Trade balance					Export/import ratio				
	1975-77	1977	1978	1979	1980	1975-77	1977	1978	1979	1980
Total ECWA Region	41,616.0	39,598.0	32,700.0	70,322.0	...	2.4	2.0	1.7	2.2	...
Oil Economies	45,193.0	45,074.0	38,032.0	76,956.0	123,306.0	2.9	2.4	2.0	2.6	2.9
Bahrain	-160.0	-185.0	-153.0	13.0	125.0	0.9	0.9	0.9	1.0	1.0
Iraq	4,875.7	5,171.0	6,851.0	14,496.0	13,381.0	2.2	2.2	2.6	3.1	2.0
Kuwait	6,074.4	4,908.0	5,830.0	13,214.0	13,261.0	2.7	2.0	2.3	3.5	3.0
Oman	457.3	482.0	329.0	897.0	1,470.0	1.4	1.4	1.2	1.6	0.8
Qatar	1,213.3	865.0	1,201.0	2,471.0	4,255.0	2.5	1.7	2.0	2.7	4.0
Saudi Arabia	27,954.7	28,814.0	20,292.0	39,173.0	78,934.0	4.0	3.0	2.0	2.6	3.6
United Arab Emirates	4,777.6	5,019.0	3,682.0	6,692.0	11,880.0	2.4	2.1	1.7	2.0	2.4
Non-Oil Economies	-3,577.0	-5,476.0	-5,332.0	-6,634.0	...	0.4	0.2	0.3	0.3	...
Democratic Yemen	-249.6	-363.0	-134.0	-145.0	...	0.4	0.3	0.6	0.6	...
Jordan (East Bank)	-841.0	-1,132.0	-1,202.0	-1,547.0	-1,821.0	0.2	0.2	0.2	0.2	0.2
Lebanon	-830.7	-1,358.0	-1,319.0	-1,779.0	...	0.4	0.2	0.3	0.2	...
Syrian Arab Republic	-1,084.4	-1,594.0	-1,401.0	-1,685.0	-2,106.0	0.5	0.4	0.4	0.5	0.5
Yemen	-571.3	-1,029.0	-1,276.0	-1,478.0	...	0.0	0.0	0.0	0.0	...

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

Note: ... = not available.

\- = deficit.

Appendix table IV-2. Structure of Exports in the ECWA Region[a/]

(in percentage)

	Food items	Agricultural raw materials	Ores and metals	All primary commodities	Fuels	Manufactured goods
Total ECWA						
1975-76	0.4	0.3	0.4	1.0	97.4	1.5
1978 b/	0.4	0.3	0.5	1.3	96.9	1.8
1979 c/	0.8	0.6	0.9	2.2	94.0	3.7
Oil Economies						
1975-76	0.2	-	0.3	0.4	98.1	1.4
1978	0.2	0.1	0.4	0.8	97.7	1.6
1979 c/	0.4	0.1	0.6	0.9	95.6	3.3
Bahrain						
1975-76	1.8	0.2	8.5	9.6	78.1	11.4
1978	1.3	0.2	9.6	9.9	79.9	9.0
1979	2.4	0.2	7.7	9.1	78.7	10.9
Iraq						
1975-76	0.5	0.2	-	0.7	99.2	0.1
1978	0.6	0.2	-	0.9	98.6	0.5
Kuwait						
1975-76	0.4	0.1	0.6	0.6	93.0	5.8
1978	0.6	0.1	0.3	0.8	91.8	7.2
1979	0.4	0.1	0.3	0.7	94.0	5.1
Oman d/						
1975-76	0.2	-	-	0.2	99.8	-
1978	0.6	-	-	0.6	99.4	-
1979	0.6	-	-	0.6	99.4	-
1980	0.4	-	-	0.4	99.6	-
Qatar						
1975-76	0.1	-	-	0.1	97.9	2.0
1978	0.1	-	-	0.1	99.0	0.9
1979	0.1	-	-	0.1	97.9	2.0

Appendix table IV-2 (continued)

	Food items	Agricultural raw materials	Ores and metals	All primary commodities	Fuels	Manufactured goods
Saudi Arabia						
1975-76	0.1	-	-	0.1	99.5	0.4
1978	0.1	-	0.2	0.2	99.2	0.6
1980	0.1	-	0.1	0.2	99.2	0.6
United Arab Emirates d/						
1975-76	-	-	-	-	100.0	-
1978	-	-	-	-	99.6	0.3
1979	-	-	-	-	99.5	0.4
Non-Oil Economies						
1975-76	8.8	13.5	5.8	28.0	63.0	8.9
1978 b/	10.0	13.8	6.2	29.9	58.3	11.8
1979	8.4	10.5	5.9	24.6	64.9	10.2
Democratic Yemen d/						
1975-76	5.4	4.0	-	9.4	90.4	0.2
1978	4.6	2.5	0.5	7.6	91.8	0.6
1979	5.3	1.7	0.3	7.3	92.1	0.5
Jordan (East Bank)						
1975-76	33.3	0.7	44.6	78.6	1.0	20.4
1978	29.2	0.7	32.0	61.9	-	38.0
1979	31.0	0.9	34.1	64.4	-	33.9
1980	24.9	0.8	41.5	65.9	0.2	32.5
Syrian Arab Republic						
1975-76	5.8	16.5	1.5	23.7	67.3	8.9
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
1980	4.3	9.1	1.2	14.6	78.8	6.5

Appendix table IV-2 (continued)

	Food items	Agricultural raw materials	Ores and metals	All primary commodities	Fuels	Manufactured goods
Yemen						
1975-76	30.3	61.2	0.6	91.7	-	7.8
1979	49.4	10.8	0.2	60.4	-	38.2

Source: ECWA, based on data compiled from national and international source.

a/ Excluding Lebanon.

b/ Excluding Yemen.

c/ Excluding Iraq and Saudi Arabia.

d/ Excluding re-exports.

Note: - = nil or negligible.

Appendix table IV-5. Money Supply, 1976-1981
(millions of national currency)

Oil countries					Non-oil countries			Least-developed countries	
Kuwait	Oman	Qatar	Saudi Arabia	United Arab Emirates	Jordan (East Bank)	Lebanon	Syrian Arab Republic	Democratic Yemen	Yemen
129.1	47.8	376.3	8,558.5	1,077.4	161.5	3,083.0	5,259.0	63.8	1,680.5
150.9	55.1	505.0	13,607.7	1,392.3	188.2	2,729.0	6,798.1	88.2	3,020.9
177.0	64.4	573.3	17,969.6	1,703.5	219.5	3,286.0	8,458.9	116.6	4,480.9
215.9	74.3	715.1	21,009.6	1,965.2	275.4	3,506.0	9,903.0	143.5	5,563.9
251.3	94.8	808.1	25,198.8	2,142.5	351.6	3,982.0	13,421.7	171.1	6,704.5
264.3	...	872.0	26,144.0	2,376.0	...	...	...	193.5	6,987.9
264.7	54.9	1,199.9	11,011.8	3,647.7	102.1	1,804.0	3,302.0	17.7	347.9
339.7	58.2	1,582.1	17,609.6	3,822.3	126.5	2,300.0	4,094.5	27.0	495.1
422.0	53.7	1,733.2	27,327.4	4,072.3	155.9	2,838.0	5,408.2	27.0	767.4
410.6	50.3	1,776.4	29,476.3	4,303.1	197.3	3,152.0	6,106.0	41.4	747.3
418.4	65.3	1,466.0	30,448.5	5,211.8	243.1	3,668.0	8,432.5	63.5	677.9
755.6	...	2,153.3	37,265.0	5,198.0	...	...	...	60.4	814.2
826.5	57.9	1,128.9	1,571.9	12,028.5	95.3	6,299.0	665.2	16.2	257.9
,092.7	88.4	1,480.3	1,810.6	10,330.5	124.2	9,309.0	957.8	25.2	476.9
,351.3	107.6	1,809.0	3,060.2	11,816.8	231.3	11,078.0	1,248.1	24.3	542.1
,663.2	118.5	2,019.8	4,165.2	11,972.8	300.4	15,182.0	1,533.6	32.5	804.7
,187.8	159.1	3,003.0	9.510.0	16,239.5	390.0	21,158.0	1,873.1	51.5	870.8
,505.5	...	4,039.0	13,097.0	17,065.0	...	...	...	58.1	1,881.9
,220.3	160.6	2,705.1	21,142.2	16,753.6	358.9	11,187.0	9,226.2	97.7	2,286.3
,583.3	201.7	3,567.4	33,027.9	15,545.1	439.0	14,338.0	11,850.4	140.4	3,992.9
,950.3	225.7	4,115.5	48,357.2	17,592.6	606.7	17,202.0	15,115.2	167.9	5,790.4
,289.7	243.1	4,511.3	54,651.1	18,241.1	773.1	21,840.0	17,542.6	217.4	7,115.9
,857.5	319.2	5,277.1	65,157.3	23,593.8	984.8	28,808.0	23,727.3	286.1	8,253.2
,525.4	...	7,064.3	76,506.0	24,639.0	...	...	...	312.0	9,684.0

nal sources.

ters of 1981, except for Saudi Arabia.

nd Kuwait; includes foreign currency deposits in Lebanon, Qatar, the Syrian Arab Republic

of Trade in the ECWA Region, 1975-76, 1979 and 1980
(percentage shares)

tries in Asia	EEC	EFTA	CMEA	USA	Japan
EXPORTS					
10.2	34.9	2.3	0.8	4.6	18.6
11.1	31.8	2.4	0.9	11.2	18.4
11.4	30.4	3.7	0.7	9.6	20.1
10.4	35.4	2.3	0.5	4.8	19.3
11.3	31.9	2.5	0.6	11.4	18.8
11.5	30.7	3.7	0.4	9.8	20.4
4.0	23.4	1.2	9.4	1.2	1.1
3.2	31.0	1.0	10.5	5.6	1.4
3.8	15.0	2.7	18.1	3.7	1.2
IMPORTS					
7.6	32.9	4.9	4.6	12.5	13.1
7.6	35.8	4.5	3.8	12.8	14.3
8.0	35.0	4.5	3.2	12.9	15.2
8.0	32.8	4.0	3.0	13.5	15.0
8.0	35.9	4.5	2.4	14.4	16.2
8.4	34.8	4.5	2.0	14.0	16.9
6.1	33.4	8.2	10.6	8.7	5.9
5.9	35.4	4.6	10.4	5.2	5.1
6.4	35.8	4.5	8.9	7.5	6.8

nal sources.

Appendix table IV-5. Government Revenues and Their Ratio to GDP a/, 1976-1981
(millions of national currency)

Country	1976	1977	1978	1979	1980	1981
Oil Countries						
Bahrain						
Total revenues	191.6 (35.6)	260.7 (39.8)	273.9 b/ (37.7)	255.0 c/ (28.6)	680.0 d/ (...)	... (...)
Tax revenues	47.3 (8.8)	54.9 (8.4)	55.2 b/ (7.6)	... (...)	... (...)	... (...)
Non-tax revenues	144.3 (26.8)	205.8 (31.4)	218.7 b/ (30.1)	... (...)	... (...)	... (...)
Iraq						
Total revenues	1,198.8 c/ (25.7)	1,303.7 (22.6)	1,685.6 (24.7)	... (...)	... (...)	... (...)
Tax revenues	47.9 c/ (1.0)	... (...)	... (...)	... (...)	... (...)	... (...)
Non-tax revenues	1,150.9 c/ (24.7)	... (...)	... (...)	... (...)	... (...)	... (...)
Kuwait						
Total revenues	3,960.4 e/ (...)	3,033.1 (74.8)	3,096.7 (73.8)	3,803.6 (59.1)	6,968.3 (94.5)	.. (...)
Tax revenues	992.4 e/ (25.8)	186.5 (4.6)	323.3 (7.7)	148.5 (2.3)	208.9 (2.8)	... (...)
Non-tax revenues	2,968.0 e/ (77.3)	2,846.6 (70.2)	2,773.4 (66.1)	3,655.1 (56.8)	6,759.5 (91.7)	... (...)
Oman						
Total revenues	487.3 (58.9)	520.5 (59.1)	502.3 (56.3)	692.2 (59.0)	958.8 (53.4)	... (...)
Tax revenues	188.0 (22.7)	169.7 (19.3)	... (...)	... (...)	... (...)	... (...)
Non-tax revenues	299.3 (36.2)	350.9 (39.9)	... (...)	... (...)	... (...)	... (...)
Qatar						
Total revenues	8,511.3 (...)	8,154.4 (...)	8,225.1 (...)	11,743.0 b/ (...)	13,744.7 c/ (...)	... (...)
Tax revenues	67.3 (...)	102.0 (...)	112.6 (...)	115.0 b/ (...)	125.0 c/ (...)	... (...)
Non-tax revenues	8,444.0 (...)	8,052.4 (...)	8,112.5 (...)	11,628.0 b/ (...)	13,619.7 c/ (...)	... (...)
Saudi Arabia						
Total revenues	103,384.0 (62.8)	135,957.0 (66.3)	130,659.0 (58.0)	131,505.0 (52.7)	211,196.0 (54.6)	261,516.0 c/ (...)
Tax revenues	1,974.0 (1.2)	3,348.0 (1.6)	4,936.0 (2.2)	6,379.0 (2.6)	... (...)	... (...)
Non-tax revenues	101,410.0 (61.6)	132,609.0 (64.7)	125,723.0 (55.8)	125,125.0 (50.1)	... (...)	... (...)
United Arab Emirates						
Total revenues	3,113.6 (6.1)	4,590.1 (7.2)	5,667.4 (9.3)	8,686.2 (10.9)	23,225.0 b/ (21.2)	... (...)
Tax revenues	.... (...)	... (...)	... (...)	... (...)	... (...)	... (...)
Non-tax revenues	... (...)	... (...)	... (...)	... (...)	... (...)	... (...)

Appendix table IV-6 (continued)

Country	1976	1977	1978	1979	1980	1981
Non-oil Countries						
Jordan (East Bank)						
Total revenues f/	107.6 (26.8)	142.2 (29.8)	158.5 (27.5)	187.9 (26.4)	224.5 b/ (25.8)	... (...)
Tax revenues	89.1 (22.2)	117.7 (24.6)	123.3 (21.4)	151.1 (21.2)	173.2 b/ (19.9)	... (...)
Non-tax revenues	18.5 (4.6)	24.5 (5.1)	35.2 (6.1)	36.8 (5.2)	51.3 b/ (5.9)	... (...)
Lebanon						
Total revenues c/	1,767.0 (...)	1,661.5 (20.2)	2,260.0 (...)	2,806.0 (...)	3,869.0 (...)	5,450.0 (...)
Tax revenues c/	... (...)	837.4 (10.2)	1,173.7 (...)	1,457.9 (...)	1,683.9 (...)	... (...)
Non-tax revenues c/	... (...)	824.1 (10.1)	1,086.3 (...)	1,348.1 (...)	2,185.1 (...)	... (...)
Syrian Arab Republic						
Total revenues c/	16,767.1 (67.3)	17,391.4 (63.8)	18,480.0 (56.5)	22,849.1 (58.1)	28,903.0 (57.1)	... (...)
Tax revenues c/	2,831.4 (11.4)	2,910.0 (10.7)	2,992.4 (9.1)	3,024.3 (7.7)	4,212.9 (8.3)	... (...)
Non-tax revenues c/	13,935.7 (55.9)	14,481.4 (53.2)	15,487.6 (47.4)	19,824.8 (50.4)	24,690.1 (48.7)	... (...)
Least-Developed Countries						
Democratic Yemen g/						
Total revenues	25.7 (19.9)	34.9 (21.8)	46.5 (24.7)	51.4 b/ (22.9)	61.0 c/ (25.7)	... (...)
Tax revenues	19.7 (15.3)	28.3 (17.7)	33.6 (17.8)	41.8 b/ (18.6)	45.9 c/ (19.3)	... (...)
Non-tax revenues	6.0 (4.6)	6.6 (4.1)	12.9 (6.8)	9.6 b/ (4.3)	15.1 c/ (6.4)	... (...)
Yemen						
Total revenues h/	604.7 (12.3)	1,292.8 (19.9)	1,985.4 (24.2)	2,160.6 (21.2)	2,755.4 (23.1)	... (...)
Tax revenues	492.7 (10.0)	1,074.4 (16.6)	1,603.0 (19.5)	1,731.9 (17.0)	2,123.4 (17.8)	... (...)
Non-tax revenues	112.0 (2.3)	218.4 (3.4)	382.4 (4.7)	428.7 (4.2)	632.0 (5.3)	... (...)

Source: ECWA, based on national and international sources.

a/ Figures in parenthesis represent percentage of GDP.

b/ Provisional actual.

c/ Budget estimates.

d/ Unofficial estimates.

e/ Exceptional fiscal year covering the period 1st April to end June (15 months).

f/ Do not include receipts from foreign sources.

g/ As of 1976, fiscal year corresponds to calendar year.

h/ Do not include receipts from investments.

Note: ... = not available.

Appendix table IV-7. Government Expenditures and Their Ratio to GDP[a], 1976-1981

(millions of national currency)

Country		1976	1977	1978	1979	1980	1981
Oil Countries							
Bahrain							
	Total expenditures	203.2 (37.8)	258.8 (39.5)	282.8[b] (38.9)	280.0[c] (31.4)	680.0[d] (44.8)	... (...)
	Current	88.3 (16.4)	116.2 (17.7)	134.5[b] (18.5)	150.0[c] (16.8)	377.0[d] (24.8)	... (...)
	Development	114.9 (21.4)	142.6 (21.8)	148.3[b] (20.4)	130.0[c] (14.6)	303.0[d] (19.9)	... (...)
Iraq							
	Total expenditures	3,000.1[c] (64.3)	1,268.5 (22.0)	1,761.5 (25.8)	... (...)	... (...)	... (...)
	Current	1,476.6[c] (31.6)	... (...)	... (...)	... (...)	...[g] (...)	... (...)
	Development	1,523.5[c] (32.7)	... (...)	... (...)	... (...)	... (...)	... (...)
Kuwait							
	Total expenditures	1,086.7[e] (28.3)	1,309.0 (32.3)	1,655.5 (39.5)	1,681.8 (26.1)	2,192.4 (29.7)	... (...)
	Current	735.9[e] (19.2)	847.5 (20.9)	973.2 (23.2)	1,075.4 (16.7)	1,465.6 (19.9)	... (...)
	Development[f]	350.8[e] (9.1)	461.5 (11.4)	682.3 (16.3)	606.4 (9.4)	726.8 (9.9)	... (...)
Oman							
	Total expenditures	581.0 (70.3)	534.8 (60.8)	560.1 (62.7)	650.4 (55.5)	925.0 (51.5)	1,410.0 (...)
	Current[g]	385.9 (46.7)	388.9 (44.2)	437.4 (49.0)	457.3 (39.0)	678.3 (37.8)	... (...)
	Development[h]	195.1 (23.6)	145.9 (16.6)	122.7 (13.7)	193.1 (16.5)	246.7 (13.7)	... (...)
Qatar							
	Total expenditures	5,392.7 (...)	7,317.8 (...)	6,517.7 (...)	8,345.0[b] (...)	12,174.2[c] (...)	... (...)
	Current	3,228.1 (...)	3,773.1 (...)	3,853.3 (...)	5,500.0[b] (...)	7,459.4[c] (...)	... (...)
	Development	2,164.6 (...)	3,544.7 (...)	2,664.4 (...)	2,845.0[b] (...)	4,714.8[c] (...)	... (...)
Saudi Arabia							
	Total expenditures[i]	81,784.0 (49.7)	128,273.0 (62.6)	138,048.0 (61.2)	147,971.0 (59.3)	188,363.0 (48.7)	245,000.0[c] (...)
	Current	... (...)	... (...)	... (...)	71,617.0 (28.5)	83,867.0[d] (21.7)	70,263.0[c] (...)
	Development	... (...)	... (...)	... (...)	76,954.0 (30.8)	104,496.0 (27.0)	174,737.0[c] (...)
United Arab Emirates							
	Total expenditures	2,550.5 (5.0)	6,589.6 (10.4)	6,890.3 (11.4)	8,459.8 (10.6)	18,535.0[b] (16.9)	24,000.0 (...)
	Current	1,454.9 (2.9)	4,783.2 (7.5)	5,738.2 (9.5)	7,362.4 (9.2)	15,812.0[b] (14.4)	... (...)
	Development	1,095.6 (2.1)	1,806.4 (2.8)	1,152.1 (1.9)	1,097.4[k] (1.4)	2,723.0[k] (2.5)	... (...)

/...

Appendix table IV-7. (continued)

Country	1976	1977	1978	1979	1980	1981
Non-Oil Countries						
Jordan (East Bank)						
Total expenditures	262.5 (65.3)	337.8 (70.7)	361.5 (62.7)	515.7 (72.4)	517.6 b/ (59.6)	638.3 c/ (...)
Current	185.9 (46.3)	195.6 (40.9)	212.9 (36.9)	321.3 (45.1)	325.8 b/ (37.5)	363.2 c/ (...)
Development	76.6 (19.1)	142.3 (29.8)	148.6 (25.8)	194.3 (27.3)	191.8 b/ (22.1)	275.1 c/ (...)
Lebanon c/						
Total expenditures	1,767.0 (...)	1,661.5 (20.3)	2,260.0 (...)	2,806.0 (...)	3,869.0 (...)	5,450.0 (...)
Current	... (...)	1,270.0 (15.5)	1,419.8 (...)	1,834.6 (...)	2,639.4 (...)	... (...)
Development l/	... (...)	391.5 (4.8)	840.2 (...)	971.4 (...)	1,229.6 (...)	... (...)
Syrian Arab Republic						
Total expenditures	16,767.1 (67.3)	17,391.4 (63.8)	18,480.0 (56.5)	22,849.1 (58.1)	28,903.0 (57.1)	30,500.0 (...)
Current	5,984.6 (24.0)	6,947.0 (25.5)	7,738.2 (23.7)	11,722.1 (29.8)	14,590.4 (28.8)	13,494.0 (...)
Development	10,782.5 (43.3)	10,444.4 (38.3)	10,741.8 (32.8)	11,127.0 (28.3)	14,312.6 (28.3)	17,006.0 (...)
Least-Developed Countries						
Democratic Yemen						
Total expenditures	78.4 (60.8)	104.7 (65.4)	121.1 (64.2)	123.7 b/ (55.1)	176.3 c/ (74.2)	... (...)
Current	39.2 (30.4)	47.4 (29.6)	61.4 (32.6)	71.7 b/ (32.0)	103.4 c/ (43.5)	... (...)
Development	39.2 (30.4)	57.3 (35.8)	59.7 (31.7)	52.0 b/ (23.2)	72.9 c/ (30.7)	... (...)
Yemen						
Total expenditures	977.6 (19.8)	1,444.4 (22.3)	2,417.4 (29.4)	4,464.9 (43.9)	5,023.7 (42.1)	... (...)
Current	616.5 (12.5)	841.0 (13.0)	1,250.4 (15.2)	1,847.2 (18.2)	2,531.3 (21.2)	... (...)
Development m/	361.1 (7.3)	603.4 (9.3)	1,167.0 (14.2)	2,617.7 (25.7)	2,492.4 (20.9)	... (...)

Source: ECWA, based on national and international sources.

a/ Figures in parenthesis represent percentage of GDP.

b/ Provisional actual.

c/ Budget estimates.

d/ Unofficial estimates.

e/ Exceptional fiscal year covering period 1st April to end June (15 months).

f/ Includes land purchase.

g/ Includes 4.4 million in unclassified defence expenditures and interest on borrowings.

h/ Includes expenditures on public buildings and hotels.

i/ Figures have been revised for 1976-1979 and no breakdown into recurrent and development expenditures is available for 1976-1978.

j/ Includes transfers to specialized credit institutions.

k/ Includes equity participation.

l/ Includes "capital" and "development" expenditures.

m/ Excludes loan repayments.

Appendix table V-1. Selected Demographic and Related Socio-Economic Indicators for Countries of The ECWA Region, 1980

	Bahrain	Democratic Yemen	Iraq	Jordan	Kuwait	Lebanon	Oman	Qatar	Saudi Arabia	Syrian Arab Republic	United Arab Emirates	Yemen	Egypt
Total population (thousands) de facto	344	1,915	13,025	2,092	1,374	2,452	984	243	9,229	8,979	980	5,225	41,710
non-nationals (per cent)	31.1	-	-	-	58.8	-	18.2	73.1	23.3	-	76.1	-	-
Urban population (per cent)	85.0	36.9	65.0	63.2	90.0	75.9	22.0	86.1	52.6	48.4	80.9	11.0	45.0
Total fertility rate	5.7 a/	7.0	7.6	7.3	7.2 a/	4.2	7.2	7.7 a/	7.8 a/	7.5	7.6 a/	6.8	5.2
Crude birth rate (per 1,000)	39.8 a/	48.0	45.0	50.0	48.3 a/	27.0	49.4	46.9 a/	45.9 a/	45.4	45.6 a/	46.4	39.0
Crude death rate (per 1,000)	7.1 a/	20.6	12.6	11.0	6.1 a/	10.0	15.4	11.0 a/	12.9 a/	9.6	7.9 a/	22.2	11.0
Natural increase rate (per 1,000)	32.7 a/	27.4	32.4	39.0	42.2 a/	17.0	34.0	35.9 a/	33.0 a/	35.8	37.7 a/	24.2	28.0
Rate of growth (per cent)	5.1	2.6	3.4	4.9	7.4	0.0	5.0	8.0	6.5	3.1	12.5	2.6	2.5
Life expectancy at birth (years)	63.7 a/	44.0	57.0	64.3	73.0 a/	67.3	49.8	58.8 a/	53.4 a/	62.8	66.0 a/	41.3	55.4
Infant mortality rate (per 1,000)	74.8 a/	154.5	82.7	80.6	43.7	70.4	145.5	80.0 a/	95.0 a/	82.8	76.2	169.3	85.3

Source: ECWA, based on national and international sources

a/ For nationals only.

Appendix table V-2. Public Expenditure on Education as a Percentage of Gross National Product and of Total Public Expenditure in the ECWA Region

	Percentage of gross national product			Percentage of all public expenditure		
	1970	1975	1978	1970	1975	1978
Bahrain	5.8	3.5	4.3	20.0	8.8	8.8
Jordan	3.9	4.9	4.2	9.3	7.7	5.8
Oman	-	1.6	3.7	-	1.9	4.9
Saudi Arabia	4.8	9.9	8.2	9.8	11.7	11.6
Syrian Arab Republic	4.0	4.1	5.8	9.4	7.8	9.8
Egypt	4.8	4.9	4.1	15.8	17.6	-

Source: ECWA, based on national and international sources.

Appendix table V-3. Net Enrolment Ratios - First Level of Education

	1970	1979 (or last year available)	
Bahrain	79	77	(1975)
Democratic Yemen	48	67	(1977)
Iraq	55	100	
Jordan (East Bank)	73	90	
Kuwait	61	80	
Lebanon	79	89	
Oman	3	45	(1978)
Qatar	87	100	(1975)
Saudi Arabia	31	49	
Syrian Arab Republic	75	87	
United Arab Emirates	56	90	(1975)
Yemen	8	19	(1975)
Egypt	69	72	

Source: UNESCO, Statistical Yearbook, 1981.
ECWA, Statistical Abstract, 1981.

Appendix table V-4. Pupils per Teacher, Elementary Level

Country	Year	No. of pupils	Country	Year	No. of pupils
Bahrain	1975	21	Oman	1970	18
	1979	21		1975	27
				1978	23
Democratic Yemen	1970	31	Qatar	1970	19
	1975	34		1975	19
	1977	34		1979	14
Iraq	1970	22	Saudi Arabia	1970	24
	1975	25		1975	20
	1979	28		1979	18
Jordan (East Bank)	1970	39	Syrian Arab Republic	1970	37
	1975	35		1975	34
	1979	32		1979	29
Kuwait	1970	21	United Arab Emirates	1970	27
	1975	18		1975	15
	1979	18		1979	14
Lebanon	1970	23	Yemen	1970	51
				1975	38
			Egypt	1970	38
				1975	35
				1979	32

Source: UNESCO, Statistical Yearbook, 1981.