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Developments in the External Sector of the ESCWA Region in the 1980s

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FOREWORD*

This paper reviews developments during the 1980s in the external trade sector of the countries of Western Asia within the international and regional economic setting. It is in seven chapters and focuses on the performance of trade in goods and services of the ESCWA member countries and their balance of payments and reserves position during the period 1980-1987, with preliminary information on 1988 and forecasts for 1989. At the outset, an overview of developments in the external sector during the 1980s is given outlining the main factors bearing on the performance of the external sector.

Chapter I reviews the main features of the international and regional setting as they relate to the external sector in the ESCWA region. The Chapter focuses on developments in the international trading system including multilateral trade negotiations (Uruguay Round, Global System of Trade Preferences, Multi-Fibre Arrangement), bilateral and countertrade arrangements, protectionist tendencies and movements in prices of oil, non-oil primary commodities and manufactured goods, and other developments bearing on the performance of trade in the region.

Chapter II examines overall trade flows and trends. Chapter III deals with the commodity structure of trade including an identification of the leading indigenous, traditional and new export items, and showing their relative importance to the region.

Chapter IV gives the direction of trade and its commodity structure by origin and destination. Trade of the ESCWA region with the European Community and with other developing regions are treated separately, highlighting their relative importance to the region both as sources and outlets for the major categories traded.

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* This paper was prepared in implementation of programme element (1.1) of the Commission's Programme of Work and Priorities for 1988-1989 under the International Trade and Development Finance Programme.

Intraregional trade and regional co-operation during the 1980s are reviewed in Chapter V. The recently created sub-regional co-operation schemes and the performance of intraregional trade, including factors limiting the expansion and diversification of intraregional trade, are emphasized.

Chapter VI deals with international transactions in services and their implications for the overall balance of payments position of the ESCWA region. The chapter also examines the issue of services in the context of the current (Uruguay Round) multilateral trade negotiations.

Chapter VII reviews the overall balance of payments situation and international reserves position of the ESCWA member countries.

The ESCWA countries have been classified into two main groups: Major oil exporters and Other ESCWA countries. The first group comprises the six Gulf Co-operation Council (GCC) countries and Iraq. The second group consists of Egypt, Jordan, Lebanon, the Syrian Arab Republic and the two least developed member countries, Yemen and Democratic Yemen.

DEVELOPMENTS IN THE EXTERNAL SECTOR: AN OVERVIEW

Introduction

The International Development Strategy (IDS) for the Third United Nations Development Decade links development to an acceleration in the tempo of production in developing countries. This entails changes in the patterns of global production, consumption and trade.

Towards that end, the IDS calls for a rapid expansion and diversification of the developing countries' international trade in goods and services. The attainment of the overall goals and objectives of the strategy is predicated on an average annual rate of growth of 7 per cent in gross domestic product implying, for developing countries in general, an average growth rate of 7.5 per cent and 8 per cent in their exports and imports of goods and services, respectively. The attainment of these targets and the improvement of the terms of trade of developing countries will necessitate an equitable participation of these countries in international trade.[1/]

Notwithstanding the numerous guidelines and objectives spelled out in the Strategy urging the international community to extend to developing countries "special and preferential treatment" in order to "improve market access for (their) products" and to exert "vigorous efforts to resist protectionism" and promote "equitable participation in international trade", hardly any progress seems to have been achieved. The recent efforts undertaken through international fora to stimulate world trade have had only limited impact on the trade of developing countries.

First, protectionist tendencies have not subsided, with market access to developed market-economies being blocked by tariffs and non-tariff barriers to trade and other trade control measures. Second, the impact of the Generalized

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1/ United Nations, <u>General Assembly Resolution 35/56: International Development Strategy for the Third United Nations Development Decade</u> (A/Res/35/56), paras.19 and 22.

System of Preferences (GSP) has remained of limited effect, while the Agreement on a Global System of Trade Preferences (GSTP) among developing countries is still to become operational. Third, participation in international trade has become more skewed and economic growth uneven among the major world economies. Fourth, at the level of international fora, the Uruguay Round of Multilateral Trade Negotiations has introduced "services" as a new dimension for negotiations, upon the request of developed market-economies. Fifth, at the regional level, the structural pattern of trade has barely improved. Concentration at both levels, the geographical and commodity, has deepened; and diversification appears to be a far-fetched target. External dependence has not been reduced, although concerted efforts in that direction were exerted. To add to the above, financing of trade has become more difficult as a result of the collapse in oil prices and the dwindling of reserves makes it difficult to extend financial credit and aid to deficit countries.

Factors Bearing on External Sector Performance and Prospects in the ESCWA Region

During the course of the current decade, the performance of the external sector of the ESCWA region has been very disappointing, whether set against the IDS targets or earlier performance. By 1988, the value of aggregate exports has shrunk to 37 per cent of its level in 1980, while imports dropped to two-thirds of their peak level in 1982. Between 1980 and 1987, the share of the region in world exports shrank from 9.9 per cent to 2.9 per cent and from 4.1 per cent to 2.8 per cent in the case of imports. Estimates for 1988 show that, this share fell to 2.6 per cent in the case of both exports and imports. A combination of factors at the global, regional and country levels were responsible for the poor performance in the external sector of the ESCWA region during the 1980s though some positive elements have been emerging.

A. International Developments

Several features of the world economy in the period under review have exerted a depressing influence on the trade performance and prospects of developing countries, including those in Western Asia. The recession in the world economy and sluggish growth in world trade in the early part of the decade, the glut in the oil market, the rising tide of protectionism and the debt crisis have been the principal factors in this respect.

The main factor dominating overall trade performance and balance of payments flows in the ESCWA region has been the highly unfavourable situation prevailing in the international oil market throughout the period reviewed. The pressure on oil prices, which became evident very early in the decade intensified in 1985 and the following years - notwithstanding OPEC's efforts to defend them - causing average nominal prices to lose some three-fifths of their value between 1981 and 1988. The collapse in oil prices was associated with a sharp cut in production of the ESCWA countries whose combined output fell from an average of 16.5 million barrels/day in 1980-1981 to 12 million barrels/day in 1987-1988.[2/] The impact of the fall in oil revenues resulting from reduced production and lower prices was aggravated by the depreciation of the United States dollar - the currency in which oil is priced - vis-a-vis other major currencies starting in the second quarter of 1985. In terms of Special Drawing Rights (SDRs), the United States dollar lost almost 40 per cent of its value between the end of March 1985 and the end of November 1988, causing substantial erosion in the purchasing power of already rapidly dwindling oil revenues. Indirectly, budgetary restraints introduced by the major oil producers in response to falling oil revenues have been felt by other ESCWA countries through lower exports of goods and services, aid flows and reduced employment opportunities for their nationals, with very adverse effects on their ability to finance their requirements of imported goods and services and the servicing of the external debt.

Uncertainty affecting the oil sector has tended to reinforce the adoption of a more cautious policy stance on the part of the major oil producers. It has entailed a reassessment of past practices whereby the level of expenditure was closely tuned to that of current income in favour of saving in the short- and medium-term.

2/ The cutback in production was particularly severe in the period 1983-1985 where ESCWA's production averaged only 9.5 million barrels/day.

As the current decade draws towards its end, uncertainty in the international oil market continues to hang over the region's development prospects in general, and its external trade and payments in particular. OPEC's efforts to stabilize prices are of crucial importance in this respect.

Growth in world trade remained sluggish throughout most of the first half of the nineteen eighties. Also, the uneven spread of world economic recovery[3/] has meant that greater benefits have gone to those developing countries having close trade links with the buoyant markets of North America,notably the United States, and Japan compared to those exporting to the relatively sluggish markets of Western Europe. The world economic recovery also tended to favour countries in the export trade of which manufactured goods are significant as the markets of primary commodities weakened. At the same time, the trade of developing countries, including intra-trade, suffered as a result of import restraints imposed by countries with debt-servicing problems.

In 1988, a sharp recovery was registered in the volume of world trade, estimated by GATT economists at 8.5 per cent. The momentum observed in world trade after 1985 is expected to continue in 1989, with the volume of world trade forecasted to grow by 5.6 per cent.[4/]

The rising tide of protectionism has weighed more heavily on developing countries' exports as the application of non-tariff barriers intensified and discriminatory market-sharing arrangements proliferated. The ESCWA oil producers have faced difficulties in exporting products of their rapidly expanding petrochemical industry, especially in the European market. A similar situation could arise in the case of oil products where large production capacities have been set up, thus further frustrating efforts to

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3/ Growth rates of major industrial countries tended to converge after 1984.

4/ General Agreement on Tariffs and Trade (GATT), Press Release (GATT/1453), 21 February 1989, p.1. The International Monetary Fund (IMF) puts the growth in the volume of world trade at 7.5 per cent in 1988 and 5.6 per cent in 1989 (see: The International Monetary Fund (IMF), World Economic Outlook, October 1988, Annex Table I.1).

diversify downstream from crude oil production. It is hoped that the current round of multilateral trade negotiations (Uruguay Round), which was launched in September 1986, would by the end of its scheduled four-years duration result in significant improvement of the international trading environment, particularly as it relates to the trade of developing countries.[5/]

The international debt crisis has directly contributed to strain further the external payments situation of a number of countries in the region (e.g., Egypt, Jordan and the Syrian Arab Republic) by reducing borrowing opportunities and diverting scarce resources to service the debt. Indirectly, the debt crisis has adversely affected the import capacity of developing countries in general. These countries have been providing a major and dynamic outlet for the region's exports, notably the newly established fertilizers and petrochemical industries.

The steady decline in international interest rates and control of inflation in the major industrial countries have been beneficial to developing countries in general by reducing the debt-servicing burden and the cost of imports.[6/] Lower interest rates, however, have adversely affected earnings from the large volume of foreign assets held by the major oil-producing member countries. More recently, both interest rates and inflation rates have been rising in the major industrial countries, especially the United States.

5/ The GATT Trade Negotiating Committee, meeting at the level of high officials in Geneva between 5-8 April 1989, agreed to a compromise mid-term package of decisions, thus completing the work began by Ministers at their meeting in Montreal in December 1988 and clearing the way for negotiations to go ahead. During the Montreal discussions, accords reached on 11 areas of world trade were frozen until the impasse could be resolved on four other areas namely: agricultural supports, textiles and clothing, intellectual property and safeguards or escape clauses against a sudden surge of imports. These accords provide the framework for the final phase of negotiations under the Uruguay Round which is scheduled to conclude at the end of 1990. The progress achieved in the negotiations is examined in Chapter VI, Section D.3.

6/ The unit value of world trade, in dollar terms, declined in each year in the period 1981-1985 before rising by 4.8 per cent in 1986 and 10 per cent in 1987 (see: IMF, Ibid.).

The enlargement of the European Community (EEC) to include Portugal and Spain could have important implications for the trade of Egypt, Jordan, Lebanon and the Syrian Arab Republic with which the Community has concluded trade and economic co-operation agreements. Products from the new members, which are the less developed EEC members, could be expected to compete directly with actual or potential exports from the ESCWA countries, notably in textiles, clothing, fruits and vegetables. The attainment of a single or unified European Market by 1992 will certainly present additional challenges.

B. Regional and Country Developments

Trade and payments relations with the outside world and among the ESCWA countries themselves suffered greatly from the overall political and economic situation prevailing in the region, including the strained state of bilateral relations between a number of countries. This has led to considerable diversion of resources from economic ends, disruption of normal economic and trade channels, and mounting uncertainties.

The overall political and economic climate in the region was overshadowed by the ramifications of the Palestinian problem, the Iraq-Iran war, the persistence of the Lebanese crisis and the consequences of the disruptive events of January 1985 in Democratic Yemen. Inter-country relations deteriorated with the Arab economic and political boycott of Egypt in the wake of the Camp David Accords; the mounting tension between Iraq and the Syrian Arab Republic; and, for sometime, strained political relations between Jordan and the Syrian Arab Republic.

But while the Palestinian problem has taken a new turn with the spread and escalation of the uprising ("Intifadah") in the West Bank and the Gaza strip, and the Lebanese crisis persists with no solution in sight, a number of positive developments on the political front have taken place.

Prospects have greatly improved mainly as a result of the cessation of hostilities between Iraq and Iran in August 1988 - though the decisive factor in this respect remains the conclusion of a durable peace treaty - and the re-integration of Egypt into the Arab economic and political arena.7/ Of great significance also has been the declaration of the Palestinian State and the increasing recognition by the international community of the need to find a quick and just solution to the Palestinian problem.

Another recent development that could have far-reaching implications for trade and development in the region was the establishment in February 1989 of the Arab Co-operation Council (ACC) comprising Egypt, Jordan, Iraq and Yemen. The establishment of the Arab Co-operation Council (ACC) comes almost 8 years after the setting up of the Gulf Co-operation Council (GCC) in 1981 which represented a new and unique experience in Arab economic relations, being the first major multinational arrangement conceived and implemented outside the framework of the League of Arab States and the Council of Arab Economic Unity. The formation of these two bodies reflects the growing support for and belief in subregional co-operation as a viable mode of co-operation among Arab countries, of which countries of Western Asia comprise about two-thirds.8/ Mutual trade between Iraq, Jordan and Egypt was already expanding prior to the formation of the Council under bilateral arrangements. It is worth noting, however, that economic cooperation and trade expansion endeavours are more likely to succeed in an environment of economic growth and stable political relations, as illustrated by the experience of the region in recent years.

Intraregional trade is expected also to receive a further boost as a result of the establishment of an Arab Export-Credit Guarantee Scheme by the Inter-Arab Investment Guarantee Corporation as of the beginning of 1986. Trade prospects have also improved with the discovery of oil in the two Yemens

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7/ Tension with Egypt started falling after 1985 with Jordan and Iraq taking the initiative in reactivating trade and economic relations. Resumption of diplomatic relations with virtually all Arab countries followed the Extraordinary Arab Summit Meeting which was held in Amman in November 1987. Since then, Egypt has also been re-admitted to most of the Arab organizations from which it was suspended earlier. It was officially re-admitted to the League of Arab States in the Extraordinary Arab Summit Meeting held in Rabat in May 1989.

8/ Another Co-operative arrangement coincided with the Arab Co-operation Council (ACC), when five Arab States, namely Algeria, Morocco, Tunisia, the Libyan Arab Jamahiriya and Mauritania, joined to form the Arab Maghreb Union.

and of new finds in the Syrian Arab Republic, and by the ability of a number of countries to increase their exports of manufactures, such as petrochemicals and fertilizers from some Gulf countries.

Also, the privatization trend observed recently in some member countries (e.g., Iraq)[9/] may be expected to add dynamism to the trade of the region.

The increasing attention being paid to promoting trade in services augurs well for the future. Efforts in this direction are especially evident in some Gulf countries as well as Egypt and Jordan. These countries have been endeavouring with some success to increase their earnings from services by creating the conditions that would attract service-oriented activities and/or produce services for export such as banking, insurance, ship-repair and travel (Bahrain), ship-repair and transit (Dubai) and the expansion of merchant fleets (Kuwait). Jordan has also set up a project: "Private Services Development Project" under the direction of the Ministry of Planning.[10/]

The ability to export services in some of the GCC countries has been increasing due to the setting up of numerous banking and insurance institutions, some of which with sizeable capital and international scope (e.g., Bahrain-based Arab Banking Corporation and Arab Insurance Group), the expansion of national merchant fleets (Kuwait), and the promotion of off-shore

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9/ Plans to privatize 47 State-owned industries were indicated mostly in textiles, plastics and aluminium products. In hotelerie and tourism serious attempts at involving the private sector were witnessed during 1988-1989. Moreover, the nationalization of Iraqi Airways was announced on 30 July 1988, to become effective six months later. Plans were envisaged to convert the national airline company into a joint stock company, 51 per cent owned by the public sector and the balance by the private sector. (See: Middle East Economic Survey (MEES), 3 August 1988; and, Ibid., 22 August 1988).

10/ The purpose of the project is to improve the quality of the targeted services (accounting/auditing, computer services, industrial management and engineering and marketing/research/advertising) so that: (a) as inputs in the productive process, they improve the export earnings of Jordanian firms by enhancing the competitiveness of goods and services in regional and international markets; (b) as export earners in their own right, they increase foreign exchange revenues; (c) they replace foreign consultants; and, (d) generate additional jobs for professionals and skilled workers in Jordan.

banking (Bahrain). Egypt has also been earning more from Suez-Canal dues[11/] and larger inflows of tourists; the latter following the economic reforms of mid-1987 which, among other things, set a more realistic exchange rate for the Egyptian pound.

. The pressure to cut down imports reflected, in the first place, deep concern in the Gulf region about the fall in export earnings and loss of purchasing power resulting from the deterioration in their terms of trade[12/] and the depreciation of the United States dollar. The Gulf conflict also absorbed very large sums leading to scaling down investment expenditures and economic activity in general.

The economic retrenchment in the Gulf region adversely affected the economies and import capacity[13/] of the deficit members with which strong links exist in the form of aid, trade and employment. The latter send a good portion of their exports to the oil countries and rely on them for substantial foreign exchange flows in the form of aid and workers' remittances - all of which came under heavy pressure in the course of the decade. Moreover, and in response to declining export earning and domestic economic activity, and in an effort to protect local industry and/or raise revenue, protectionist tendencies became discernible in the course of 1985 and subsequently in some Gulf countries that had hitherto followed very liberal trade policies.

11/ While a reduced volume of oil exports from the region and sluggish world trade during several years have exerted a depressing effect on transit dues through the Canal - the third largest foreign exchange earner after workers' remittances and oil - higher tolls quoted in Special Drawing Rights (SDRs) helped to raise revenues to an estimated $1200 million in 1987.

12/ The obvious case is the collapse in the prices of crude oil. However, the price of phosphate rock - of considerable interest to Jordan and the Syrian Arab Republic - also fell sharply, while the world prices of cotton (important to Egypt and the Syrian Arab Republic) fell drastically in 1982 and 1986 recovering in between and thereafter, yet remaining way below the 1980 level. In contrast, aluminium prices - of great interest to Bahrain - fell throughout most of the period, recovering sharply in the past two years to raise prices way above their 1980 level.

13/ The compression of imports has disproportionately affected imports from within the region, especially those from the non-oil economies, implying a tendency among countries of the region to dispense more readily with imports from within the region relative to other sources when under pressure to cut down foreign exchange outlays, and that such imports are less essential than those procured from sources outside the region.

Efforts to reduce dependence on expatriate labour, especially in the countries of the Gulf, have adversely affected foreign exchange receipts in the labour-sending member countries (notably, Egypt, Jordan, Yemen, Lebanon and the Syrian Arab Republic) where workers' remittances constitute a major component of their foreign exchange earnings and are badly needed to finance persistent deficits on goods and services. While these efforts appear to have been prompted by the difficult circumstances through which the region has been going, they are also a reflection of a more conscious policy[14/] to reduce dependence on imported labour in favour of the indigenous work force. On both counts, the immediate prospects are not favourable from the labour-exporting countries' point of view.

14/ For example, one of the most important targets of Saudi Arabia's Fourth Plan (1986-1990) is to reduce the expatriate labour force by 22.6 per cent, implying the exodus of some 600,000 foreign workers by 1990.

CHAPTER I. THE INTERNATIONAL AND REGIONAL SETTING[1/]

Introduction

As the eighties draws to an end, the world economy seems to have moved from the boom which characterized the second half of the seventies, to a sévere depression during the first half of the eighties and a slowgrowth during the second half of the decade.

The onset of the eighties witnessed a severe depression hit the world economy. The year 1981 marked the end of the expansion in world trade and output and the beginning of a major recession in the developed world; while 1982 marked the beginning of the decline in crude oil prices. Thus, the world economy suffered from a severe recession in the industrialized countries, accompanied by high inflation rates and a dramatic rise in unemployment levels. The associated slackening in world demand and increased protectionism had severe repercussions for the trade of developing countries by reducing demand for their exports and exerting a downward pressure on prices of primary commodities. The volume of trade of developing countries contracted and their export revenues collapsed. Exports of crude oil suffered most, not only because of depressed world demand, but also on account of measures to conserve and exploit alternative sources of energy in the major oil-exporting countries and higher production by non-OPEC members.

1/ This Chapter draws on data and information given in the following works: United Nations, Monthly Bulletin of Statistics, May 1989; United Nations Conference on Trade and Development (UNCTAD), Trade and Development Report, 1988, and UNCTAD, Handbook of International Trade and Development Statistics, 1988; Internatinal Monetary Fund (IMF), World Economic Outlook, October 1988; and IMF Survey (various 1988 and 1989 issues); General Agreement on Tariffs and Trade (GATT), GATT International Trade 87-88 (Volumes I and II); GATT, Review of Developments in the International Trading System, October 1986-March 1987 (L/6205), Ibid., April-September 1987 (L/6289), Ibid., October 1987-March 1988 (L/6366), Ibid., April-September 1988 (L/6435); the Middle East Economic Survey (MEES), various issues from February 1987 to June 1989; the Economist Intelligence Unit (EIU), Country Profiles and Country Reports on the ESCWA member States (latest issues up to 1989); and others.

A hesitant recovery in 1984 in the industrialized countries failed to produce improvements in the terms of trade and in export earnings of developing countries and forced them to cut back on their imports and to introduce adjustments in their fiscal and monetary policies. Developing countries were hardest hit during the economic crisis. This was followed in 1985 by a setback from what was described as a short-lived, albeit sharp, recovery of 1984.

In the wake of the collapse in oil prices in 1986, the slow growth and sluggish performance in world trade continued through 1987 reflecting the pace of economic activity in the developed market-economies, mainly in the United States. In response to the rising tide of protectionism, the Uruguay Round, the eighth Round of Multilateral Trade Negotiations[2/] was launched under the auspices of the General Agreement on Tariffs and Trade (GATT) pursuant to the Ministerial Declaration of Punta del Este in September 1986.

Towards the end of 1987, an overall climate of economic uncertainty loomed in the air due to the slow growth in investment, output and trade, a rising concern over foreign debt and debt-servicing problems in developing countries, the sharp fluctuations in exchange rates, the movements in interest rates and prices, the continuation of large payments imbalances, the persistence of high rates of unemployment and other long-standing problems.

In 1988, after four years of slowgrowth and sluggish performance, another peak of comparable magnitude to 1984 was attained, while the weakness in oil markets persisted and the strong tide of protectionism did not subside. Dynamism in world merchandise trade and an acceleration in growth of output characterized the performance of world economic activity in 1988. This was accompanied by greater exchange stability and moderate or dampened inflationary pressures in the developed market-economies associated with strong business and investment activities. Both GATT and IMF economists point

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2/ The Tokyo Round, the seventh round of multilateral negotiations, was held under the auspices of GATT from 1973 to 1979.

to the necessity to adopt the appropriate monetary and financial policies if this favourable economic climate is to be sustained in the developed market-economies. The improvement in oil prices which was depicted in early 1989 following the December 1988 agreement on new quota allocations, the solidarity achieved within OPEC with Iraq ceasing to be a dissenting member and the support by the Independent Group of Non-OPEC members to stabilize the oil market are also steps in that direction.

At this juncture in the late eighties, and given the 1988 recovery and dynamism, global economic activity appears to be facing a number of challenges for its sustenance in the short- and medium-term. According to the staff of the International Monetary Fund (IMF), world output grew by 4.1 per cent in 1988 - the highest during the eighties since 1984. However, "...a renewal of inflationary pressures, a slowing in the pace of adjustment of external imbalances, and the failure of many developing countries with debt-servicing problems to restore growth, (all these factors) challenge the sustainability of the current expansion". In other words, "...the challenge facing the industrial countries is to sustain the present expansion while resuming progress toward lower inflation and interest rates, reducing the large current account imbalances among major countries, and promoting a more open international trade environment".[3/] This was re-iterated by GATT economists who emphasized that, "...current expansion in the industrialized countries will be sustained if governments meet two immediate policy challenges - control of the recent pick-up in inflation and keeping world markets open".[4/]

A. World Trade Developments

Volume

During the eighties, movements in the volume of world trade reflected a generally adverse international economic environment, with performance falling very short of that of the sixties and seventies. Thus, between 1980 and 1988,

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3/ International Monetary Fund (IMF), World Economic Outlook, April 1989, reviewed in IMF Survey, 3 April 1989.

4/ General Agreement on Tariffs and Trade (GATT), GATT Newsletter, FOCUS (60), March/April 1989.

the volume of world trade peaked twice: Once in 1984 and once in 1988, reflecting the recovery in world economic activity in both years. Growth in the volume of world trade is expected to continue in 1989, though at a slower pace. (See Table 1 and Annex Table I.1)

During the three years ending in 1983, the volume of world merchandise trade virtually stagnated, growing at an average rate of less than one-half per cent per annum. The record performance of almost 9 per cent in 1984 was triggered by higher import demand in the United States. The sharp recovery in 1984 was short-lived as the volume of world trade experienced a severe setback, growing by less than 3 per cent in 1985. The slowdown was largely due to the faltering pace of economic recovery witnessed in key developed market-economies, notably the United States and Canada.

The trend witnessed during the first half of the eighties was reversed during the second half of the decade. The year 1986 marked the first of four years of consecutive growth in the volume of world trade, accelerating from less than 3 per cent in 1985 to an estimated 8.5 per cent in 1988 - almost equivalent to the record performance of 1984 but much superior to that of 1987 - and attaining a level nearly 40 per cent higher than in the 1982 recession.[5/]

The moderate growth in the volume of world trade by 4.5 per cent in 1986, may be entirely attributed to developing countries. In particular, exports from the fuel exporters after shrinking considerably since 1980, expanded sharply by 13.8 per cent as growth in the volume exports originating in developed countries decelerated to 2.6 per cent.

In 1988, the volume of world trade grew by an estimated 8.5 per cent, thus exceeding forecasts and surpassing performance during the decade, except in 1984. At the same time, the volume of exports originating in both developed and developing countries grew by equal magnitudes, confirming the dynamism characterizing the performance of developing countries' trade since 1986, especially in manufactures. Both, trade-related investments and higher production contributed to growth in the volume of world exports in 1988.

5/ Ibid.; and GATT, Press Release (GATT/1453), 21 February 1989.

Table 1. World Trade by Selected Regions

	Billions of United States dollars						Percentage rate of change a/					
	1975	1980	1985	1986	1987	1988	1975-1980*	1980-1988*	1980-1985*	1985-1986	1986-1987	1987-1988
World												
Exports	874.6	1990.6	1924.6	2126.0	2484.8	2812.2	17.9	4.4	-0.6	10.5	16.9	13.2
Imports	904.5	2049.8	2025.3	2210.6	2578.0	2900.8	17.8	4.4	-0.2	9.1	16.6	12.5
Developed Market-Economies												
Exports	575.1	1251.5	1266.3	1478.2	1732.2	1983.1	16.8	5.9	0.3	16.7	17.2	14.5
Imports	607.9	1406.6	1386.6	1551.1	1838.6	2078.8	18.3	5.0	-0.3	11.9	18.5	13.1
Developing Market-Economies												
Exports	213.0	562.1	453.8	420.9	498.6	555.1	21.0	-0.2	-4.2	-7.2	18.5	11.3
Imports	194.4	457.9	417.4	418.3	485.6	548.9	18.7	2.3	-1.8	0.2	16.1	13.0
ESCWA Region												
Exports	62.3	197.7	81.5	57.8	71.8	73.8 E	26.0	-11.6	-16.2	-29.0	24.2	2.8
Imports	24.8	83.8	75.6	67.8	71.3	75.0 E	27.5	-0.2	-2.0	-10.3	5.1	5.2
Share of ESCWA in World Trade (per cent)												
Exports	7.12	9.93	4.23	2.72	2.89	2.62						
Imports	2.74	4.09	3.73	3.07	2.77	2.58						

Source: Compiled and computed by the ESCWA secretariat from national and international sources; see also Annex Table I.1

* Average annual compound rates of growth based on terminal years.

... = not available, E = Estimate.

In comparing the 1984 record performance to that of 1988, one may note that while import demand of one single country, the United States, provided the stimulus in the first instance, a wide range of countries, developed and more advanced developing ones, experienced growth in their trade in the second. Furthermore, growth in exports of manufactures from developing countries characterized the second half of the eighties, particularly in 1984 and 1988, an indication of a major achievement towards diversification and meeting the objectives of the IDS for the eighties.

Prices

A major factor influencing the value of world trade in general, shaping the performance of trade in most developing countries and dominating that of the oil exporters amongst them in particular, including those in the ESCWA region, has been the unfavourable situation and weakness in the international oil market since the early eighties. By March 1986, the "coup de grace" came with the collapse in oil prices by 36.3 per cent from $28-30 in November 1985 to $11-13 in March 1986). The export price index of oil-exporting countries fell by over 50 per cent in 1986 compared to 1985 and was almost 42 per cent below its 1980 level (see Annex Table I.1).

The trend was reversed in 1987, as the export price index of crude oil recovered by over 28 per cent. However, this sharp recovery failed to restore prices to their level in 1985, not to speak of the peaks of the late seventies and early eighties. Furthermore, this recovery was not maintained in 1988, as average prices fell by 20 per cent,[6/] particularly during the latter half of the year. In effect, the decline in prices during the second half of 1988 sent the prices plunging to their lowest level during the eighties, back to their level in 1975.

6/ United Nations Conference on Trade and Development (UNCTAD), Handbook of International Trade and Development Statistics, 1988. The IMF estimated the fall in oil prices at 14.3 per cent in 1988 (see: IMF, World Economic Outlook, October 1988).

Preliminary information on 1989 confirm that prices of crude oil, projected to rise by less than 4 per cent[7/] have firmed up during the first four months of the year. By April 1989, they were 17.7 per cent above their level a year earlier[8/].

Prices of non-oil primary commodities started to decline at a rapid pace as of 1981, when they fell by 13.5 per cent below their 1980 level and by 9.9 per cent in 1982. They recovered during 1983-1984 but dropped by 12.9 per cent in 1985, somewhat picked-up in 1987, before sharply recovering in 1988 by around 16 per cent. According to IMF staff, prices of non-oil primary commodities were expected to resume their decline in 1989, by around 3.8 per cent. In effect, the index of non-oil commodity prices already declined by 2.2 per cent during the first quarter of 1989, though remaining 5.5 per cent higher than its level one year ago[8/].

Prices of primary commodities of interest to the countries of the region, notably cotton, wool, hides and skins, phosphate rock and aluminium, which had fallen during the first half of the decade, generally improved after 1986. Cotton prices fell drastically in 1982 and 1986, recovering in between and thereafter, yet remaining way below their level in 1980. In 1986, the United Nations cotton export price index was almost 40 per cent below its 1980 level. Despite a 30 per cent recovery in 1987, cotton prices in 1988 remained 23 per cent below those of 1980, and back at their level in 1982. Prices of wool, hides and skins fell until 1986, before starting their upward climb; by 1988, however, they stood 95 per cent and 13 per cent, respectively, above their 1980 level. Free market prices of phosphate rock fluctuated in a declining trend since the early eighties, improved in 1986, but resumed their decline in 1987 before recovering by 16 per cent in 1988. However, they remained about 16 per cent below their level in 1980 and 30 per below the peak

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7/ IMF, World Economic Outlook, April 1989. In 1988, the United Nations export price index of non-oil primary commodities for developing market-economies was 19 per cent below its level in 1980 (see: United Nations, Monthly Bulletin of Statistics, May 1989).

8/ Ibid., IMF Survey, 29 May 1989.

of 1981. In contrast, aluminium prices which fell throughout most of the eighties, started rising in 1986; by 1988 they stood more than 43 per cent above their 1980 level.[9/]

Value

After having grown, on average, by around 18 per cent per annum during 1975-1980, the value of world exports declined at an annual average rate of 0.6 per cent during the first half of the eighties, before resuming its upward climb and recovering by 10 per cent in 1986, 17 per cent in 1987, and 13 per cent in 1988 (see Table 1). World merchandise trade in 1988 grew faster than world output for the sixth consecutive year. Both GATT and IMF staff expect that growth will continue through 1989, though at a slower pace.[10/]

The decline in crude oil prices, the general weakness in prices of non-oil primary commodities, the sluggish growth in the volume of world trade and flunctuations in exchange rates of the dollar may explain developments during the first half of the eighties. The expansion witnessed during the second half of the eighties may be largely attributed to the boost in volume of trade as well as increases in world market dollar prices of oil and major non-oil primary commodities, and depreciation of the United States currency.

Exports of developed market-economies started recovering in 1984 and grew at the annual average rate of 15.8 per cent during 1986-1988. The current phase of expansion in industrial countries which followed the slowdown in growth during the 1981-1982 recession has been sustained for almost six years. This is the longest period of continuous growth since World War II, according to the IMF staff.

The developing countries were the hardest hit during the economic crisis of the early eighties, and the uncertainties prevailing thereafter. Their

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9/ United Nations, Monthly Bulletin of Statistics, May 1989; and, UNCTAD, Handbook of International Trade and Development Statistics, 1988. In 1988, the United Nations export price index of aluminium was 33 per cent above its level in 1980, while that of crude fertilizers (phosphate rock) was 31 per cent below 1980 index.

10/ GATT, Press Release (GATT/1453), 21 February 1989; Ibid., GATT Newsletter, FOCUS (60), March/April 1989; and IMF, IMF Survey, 3 April 1989.

exports declined at the average rate of 4.7 per cent per annum between 1980 and 1986, before growing sharply by 18.5 per cent in 1987 and by 11.3 per cent in 1988.

Trade performance has been influenced in recent years by the dramatic decline in oil prices and persisting weakness in world oil markets; weakening or generally depressed non-oil primary commodity prices which despite a pick-up after 1986 remained low in real terms; a hesitant recovery in the industrialized countries; high real interest rates and external financing constraints.

The share of developing countries in world trade had been shrinking since the onset of the eighties. In the case of exports, their share contracted from around 28.2 per cent in 1980 to 19.7 per cent in 1988. At the same time, developing countries' trade, including intra-trade, has suffered as a result of import cutbacks and restraints imposed by countries with debt-servicing burdens and foreign exchange shortfalls. One positive factor, however, has been the expansion in the developing countries' exports of manufactures.

Thus, as the decade draws to its end, world economic activity appears to have a number of positive factors playing for it, including growth in world trade, moderate inflation in industrial countries and strong investments, reduction in payments imbalances among major industrialized countries, greater exchange stability and resumption of growth in a number of heavily indebted countries as well as in the global economy and world trade.[11/]

B. Collapse in Oil Prices

A major factor influencing world trade and dominating overall trade performance in the ESCWA region has been the unfavourable situation in the oil market and its persistent weakness since the early eighties.

Crude oil prices began weakening after 1981 to collapse by 1986, with the export price index dropping by some 50 per cent below its level in 1985 and to

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11/ GATT, Review of Developments in the International Trading System, April-September 1988 (L/6435), 30 November 1988.

almost 42 per cent below that of 1980. In effect, prices fell from around $28-30 per barrel in November 1985 to $11-$13 per barrel in March 1986; by June 1986, average oil prices dropped to their lowest level at $10 per barrel. In March 1987, oil prices fell below $13 per barrel - having reached in January 1987 $20 per barrel - in reaction to oversupply, as quotas for OPEC members were consistently surpassed, and concern for weaker and slacker demand prevailed.

However, by end 1987, prices recovered, though remaining way below their level in the mid-eighties, as the export price index improved by 28 per cent and a structure of fixed official prices based on $18 per barrel reference basket was maintained by OPEC. This recovery was largely due to cutbacks in production, notably by Saudi Arabia which reduced its production by about 16 per cent, and increased world demand for oil. The general concern over the risks engulfing the passage of oil tankers through the Gulf during the height of the Iraq-Iran war prompted stock-building and raised demand for oil.

In 1988, the UNCTAD index of oil prices fell by 20 per cent to hit its lowest level since 1975, largely due to overproduction by some OPEC members (mainly Saudi Arabia). It has been reported that some Middle East crudes were sold at less than $12 per barrel during early 1988. The average export price of oil for 1988 was $14.5 per barrel. According to IMF staff, average prices in 1989 were expected to rise very slowly, by around 3.7 per cent to reach $15 per barrel.[12/] In fact, preliminary information confirm that crude oil prices, after having declined during the second half of 1988, firmed up during the first four months of 1989. By April 1989, they had risen by 17.7 per cent above their level a year earlier[13/].

During the eighties, OPEC Ministers encountered great difficulties in their attempts to reach agreement on production-sharing formulae, since they were unable to reconcile realistic overall production ceilings with quotas requested by individual producers. This was compounded by the fact that, until the meeting of OPEC in December 1988 and pursuant to the cease-fire reached in the Iraq-Iran War in August 1988, Iraq did not accept the production

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12/ IMF, World Economic Outlook, October 1988.
13/ IMF, IMF Survey, 29 May 1989.

quota allocated to it by OPEC. For the first and second halves of 1988, OPEC Ministers agreed to maintain a crude oil production quota of 15.06 million barrels/day (excluding Iraq) and to fix reference price at $18/barrel.14/.

In June 1989, OPEC members agreed to increase quotas on a pro-rata basis by 5.4 per cent across the board for the second half of the year. Total OPEC production was raised from 18.5 to 19.5 million barrels per day and $18 per barrel was retained as a reference price for OPEC crude basket, with the proviso of, "taking into consideration market forces" in case these play in favour of improved prices. Moreover, a new definition of total production gave leeway to OPEC members to use their stocks as part of the allocated quotas. Four members demanded upward adjustments to their quotas, namely, Kuwait, the United Arab Emirates, Qatar and Gabon.15/

Chief among the factors depressing prices of crude oil below the official OPEC target reference price of $18 per barrel, mention should be made of the continued breaches of output quotas by some OPEC member countries and selling below official prices. For instance, "formula pricing" or netback deals, were being increasingly applied by oil producers for their apprent advantages in allowing for competition, as against spot market prices. Geographical location and proximity are taken into consideration in determining sales prices, whereby a share of the cost of transportation to consumers is borne by the producers. Thus, such deals are also preferred by consumers.16/ Other factors include the severe cut in purchasing power of OPEC crude oil revenues resulting from weaker dollar, increased sales by both Iraq and Iran after the cease-fire, sales by non-OPEC members, extensive resort to stocks built earlier by consumers and petroleum-importers and weak demand for oil in general. Measures adopted by developed market-economies for restricting consumption, encouraging conservation and replacement by new and renewable sources of energy are additional factors. It should be noted that the price collapse in 1986 discouraged non-OPEC members from further exploration for oil.

14/ Middle East Economic Survey (MEES), 21/28 December 1988 and previous issues.

15/ Ibid., 12 June 1989.

16/ Petroleum Intelligence Weekly, 23 January 1989.

Combined crude oil production from OPEC member countries dropped by 42 per cent between 1980 and 1985 before expanding by around 17 per cent in 1986, when the Organization was obliged to abandon its attempts to support prices and to opt instead to secure and defend a fair share in the world oil market, in order to compensate for the collapse in prices. In Saudi Arabia, for example, the increase reached around 60 per cent and in Kuwait it was more than 50 per cent (see Table 2). The partial price recovery recorded in 1987 was triggered by production cutbacks by OPEC members, especially Saudi Arabia where production was cut down by over 16 per cent. Iraq, who remained outisde the scope of OPEC's agreement concerning production quotas, expanded its crude oil output by over 21 per cent in 1987. In 1988, OPEC production expanded by over 16 per cent, largely due to a 20 per cent increase in Saudi Arabia's output in an effort to induce other OPEC members to cut their production in order to stabilize prices. Expansions in production were also recorded in Kuwait (around 19 per cent) and Iraq (around 26 per cent). Overproduction during the second half of 1988 was a major reason behind the fall in oil prices. New and significant discoveries were made in the two Yemens, Jordan, the Syrian Arab Republic and Egypt. Some will be commercialized soon leading to a substantial reduction in the oil import bills of the countries concerned.

An additional measure taken by OPEC to remedy the unfavourable situation was the agreement to eliminate all netback deals as of 1 February 1987, which members felt contributed to depressing the prices of oil further. OPEC expressed its disapproval of countertrade and similar barter arrangements, considering the adverse effect such arrangements have had on distorting the price structures. However, so far, there is no evidence that the volume of such agreements declined nor that it will do so in the near future. Major deals continue to be concluded, especially by Saudi Arabia, Kuwait and Iraq, amongst the ESCWA oil-exporters. Since October 1987, Saudi Arabia has been offering price discounts and preferential terms to its major oil consumers in order to maintain the level of purchases and fulfill its quota requirements under the production-sharing formula. The United Arab Emirates has been giving similar incentives for widening the "equity margins".[17/]

17/ GATT, Review of Developments in the Trading System, October 1987-March 1988 (L/6366), 12 August 1988; see also Chapter I, Section C.

Table 2. ESCWA Region: Crude Oil Production

	Thousands of barrel per day (b/d)						Percentage rate of change					
	1975	1980	1985	1986	1987	1988	1975-1980*	1980-1987*	1980-1985*	1985-1986	1986-1987	1987-1988
ESCWA Region	14360	17431	8720	11474	11064	12916	4.0	-6.3	-12.9	31.6	-3.6	16.7
Iraq	2262	2646	1404	1688	2050	2578	3.2	-3.6	-11.9	20.2	21.4	25.8
Gulf Co-operation Council (GCC)	11693	14070	6243	8763	7833	9003	3.8	-8.0	-15.0	40.4	-10.6	14.9
Bahrain	61	48	42	44	42	43	-4.7	-1.9	-2.6	4.7	-4.5	2.4
Kuwait a/	2084	1658	936	1416	1237	1470	-4.5	-4.1	-10.8	51.3	-12.6	18.8
Oman	340	282	491	558	569	594	-3.7	10.6	11.7	13.6	2.0	4.4
Qatar	438	472	290	333	303	306	1.5	-6.1	-9.3	14.8	-9.0	1.0
Saudi Arabia a/	7075	9900	3175	5042	4220	5054	6.9	-11.5	-20.5	58.8	-16.3	19.8
United Arab Emirates	1695	1710	1309	1370	1462	1536	0.2	-2.2	-5.2	4.7	6.7	5.6
Other ESCWA Countries												
Democratic Yemen	-	-	-	-	5	12	-	-	-	-	-	140.0
Egypt	222	557	897	829	925	896	20.5	7.5	10.0	-7.6	11.6	-3.1
Syrian Arab Republic	183	158	176	194	242	272	-2.9	6.3	2.2	10.2	24.7	12.4
Yemen	-	-	-	-	9	155	-	-	-	-	-	162.2
For reference:												
Organization for Petroleum Exporting Countries (OPEC)	27186	26954	15700	18333	17825	20761	-0.2	-5.7	-10.2	16.77	-2.8	16.5

Source: Petroleum Economist, February 1989
Oil and Energy Trends (various issues)

* Average annual compound rates or growth based on terminal years.

a/ Figures for Kuwait and Saudi Arabia include shares of production from the Neutral Zone.

Other measures taken by OPEC in its efforts to stabilize prices and maintain its share in world markets included soliciting support of non-OPEC members to reduce their production and cutdown on sales. A number of non-OPEC members collaborated, pledging their support and voluntarily applied cutbacks in production, notably Malaysia, Egypt, Oman, China, Norway, Angola, Mexico, Columbia, the Soviet Union.[18/] These non-OPEC oil producers met in London during March 1987 to co-ordinate their positions with regards to the oil market, and agreed to cut their combined production by 300,000 b/d, provided OPEC cuts its total production by 700,000 b/d[19/]. By mid-1988, several non-OPEC members (Mexico, Egypt, China, Oman, Angola and Malaysia) expressed their willingness to cut down production by 5 per cent provided OPEC members followed suit[20/]. However, negotiations between OPEC and non-OPEC groups were inconclusive and no agreement was reached on joint production cutbacks. In February 1989, a group of seven independent non-OPEC States, comprising the USSR, in addition to Oman, Egypt, Mexico, China, Angola and Malaysia, met in London and agreed to support the OPEC price mechanism and to assist in stabilizing the oil market. This, they planned to achieve by cutting on their oil sales by 5 per cent during the first half of 1989. The non-OPEC group met again in May 1989 and noted with satisfaction that the cuts they effected on sales were not in vain, as prices of oil firmed up during the first four months of 1989. Meanwhile, the United Kingdom announced that it advocates production cuts in support of prices, while production in the United States had already been declining. In contrast, Norway, which had supported OPEC by cutting production earlier, announced plans to raise production by 34 per cent during the first quarter of 1989[21/].

A recent decision by OPEC Ministers was made to investigate the possibility of breaking the link between world oil prices and the US dollar, or

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18/ In 1987, Norway cut down its output by 7.5 per cent and pledged to extend this arrangement through the second half of 1988. Mexico pledged to cut back its oil exports provided OPEC members did the same. China offered to reduce its sales by 5 per cent in 1988 with no plans to raise production.

19/ MEES, 28 March 1987.

20/ GATT, Review of Developments in the Trading System, April-September 1988 (L/6435), p.18; and MEES, 2 May 1988.

21/ MEES, 12 June 1989.

"allowing for non-oil denominated sales and payment in the local currency of purchasers".[22/]

In a recent report prepared by the Organization of Arab Petroleum Exporting Countries (OAPEC) on the future of world oil markets, economists predict that oil prices will continue to fluctuate between $15 and $18 per barrel until the early nineties, after which prices are expected to rise.[23/]

C. Developments in the International Trading System

Developments in the trading system have tended in recent years to accentuate many of the trade-related problems facing both developed and developing countries, while contributing to the creation of new ones. While certain issues are of concern to both developed and developing countries such as exchange rate fluctuations, movements in interest rates and inflationary pressures, others are of direct relevance to one group or the other.

Among the concerns of the industrialized countries, mention may be made of bilateral trade imbalances (e.g., the United States and Japan), increased sensitivity over conditions of competition and use of safeguards, escalation of trading disputes and the growing interaction between trade policy actions and developments in the financial and exchange markets.

The enlargement of the European Economic Community (EEC) from 9 to 12 members by the accession of Spain, Portugal and Greece could have significant implications for the trade of developing countries and those in the ESCWA region, in view of similarities in production and trade patterns between them and the relatively less developed new members of the Community. Also, the decision to establish by 1992 a unified, integrated market will certainly create additional challenges. Another important development of general concern is the agreement which entered into force 1 January 1989, establishing a free trade area between the United States and Canada.[24/]

22/ GATT, Review of Developments in the Trading System, October 1987-March 1988 (L/6366), p. 35.

23/ MEES, 12 June 1989.

24/ GATT, GATT Newsletter, FOCUS (60), March/April 1989.

Other developments having a direct bearing on the trade of the ESCWA member countries include the conclusion of protocols amending the original trade and co-operation agreements between the EEC and each of Jordan, Lebanon and Egypt. These amendments are intended to take account of the enlargement of the EEC in 1986, particularly regarding a clear definition of certificates of origin. Lengthy negotiations between the EEC and the Gulf Co-operation Council (GCC) led to the conclusion of the first phase of an Economic Co-operation Agreement in June 1988. The second phase, calling for a free trade area was expected to be concluded during the second half of 1989.

Protectionism, debt-servicing difficulties and balance of payments problems affecting developing countries remain unresolved and continue to constitute a major source of concern for these countries. Towards this end, international fora like GATT, UNCTAD and the Group of 77 have exerted concerted efforts to remedy the situation and to alleviate some of the outstanding issues. The launching of the GATT Uruguay Round in September 1986, the conclusion of the agreement on the Global System of Trade Preferences (GSTP) among the Group of 77 countries in April 1988 and beginning of operations of UNCTAD's Common Fund for Commodities in September 1988 are positive steps in that direction.

The Harmonized System (HS) of the Customs Co-operation Council (CCC) came into operation in most of the developed market-economies as of 1 January 1988; for the United States it was put into effect a year later. The Harmonized System is designed to facilitate trade by providing a multilaterally agreed nomenclature for classifying goods entering into international trade. It is intended to eventually replace the Customs Co-operation Council Nomenclature (CCCN) which superseded the Brussels Tariff Nomenclature (BTN). The League of Arab States Tariff Nomenclature is based on the BTN.

1. Multilateral arrangements

a. The Uruguay Round

Rising protectionism has weighed more heavily on developing countries' exports as discriminatory market-sharing arrangements and other protectionist tendencies proliferated. With protectionist tendencies gaining momentum, a new round of multilateral trade negotiations under the auspices of the General Agreement on Tariffs and Trade (GATT) 25/ was initiated. Pursuant to the Ministerial Declaration of Punta Del Este, the Uruguay Round, the eighth round of multilateral trade negotiations and the successor of the Tokyo Round (1973-1979), was launched in September 1986 - to be concluded within four years.26/

For the first time, services were included as an integral part of the multilateral trade negotiations and are covered under Part II of the Ministerial Declaration; Part I relates to trade in goods. It should be noted that, a number of the 1979 Tokyo Round "Codes" also mention services. For instance, under the Subsidies Agreement four types of government export subsidies are indicated: transport, freight charges, export credit guarantees and insurance programmes against prices rises or exchange risks. Also, under other Tokyo Round Agreements such as the Agreement on Government Procurement and the Customs Valuation Agreement, services incidental to the supply of products and to the valuation of goods are included.

The negotiations under the Uruguay Round aim to bring about further liberalization and expansion of world trade to the benefit of all countries, strengthen the role of GATT and improve the multilateral trading system, increase the responsiveness of GATT to the evolving international economic environment and foster current co-operation active at the national and international levels.

According to a review by GATT of the progress made in the Uruguay Round, "...there would seem to be some indication that the launching of the Uruguay Round has promoted greater appreciation on the part of governments of the need to look for long-term solutions for the problems of producers and industries experiencing difficulties in import or export markets".26/ The Uruguay

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25/ As at November 1988, the thirteen ESCWA member countries, only Egypt and Kuwait are contracting GATT parties. The GCC acquired observer status in March 1986. Bahrain, Democratic Yemen, Qatar and the United Arab Emirates apply the General Agreement on a _de facto_ basis, pending final deciison as to their future commercial policy. Saudi Arabia enjoys the observer status since 1985.

26/ GATT, _Review of Developments in the Trading System, April-September 1987_ (L/6289), p.5.

Round has, so far, been successful in exerting a steadying influence on the international trading system. However, continued resort to trade restrictive or trade distortive measures by governments has contributed to shake the trust in the international trading system and cloud the climate of confidence beginning to spread, especially for investments and related activities.

The "Mid-Term Review" of progress in the Uruguay Round which was held in Montreal in December 1988 resulted in a package of decisions. The Trade Negotiations Committee (TNC) adopted, but put "on hold", twelve decisions, including one on the "standstill and rollback", pending the resolution of four issues which remained outstanding. These issues covered agriculture, textiles and clothing, safeguards and trade-related aspects of intellectual property protection, on which decisions were later adopted by the TNC in its meeting held in Geneva in April 1989, thus completing the Montreal package of results. According to the Chairman of the TNC, the "Mid-Term Review" of the Uruguay Round and the Montreal package of results therefrom, serve as indicators of the growing confidence in the multilateral trading system.[27/]

In March 1988, the European Community offered to eliminate some of its existing trade-restrictions as an indication of goodwill towards the Uruguay Round Negotiations; thus becoming the first trading group to take such a positive measure. As a result, quantitative restrictions (import quotas, licenses and other physical limits) will be removed on 121 items, and on industrial processed goods originating in all GATT countries - except for certain items originating in Japan and the centrally-planned economies. This, in effect, is the first "roll back" under the Uruguay Round Surveillance Body, whose role is to monitor standstill and rollback commitments of participants.

Details on progress made in the Uruguay Round pertaining to trade in services are given in Chapter VI dealing with International Transactions in Services.

27/ GATT, News of the Uruguay Round of Multilateral Trade Negotiations (NUR 026), 12 April 1989.

b. The Global System of Trade Preferences (GSTP)

Within the context of economic co-operation among developing countries, and with the objective of according preferential treatment on a reciprocal basis, the Group of 77 concluded the agreement on a Global System of Trade Preferences (GSTP) in its Ministerial Meeting, held in Belgrade in April 1988. While 62 countries adopted the Agreement, only two countries had ratified it by 13 April 1988. The Agreement comes into effect 30 days after it has been ratified by 15 countries from three different regions (Asia, Africa and Latin America). It establishes a global framework based on reciprocity and preferential treatment, exchange of concessions on tariffs, para-tariffs and non-tariff measures and provides for sectoral arrangements between participants. A list of the concessions to be exchanged is attached to the Agreement.

The first round of negotiations within the GSTP was launched in Brasilia in May 1986 and was concluded in Belgrade. Forty-eight developing countries participated in that Round and exchanged bilateral concessions on tariffs, other border practices and regulations that restrict imports. These 48 countries have been granting one another tariff concessions on more than 1300 products.[28/]

c. The Common Fund for Commodities

Another positive development during the eighties was the ratification of the agreement on a Common Fund for Commodities by two-thirds of countries constituting the governing body of the United Nations Conference on Trade and Development (UNCTAD), during its Seventh Session held in Geneva in August 1987. The Fund was created twelve years ago under the aegis of UNCTAD and was awaiting ratification by the two-thirds required for activating it. Already, there are three commodity agreements concluded awaiting for funding, namely cocoa, rubber and coffee. Some major countries did not support the creation

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28/ GATT, Review of Developments in the Trading System, October 1987-March 1988 (L/6366), p.93; and Ibid., Review of Developments in the Trading System, April-September 1988 (L/6435), p.48.

of the Fund out of a conviction that market forces rather than price supports control world commodity prices, notably the United States and, until 1987, the USSR.

The Fund is capitalized at $750 million, of which $400 million are allocated for commodity agreements and the balance for research and development. By September 1988, Cuba became the 101st signatory, raising the pledged capital to $313.3 million and beyond the required two-thirds minimum to become operative.[29/]

d. The Multi-Fibre Arrangement (MFA)

An important development having a direct bearing on the trade of developing and ESCWA countries was the renewal in August 1986 of the Third Multi-Fibre Arrangement (MFA) for another five years ending 1 July 1991.[30/] The MFA is a negotiated exception from GATT which came into force in January 1974; it was intended as a temporary measure. In principle, MFA (IV) should be the last extension before textiles and clothing come under the rules and disciplines of GATT. Under MFA (IV), developing countries exporters of textiles and clothing sought progressive trade liberalization through gradual removal of restrictions and stronger measures to combat circumvention. It should be noted that, even governments who are not contracting parties to GATT may also accede to the MFA on bilateral basis.

Substantive negotiations under the Uruguay Round for furthering the liberalization of trade in textiles and clothing began in April 1989 and will be concluded by 1990. The negotiations aim to put a time-frame for phasing out restrictions under the MFA and to study modalities for the integration of this sector under the GATT rules and disciplines.[31/]

29/ GATT, Review of Developments in the Trading System, April-September 1987 (L/6289), 18 December 1987, p.64; and, Ibid., Review of Developments in the Trading System, April-September 1988 (L/6435), 30 November 1988, p.102.

30/ There are 31 signatories to the Protocol extending MFA (IV) until July 1991. The European Economic Community (EEC) is considered as a single signatory.

31/ GATT, Multilateral Trade Negotiations in the Uruguay Round (MTN.TNC/9), 11 April 1989.

e. The Generalized System of Preferences (GSP)

Under the Generalized System of Preferences (GSP), only modest improvements in product coverage and minor adjustments in tariff cuts were introduced; margins of preferences in ceilings and quotas were slightly widened and some additional benefits to least developed countries were granted. The tendency to reduce benefits enjoyed by the more advanced developing countries in favour of the less developed ones continued. On grounds related to the progress achieved in development of their economies, a number of the more advanced developing countries were removed from the list of beneficiaries in certain donors' schemes (viz. Korea from the scheme of EEC; Chile, Hong Kong, Korea, Singapore and Taiwan from the scheme of the United States).

Certain recent developments in the GSP schemes of some major donors, namely the European Community (EC), Japan and the United States of America (U.S.A.) are relevant to the trade of ESCWA countries, being major trading partners.

In 1988, the European Community (EC) increased the value of preferences accorded to industrial products under the GSP by an average of 5 per cent, thus allowing developing countries to raise their sales of duty-free industrial products accordingly. Moreover, the EC reduced the number of products considered "sensitive" and eliminated 24 individual quotas. Additional industrial products were included in the GSP and quotas were raised, while the system of differentiation which includes textiles and industrial products was extended. The scheme for agricultural products was improved by reducing duties imposed on such products. For its 1989 scheme, the EC increased tariff preferences by 9 per cent, thus enabling developing countries to export goods to the Community at substantially reduced tariff rates. The European Community Commission aims to ensure equitable treatment among benificiaries from its scheme and to provide more objective differentiation.

The scheme of Japan was drastically reformed by allowing more imports through decreasing the limitations for GSP duty-free entry. For 1987, ceiling limitations on a large number of industrial products were removed (almost half of Japan's industrial tariff items, implying around 40 per cent of the total amount of ceilings). For some products, ceilings were raised by as much as 30 per cent like organic chemicals, sports requisites, steel, apparel and clothing and artificial resins. However, Preferential imports were suspended and ceilings were frozen on eleven product groups considered very "sensitive" and a threat to domestic industry. For the fiscal year 1988, the total ceiling quota (on 62 out of 146 industrial product groups) was expanded by about 25 per cent, on the average.

The United States reviewed its GSP scheme and withdrew some benefits from a number of the more advanced developing countries, on grounds that such beneficiaries do not need preferential treatment or do not grant protection for intellectual property or workers' rights. For these countries, the United States reduced duty-free access by more than 20 per cent. For ten other less advanced developing countries beneficiaries of the scheme, including the Syrian Arab Republic from the ESCWA region, GSP benefits were increased on some 95 products. New areas such as intellectual property rights and degree of access for third country services and investments were taken into consideration in the review.

2. Bilateral and countertrade arrangements

Against the prevailing background of depressed prices, weakness and uncertainties of market access, bilateral agreements and preferential sectoral arrangements gained in importance as vehicles for conducting trade. The prevailing economic climate favoured and encouraged resort to countertrade transactions and made them attractive to both exporters and importers.

Bilateral arrangements including compensation and countertrade have been excessively resorted to for their apparent advantages in by-passing shortages of foreign exchange, overcoming difficulties in raising trade finance, easing balance of payments difficulties and securing export outlets. Sometimes, depressed demand for raw materials exports and certain commodities provided stimulus to engage in compensation arrangements.

Several variations of countertrade exist: offset purchases, where the seller guarantees to use goods and services from the buyer in producing the final product; switch trading, where several countries are involved and swap goods freely; buy-back arrangements, where the implementation of a manufacturing project includes clauses to buy-back the products produced by the plant; and the commonest form of barter trade, where the supplier is required to purchase a certain amount of goods as a quid pro quo. For instance, Saudi Arabia has committed crude oil in payment for large construction projects. Debt-to-equity conversions tied to countertrade is another but rarely used scheme.

Netback deals between producers of oil and consumers (refineries) without going through the spot market also gained ground and were frequently resorted to and preferred by purchasers. However, OPEC Ministers took a decision to eliminate netback deals effective 1 February 1987. It was believed that such deals contributed to depress oil prices. Notwithstanding OPEC's decision, the number and frequency of these deals increased due to the element of price-competitiveness involved and the cost-sharing of transportation in favour of purchasers.

While the extent of transactions involving the above type of arrangements remains controversial, they have particularly increased in volume with respect to agricultural commodities, phosphates and other bulk commodities. An increase in the quantity and diversity or range of manufactured goods exported on countertrade basis has been recently discerned (clothing and textiles, vehicles and parts, construction materials). For example, between the EEC (France) and Egypt, $2 million worth of trade in 1988 was raised to $20 million in 1989 for Egyptian frozen vegetables and ready-made clothes in exchange for French tin foils. Other examples include: For 1988, a $20 million worth trade of Egyptian rice, aluminium products, cotton and textiles in return for Austrian steel, bricks, alumina, chemicals, tools and paper; Egypt promised to construct 100,000 houses in Kampala worth $300 million in exchange for Ugandan wheat and coffee; Brazilian cars for Iraqi oil; Soviet machinery and heavy-duty equipment in exchange for Iraqi oil; Jordanian cement in exchange for Egyptian aluminium, rice, cotton and textiles, under the trade agreement concluded in August 1988, worth $250 million, of which $110 million to be exchanged on the basis of countertrade. The trade exchange will be raised to $350 million in 1989.

With respect to crude oil, government-to-government countertrade arrangements, oil-for-debt (e.g. West Germany and Iraq) or oil-for-equity as payment for the execution of large industrial projects or equipment were particularly frequent during the eighties (e.g. Saudi Arabia and the United Kingdom). It is believed that extensive resort to such arrangements undermines or distorts the structure of oil prices and constitutes "concealed" price-cutting. Despite OPEC's disapproval of such deals, there is no evidence of their decline.[32/] For instance, crude exports from Saudi Arabia reached 670,000 b/d in payment for expansion and improvement of mosques in Mecca and Medina, construction of Rabigh refinery and other huge purchases from the United Kingdom. Crude oil was marketed through ARAMCO and is counted against Saudi Arabia's OPEC quota. Saudi Arabia and Canada (October 1987) concluded an agreement for reciprocal MFN treatment and the exchange of oil for cars, trucks and barley. Similar arrangements were made by other major oil producers in the ESCWA region. Each of the United Arab Emirates and the Kuwait concluded oil swap accords with the USSR whereby in 1988 Soviet products will be sold in the GCC countries in return for oil. Iraq and Indonesia agreed (1988) to exchange oil for Indonesian industrial goods; while with the United States, Iraq agreed (1988) to exchange oil for agricultural goods and foodstuffs.

Under oil production-sharing formulae, the Syrian Arab Republic concluded a number of agreements with TOTAL (France) and with Royal Dutch/Shell for Omar field in 1988 and 1989. Bilateral arrangements were made in 1988 and 1989 for the sales of its crude oil and refined products to the Libyan Arab Jamahiriya, Romania, the USSR, Yugoslavia, France, Germany, Italy, Austria and Czechoslovakia.

32/ MEES, 22 June 1987.

Thus, no signs of slowing down in the use of countertrade arrangements are apparent. Furthermore, since most of the countertrade arrangements are being carried out at the firm level, reporting on the volume and countries involved remains inaccurate and sparse. Estimates for countertrade indicate that, on the average, between 8 and 20 per cent of world trade is conducted through such arrangements, including bilateral clearing arrangements of centrally-planned economies, covering at least 50 per cent of East-West trade. Countertrade arrangements have been especially popular with the socialist countries of Eastern Europe.

Bilateral trade and economic co-operation agreements also increased in number given the prevailing economic environment and its adverse impact on developing countries' trade including the pressing debt burden, shortages of foreign exchange, difficulties of access and market penetration and depressed demand for their goods. Examples of recently concluded bilateral agreements involving ESCWA member countries with the socialist countries of Eastern Europe, the developed market-economies or other Arab countries are given below.[33/] Bilateral agreements with the socialist countries of Eastern Europe were concluded between Kuwait and Bulgaria (March 1988) for mutual promotion and protection of investments; Kuwait and the USSR (February 1989) for co-operation and joint investment projects; Iraq and Romania (May 1988) for economic, technical and scientific co-operation; Egypt and the USSR (1987) for a trade turnover of about $ 860 million in 1987. Examples of recently concluded agreements with the developed market-economies include, Egypt and Canada (1985) for the purchase of Canadian wheat on an annual basis for five years, including food aid; Egypt and the EEC for amending the original co-operation agreement in view of the enlargement of the EEC; Iraq and the United Kingdom (1987) for the purchase of pharmaceuticals and medical equipment; Saudi Arabia and the United Kingdom (1987) for co-operation and exchange of goods. Some of the agreements concluded within the context of the wider Arab world were of a preferential nature such as: Tunisia and Jordan (December 1986) for granting reciprocal duty-free entry to all goods, except

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33/ Bilateral agreements concluded at the intraregional level are considered in Chapter V. Those concluded with other developing countries are given in Chapter IV, Section C.

for two negative lists attached to the agreement; Sudan and Egypt (February 1987) under a long-term trade agreement and a trade Protocol worth $284.5 million, of which $85 million was covered by barter trade; Morocco and Iraq (November 1987) for promoting trade and exchanging technical expertise; Tunisia and Saudi Arabia (March 1988) for amending their 1965 agreement, allowing reciprocal duty-free entry of food products and partial removal of customs tariffs on some industrial goods.

D. Protectionism in developed market-economies

Changes in trade and tariff policies in key traders like the United States, Japan and the European Communities in the direction of greater protectionism have been a cause for great concern in developing countries. Attempts to redress the situation have taken place in international fora like UNCTAD and GATT. For instance, during the Seventh Session of UNCTAD held in Geneva in August 1987, governments agreed to continue their combat against protectionism by, inter alia, establishing transparent mechanisms at national levels. The Conference agreed that, "observance of multilaterally agreed commitments, with respect to trade in goods, should not be made conditional on receiving concessions in other areas". Similarly, multilateral trade negotiations under the auspices of GATT have aimed to reduce the level of tariffs in industrialized countries and to ensure against possible increases.

Petrochemicals

The ESCWA oil producers, particularly the GCC countries, have been facing difficulties in exporting products of their rapidly expanding petrochemical industry[34/]. Concern during recent years centered on access to the European markets (EEC), the United States and Japan, mainly for removal of the high tariffs imposed on petrochemicals originating in the GCC countries. The EEC

34/ Combined GCC exports averaged after the mid-eighties 5 million tons of petrochemicals and 4.5 million tons of fertilizers a year. This amount is expected to increase with the envisaged expansion in industry and its downstream integration. The bulk of such exports are directed to the Far East and India. (See: the Economist Intelligence Unit (EIU), United Arab Emirates, Country Report (No.1, 1989), 10 March 1989.

automatically imposes tariffs whenever the annual ceilings defined under the GSP for duty-free exports of petrochemicals originating in the GCC countries are reached. For instance, the annual duty-free ceilings were exceeded by end January 1986 for five petrochemical products originating in Saudi Arabia, after which the Most-Favoured Nation (MFN) clause was invoked. In 1986, these tariffs reached as high as 13 per cent on certain petrochemicals originating in Saudi Arabia and the other GCC countries.

The GCC expressed concern over protectionist policies, especially those of Japan and the European Community regarding petrochemicals. The GCC is dissatisfied because of lack of reciprocity especially that, on the one hand, more than one-third of its imports originate in Europe[35/] and on the other, the GCC levies very low duties on its imports from the EEC. The EEC has taken measures to protect its domestic petrochemical industries. For instance, in 1985 and 1986, anti-dumping duties were levied on imports of urea into the EEC from eight Arab countries, including Saudi Arabia and Kuwait. In 1986, these eight Arab countries supplied the EEC with one-fifth of its needs of urea, compared to only 2.3 per cent in 1984. These were sold at between 40 to 78 per cent below the "fair market price", resulting in a drop in production of urea in the EEC by an average of 11 to 12 per cent during 1985-1986.[36/] A sharp drop in EEC anti-dumping tariff[37/] took place during early 1989, due to cheaper oil and gas and lower production costs of urea. This led the EEC to reduce total duties imposed on its imports of urea from Saudi Arabia from 40 per cent to 12.8 per cent, effective March 1989[38/].

35/ In 1987, the trade between the GCC and the twelve members of the EEC amounted to $27.5 billion, with a surplus in favour of the EEC amounting to $5.86 billion.

36/ MEES, 18 May 1987.

37/ Dumping occurs when goods are sold at prices below domestic prices. The anti-dumping duty in EEC is estimated annually, but no flat fine is set because the dumping margins differ from one country to another (see: Ibid.).

38/ The Economist Intelligence Unit (EIU), Saudi Arabia, Country Report (No.2 1989), 4 May 1989.

The importance of the EEC to the GCC countries is further indicated by the fact that while 80 per cent of the GCC exports to the EEC are "tariff-free" crude oil, the balance, comprising mainly of refined products and petrochemicals, already enjoys the benefits of and is traded under the GSP. The latter is being contested and the GCC is demanding free access to European markets and removal of quotas and tariff barriers.

Within this context, negotiations have been underway to conclude a two-phase economic co-operation agreement between the EEC and the GCC: The first phase calls for a standstill on tariffs and the second for a free-trade area. Negotiating mandate for the first phase of the agreement was approved in November 1987, whereby the EEC promised not to introduce any further protectionist measures against GCC products, especially petrochemicals on which annual duty-free quotas are fixed under the GSP and will continue to be applied. By 25 March 1988, a pact or a preliminary agreement was reached to promote economic co-operation between the two groups of countries and to continue to grant reciprocal MFN treatment with a 'standstill' on new tariffs and trade restrictions. The GCC countries were interested in a "rollback" of the tariffs.

Finally, after more than two years of negotiations, the first phase of the Economic Co-operation Accord was signed in June 1988; but its provisions did not fully reflect neither those of the negotiating mandate of November 1987 nor of the preliminary pact of March 1988. This phase commits the EEC to assist the GCC countries in diversifying and developing their energy, industrial and agricultural sectors. Towards this end, the European Community (EC) undertakes to promote joint ventures, facilitate transfer of technology, provide training and carry-out joint surveys of markets for oil, gas and their derivatives.[39/] Sensitive products, like petrochemicals, were left out - or rather evaded. The second phase of the agreement is envisaged to be concluded during the second half of 1989.

39/ MEES, 20 June 1988; Ibid., 31 October 1988; and GATT, Review of Developments in the Trading System, April-September 1988 (L/6435), November 1988.

The EEC decided to cut by half the duty-free ceiling on certain Saudi petrochemical products exported to Europe, by 1989, and to abolish these ceilings completely by 1990. According to the EEC, duty-free ceilings under the GSP were initially set in order to promote developing countries' exports of certain products, which is not justified anymore in the case of Saudi exports of petrochemicals. Saudi Arabia, notably the Saudi Arabian Basic Industries Corporation (SABIC), is a major producer and exporter of petrochemicals among the GCC countries. By end 1988, the EEC was already suffering from a shortage of petrochemical products which raised demand in its markets and doubled world prices of certain products (e.g. plastic resins and petrochemicals)[40/]. SABIC's duty-free quota is already small. The elimination of its duty-free quota will only serve to raise the prices for the European processors and consumers. Moreover, such a position by the EEC will hamper the ongoing negotiations for the conclusion of the second phase of the EEC-GCC Economic Co-operation Accord. Opposition from six out of the twelve EEC members center on the protection of European Petrochemicals industry.

Textiles

Protectionist pressures especially voluntary trade restraint measures on textiles and clothing have remained strong in recent years. Unlike the United States, where the range of restrictions intensified, the EEC has fewer restrictions under the Fourth Round of Multi-Fibre Arrangement MFA (IV) than under MFA (III). Negotiations of bilateral agreements between contracting parties, textile-producing and exporting developing countries and textile-importing developed countries, under the provisions of MFA(IV) are still underway, in order to ensure outlets and access into highly protected markets.

Protectionist pressures continue to hamper exports of textiles and clothing from developing to developed countries, despite the fact that the MFA stipulates that restraints should not normally be applied. For instance, the

40/ MEES, 28 November 1988.

United States' restrictions on imports of textiles and clothing, has substantially increased in recent years. In November 1986, and contrary to MFA (IV) stipulations, the United States threatened to impose mandatory quotas (or limitations) on its imports of certain textiles and apparel from ten countries exporters of textiles, including Egypt, if these countries did not apply voluntary restraints on their exports to the United States. Moreover, the United States has negotiated eight bilateral agreements restricting export of textiles - outside the MFA. In addition, the United States has recently introduced a negotiating programme to lower import growth rates with five of its major suppliers of textiles.

Japan is becoming increasingly protective in view of its having recorded in 1988 its first trade deficit in textiles. Canada announced a new programme of tariff measures, while the EC proposed a more flexible application of its GSP. The EC Commission established an indicative export quota level with a number of textile exporters, including Egypt. The EC introduced greater selectivity by country and product under the MFA and related bilateral agreements. The GSP benefits will cease once exports from any country reach the ceiling of at least 10 per cent of total EEC imports of that textile category under the MFA. As a reference period, the average of sales in 1982-1985 was used. This is based on a "first come, first served" basis. New arrangements were agreed upon between the EEC and Egypt. In this context, mention may be made of the arrangements made in February 1988 between the EEC and Turkey to define the volume of EEC imports of cotton yarn for 1988 and 1989. Such an agreement will have definite implications on future cotton exports of Egypt and the Syrian Arab Republic to the EEC.

The Saudis were more successful with the United States in reducing tariffs on steel products from 11 to 5 per cent as of October 1987.[41/] Moreover, after lengthy discussions within the Congress, the imposition of import fees on oil to curb imports into the United States were ruled out finally by the American Administration.[42/]

41/ MEES, 19 October 1987.
42/ MEES, 20 February 1989.

A positive development in the agricultural sector was the establishment of the Uruguay Round Negotiating Group on Agriculture which held its first meeting in February 1987. In the agricultural sector, the decrease in world prices was compounded or further aggravated by competitive export subsidization pushing some governments to increase compensatory payments to producers. In the United States, the Agricultural Enhancement Programme is being applied to a number of Middle East trading partners, including some from the ESCWA region, in order to boost its recently lost trade to those countries.

E. Protection in the ESCWA Countries

In response to declining export earnings and domestic economic activity, and in an effort to protect local industry, and increase or diversify sources of revenue, protectionist tendencies became more discernible during the mid-eighties in some countries in the region that had hitherto followed liberal import policies.

Effective March 1987, under the Unified Economic Agreement of 1983, the GCC established a common tariff, setting 4 per cent as the standard or minimum tariff rate, and 20 per cent as the maximum rate. The higher tariff rates are applicable to luxury goods and "sensitive" products like cement, aluminium and aluminium products and are intended for protection purposes. It should be noted, though, that this unified tariff is being seldom observed by members of the GCC. For instance, the United Arab Emirates does not impose more than a one to two per cent tariff rate across the board; while in Saudi Arabia, the standard rate is 7 per cent. In December 1988, the GCC States re-confirmed their intention to remove all internal tariffs and to establish their customs union and a free-trade area. Oman will be allowed a five-year grace period to continue to protect its cement, asbestos and plastic industries. Furthermore, a more strict definition of value added content of goods traded within GCC is the subject of ongoing negotiations and controversy, especially between Saudi Arabia and the United Arab Emirates (Dubai). The adoption of a common external tariff was still under consideration in February 1989.

Among the GCC countries and in a move to diversify its sources of revenue, Saudi Arabia (by Royal Decree M/13 of 30 December 1987) unilaterally raised customs tariffs across the board, except for staple commodities, to 12 per cent as of January 1988.[43/] This is applicable to all items which previously enjoyed duty-free entry or the standard 7 per cent tariff rate. A list of 12 food products still enjoys duty-free entry and another list of locally produced goods receives 20 per cent protection instead of 10 per cent (viz. macaroni, confectionery, marble and cement, detergents and soap, iron and steel pipes, bars and rods; fencing and electrical wire and cable; furniture and cement).[44/] The highest import duty (50 per cent) was imposed on tobacco for health reasons, effective April 1989.

Oman imposes a 2 per cent import duty across the board, except for alcoholic drinks, where a 75 per cent duty is levied and a license is required. Higher import tariffs are imposed on items competing with local industries (25 per cent except for cement where the rate is 50 per cent).

Bahrain imposes a 5 per cent duty on imports of foodstuffs, 10 per cent on non-essential items, 20 per cent on aluminium and motor vehicles, 35 per cent on tobacco and 100 per cent on alcoholic drinks. Machinery and raw materials for new industries are granted duty-free entry.

In Iraq, import requirements were relaxed in line with the privatization trend. Thus, preferential treatment is being accorded to imports of machinery and equipment, electrical and household goods, foodstuffs, pharmaceuticals and paper products.

In Egypt, the system of "own-exchange" was temporarily suspended and the Import Rationalization Committee was abolished in 1985. In October 1987, Egypt restricted imports of heavy tractors and parts for motorcycles (Decree 416/1987) and prohibited certain imports of detergents prepared for retail

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43/ The idea to re-impose income tax on foreigners in the GCC countries was shelved before it materialized in January 1988.

44/ MEES, 11 January 1988; and the Economist Intelligence Unit (EIU), Saudi Arabia Country Profile 1988-89, November 1988.

sale. Photography and x-ray machines, closed radioactive isotopes, nuclear reactors may be imported through a license. The new system prohibits imports of few items and imposes high protection for local industries, high tariffs on luxury and non-essential items. This was introduced to control imports and limit outlays of foreign exchange in implementation of the austerity measures. Similar measures were adopted in Jordan for the same reasons. Austerity measures were introduced in November 1988 to curb imports, limit foreign exchange outlays and raise revenues.

The range of import tariffs in Yemen varies from 5 per cent ad valorem to 50 per cent. Imports of luxury items were suspended in July 1986; imports of alcoholic beverages (exist under license), while imports of raw cotton are prohibited in order to protect local produce. Since April 1987, import licenses became necessary for food, pharmaceuticals and raw materials. A 20 per cent duty is imposed on transport equipment, 43 per cent on private cars, 70 per cent on tobacco. On top of that, a 5 per cent defence tax and 2 per cent statistical tax are levied. However, in early 1988, these restrictions were somewhat relaxed, particularly when deposit payments are made.

F. Movements in Currency and Exchange Rates

Other developments of great importance to the external sector involve movements and fluctuations in exchange rates and their alignment to major currencies in the world. A number of the currencies of ESCWA States are linked to the US dollar such as the United Arab Emirates, Saudi Arabia and Yemen. This is why movements in exchange rates and fluctuations have a direct bearing on their economies. All the more so because the price of oil, their major export commodity, is based on the US dollar.

In 1987, the Egyptian Pound was devalued by 63 per cent. Egypt has taken steps since May 1988 to abolish its multi-tier exchange system and to replace it with a single, market-determined system. This was achieved in August 1988 when, as a final step towards a unified exchange rate system, commercial banks shifted to the free-market rate. The Central bank rate, however, continues to apply for cotton, oil exports, Suez Canal revenues and for government imports of basic staple commodities (wheat, flour, sugar and edible oils).

Similarly, in the Syrian Arab Republic, a multiple exchange rate system is applied since 1981 involving an official, parallel (for private sector) and "incentive" rate for tourists and workers' remittances. In August 1986, the coverage of the incentive rate - which was raised from \$1=LS11.75 to \$1=LS22.00 was extended to imports of the private sector. In January 1988, the official exchange rate was devalued from \$1=LS3.925 to LS11.25.

In October 1988, the Jordanian dinar was devalued by close to 48 per cent and by February 1989, all money exchangers were forced to close shop and a fixed rate, replacing the floating free-market rate was established. At the time of writing, the Jordanian Central Bank was still reviewing the exchange control system in the country.

The Iraqi dinar has come under increasing pressure in the nineteen eighties with its free market rate dropping to about one-tenth of its official value. The Lebanese pound has lost virtually all its value and resilience during the eighties, falling from \$1=LL3.00 in 1982 to LL520.00 in Febraury 1989.

Until 1983, the Yemeni rial was pegged to the dollar, after which a parallel market rate was established. Up to 1986, the Yemeni rial depreciated annually against the dollar from \$1=YR5.86 in 1984 to \$1=YR12.25 in 1986; Following the discoveries of oil, the rial gained strength against the dollar, appreciating to \$1=YR9.76 in December 1988.

Oman's rial was devalued in January 1986 from \$1=OR2.90 to OR2.60. Saudi Arabia's riyal was slightly devalued during the 1984-1985 period of the dollar's strength.

G. Privatization

The trend towards "privatization" gained momentum in the course of the 1980s allowing the private sector to play a greater role in the economies of the region. Several ESCWA countries have taken concrete steps in that direction or have explicitly expressed their intention to do so.

Iraq has relaxed import requirements as reflected by the fact that around 95,000 import permits were issued to the private sector in 1988. Directives were also issued to encourage private investment in public companies involving tourism, air transport, agriculture, manufacturing and commerce. Plans to privatize 47 State-owned industries were indicated mostly in textiles, plastics and aluminium products. In hotelerie and tourism serious attempts at involving the private sector were witnessed during 1988-1989. Moreover, the nationalization of Iraqi Airways was announced on 30 July 1988, to become effective six months later. Plans were envisaged to convert the national airline company into a joint stock company, 51 per cent owned by the public sector and the balance by the private sector.[45] In the same spirit, Iraq issued in April 1988 an Arab Investments Law (No. 46 of 1988) to encourage Arab and Iraqi private investments in Iraq.[46/]

Bahraini authorities have called for private sector investments in hotels and in Gulf Air. Democratic Yemen issued incentives to attract private investors, especially from expatriates. Egypt relaxed requirements for private sector imports. Oman announced new directives to promote greater involvement of the private sector in promoting its agricultural sector; while Qatar concentrated on the industrial sector and in setting up new light industries and Saudi Arabia emphasized greater participation of private investments in the oil sector and petrochemicals. The Syrian Arab Republic has also taken measures to allow the private sector to invest in agricultural production and export-import transactions.

45/ Middle East Economic Survey (MEES), 3 August 1988; and, Ibid., 22 August 1988.

46/ For details see Chapter V, Section C.

CHAPTER II. OVERALL TRADE PERFORMANCE

The recession which severely hit the world economy at the onset of the eighties left a heavy imprint on the region's economy. This was compounded by the mounting pressure on oil prices after 1981 and their collapse in 1986, fluctuations in exchange rates, unfavourable balance of payments positions and deteriorating terms of trade, shortages of foreign exchange, decline in purchasing power of exports and worsening debt situation. These factors contributed to a precarious economic situation for the ESCWA countries and a severe setback in the region's overall trade performance compared to the seventies.

Thus, the unprecedented rates of growth witnessed during the second half of the seventies (26 per cent per annum for exports and 27.5 per cent for imports during 1975-1980) were reversed as the region's performance deteriorated sharply during the six years ending in 1986. For the first time in many years, the trade balance of the ESCWA region was in deficit, amounting to $10 billion. Even the sharp recovery in 1987, as exports grew by 24 per cent and broke even with imports, failed to restore the level of the region's exports to their 1985 level prior to the collapse in oil prices and remained way below ($120 billion) their peak level in 1980. (See Table 3).

A. Aggregate Exports

Beginning in 1981 and for six years in a row, exports from the region declined steadily and sharply. The aggregate dollar value of exports from the region shrank from a peak of $198 billion in 1980 to $58 billion in 1986, or 29 per cent below its 1985 level, before recovering by around 24 per cent to $72 billion in 1987, remaining, however, 64 per cent below the 1980 peak. (See Table 3 and Annex Table II.1).

Table 3. ESCWA Region: Average Annual Variation[a] in Exports and Imports
(per cent)

	Exports (f.o.b.)					Imports (c.i.f.)				
	1975-1980	1980-1987	1980-1985	1985-1986	1986-1987	1975-1980	1980-1987	1980-1985	1985-1986	1986-1987
ESCWA region	26.0	-13.5	-16.2	-29.0	24.2	27.5	-2.3	-2.0	-10.3	5.1
Major oil exporters	26.5	-14.3	-17.2	-30.0	24.0	33.5	-3.9	-3.8	-14.1	6.6
Iraq	26.0	-14.2	-17.0	-27.2	19.6	27.0	-8.6	-5.4	-3.5	-27.2
Gulf Co-operation Council	26.5	-14.4	-17.2	-30.4	24.7	35.0	-2.9	-3.4	-16.7	16.0
Bahrain	25.5	-6.5	-4.2	-19.1	-4.3	24.5	-4.0	-2.3	-21.9	7.7
Kuwait	16.7	-11.6	-12.0	-31.1	15.7	22.0	-2.9	-1.3	-6.3	-7.5
Oman	21.5	-1.2	5.8	-49.2	35.9	17.8	0.7	12.8	-24.4	-23.5
Qatar	26.0	-13.1	-11.5	-40.3	7.4	28.5	-3.4	-4.7	-3.5	3.6
Saudi Arabia	30.0	-18.1	-24.0	-26.9	34.3	48.0	-3.0	-4.8	-19.1	27.4
United Arab Emirates	26.0	-8.0	-7.6	-30.4	19.4	27.0	-2.7	-4.9	-14.0	23.8
Other ESCWA Countries	14.3	0.3	0.1	-19.4	25.9	14.5	2.8	3.6	-0.5	1.9
Democratic Yemen	35.5	6.4	-2.4	-27.5	-2.0	15.0	9.1	14.6	-10.8	4.3
Egypt	16.8	5.2	4.1	-21.0	48.3	4.4	13.7	15.4	15.5	3.8
Jordan	30.5	3.6	7.9	-22.8	13.4	27.0	1.7	2.1	-8.4	11.1
Lebanon	-5.0	-5.1	-8.7	6.7	1.9	13.2	-9.3	-10.8	-1.2	9.2
Syrian Arab Republic	17.8	-6.2	-4.9	-19.1	1.9	19.6	-7.0	-0.8	-31.2	-9.0
Yemen	15.9	4.4	-10.8	-38.5	287.5	44.5	-6.2	-9.5	-2.0	7.3
For reference:										
Least Developed Countries[b]	34.0	-6.0	-2.6	-27.7	2.6	32.5	-0.7	-0.7	-6.8	5.8

For source and notes, see Annex Table II.1

a/ Average annual compound rates of growth based on terminal years.

b/ Democratic Yemen and Yemen.

Preliminary data for 1988, indicate that the region's exports may have increased by at least $2 billion, i.e., growing by less than 2 per cent.[1/] This may be largely explained by the 20 per cent average decline in prices of oil[2/], especially during the second half of 1988, as against a 17 per cent expansion in combined crude oil production from the ESCWA region.[3/]

In 1989, the region's exports in dollar terms are forecast to expand by a minimum of $13 billion above their 1987 level, or a 15 per cent increase over 1988. The fact that prices of oil firmed up by about 18 per cent during the first four months of 1989 confirms the likelihood of such expansion being realized, especially after the June 1989 agreement among OPEC members to raise production levels for the second half of the year by 5.4 per cent across the board; demand for oil was expected to rise in the Organization of Economic Co-operation and Development (OECD) countries by 1.6 per cent.

During 1980-1985, the value of the region's exports fell by over 16 per cent per annum. This disappointing performance during the first half of the eighties may be largely attributed to the general decline in oil prices and weakness in prices of non-oil primary commodities. With the exception of Oman, Egypt and Jordan, where positive but mild growth rates were recorded (between 4 to 8 per cent), export earnings of the remaining ESCWA countries traced declining trends of varying slopes. The sharpest declines between 1980 and 1985 were witnessed in Saudi Arabia and Iraq (by 24 per cent and 17 per cent per annum, respectively). This reflected a sizeable annual fall in crude oil production, averaging 24 per cent in Saudi Arabia and 12 per cent in Iraq. Cuts in production of relatively close magnitudes to that of Iraq were effected by Kuwait and Qatar, in attempts to maintain the quotas imposed by OPEC to stabilize the oil market. Oman, Egypt and the Syrian Arab Republic,

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1/ ESCWA secretariat estimates for 1988 and forecasts for 1989 are largely based on those of the Economist Intelligence Unit (EIU) given in country reports and country profiles covering the ESCWA region up to mid-1989.

2/ UNCTAD, Handbook of International Trade and Development Statistics, 1988. IMF staff estimated the fall for 1988 at 14.3 per cent (see: IMF, World Economic Outlook, October 1988). See also, Annex Table I.1.

3/ Combined oil production from Bahrain, Egypt, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates and the two Yemens where production started in 1987.

being non-OPEC members did not have to cut down on their crude oil production. Oman and Egypt managed to record mild growth in their export earnings. Exports from the Syrian Arab Republic, however, declined at an average annual rate of 5 per cent between 1980 and 1985.

In 1986, the ESCWA region, as a whole, experienced a severe setback in its export performance. The sharp fall in exports by 29 per cent may be largely explained by the collapse in oil prices as overall production increased by around one-third. With the exception of Lebanon where a modest growth was realized in export earnings which had significantly diminished since 1975, the remaining ESCWA countries experienced sharp falls in their exports ranging from 49 per cent in the case of Oman to 19 per cent in the case of each of Bahrain and the Syrian Arab Republic. This loss in export earnings occurred notwithstanding a substantial expansion in the output of all the ESCWA oil producers, except Egypt, to compensate for the collapse in oil prices - which were slashed by one-half. Saudi Arabia raised its crude oil production by close to 59 per cent, Kuwait by 51 per cent and Iraq by 20 per cent. On the average, oil production in the region expanded by 32 per cent. Moderate increases were recorded in countries where capacity limitations exist.

In contrast, 1987 witnessed a sharp recovery by 24 per cent in the region's aggregate export earnings. The level of these exports, however, remained way below (36 per cent) the record earnings of 1980. Except for Bahrain[4/] and Democratic Yemen, where the value of exports declined by around 4 per cent, the remaining ESCWA countries recorded substantial growth in their export earnings. Among the GCC countries, exceptionally high growth rates were recorded by Oman and Saudi Arabia; in the case of the latter this is very significant given the weight this country has in the region. The sharp recovery in 1987 largely reflected the impact of higher prices of crude

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4/ The Abu Safah field, equally owned by Saudi Arabia and Bahrain, was shutdown in early 1987 by ARAMCO pursuant to the decline in crude oil exports from Saudi Arabia. Bahrain's crude oil production fell by 2 per cent, as did the output and exports of refined products. (See: Middle East Economic Survey, 20 July 1987).

oil (up by 28.4 per cent) as the volume of crude oil exports from the region declined by 3.6 per cent (see Table 2 and Annex Table I.1). Cutbacks in production, mainly by Saudi Arabia (16.3 per cent), Kuwait (12.6 per cent) and Qatar (9 per cent) were compensated for by improved prices resulting in higher export earnings in the order of 34 per cent, 16 per cent and 7 per cent, respectively. Higher prices were combined with an expansion in output in the Syrian Arab Republic (25 per cent), Iraq (21 per cent), Egypt (12 per cent) and to a lesser extent the United Arab Emirates (7 per cent) and Oman (2 per cent). The increase in overall export earnings, however, varied widely from 2 per cent in the Syrian Arab Republic to 20 per cent in both Iraq and the United Arab Emirates; in the case of Egypt, earnings almost doubled - attaining a record level for the eighties.

Preliminary estimates for 1988 indicate that exports declined in most of the GCC countries and Egypt. These declines were more or less offset by rises recorded in Bahrain, Iraq, Jordan and the two Yemens resulting in an estimatd 2 per cent growth in aggregate exports from the region. Crude oil production in the ESCWA region expanded by around 17 per cent in 1988, reflecting mainly a 19.8 per cent expansion in Saudi Arabia's oil output and 18.8 per cent in that of Kuwait. With the exception of Egypt where a deliberate cut was effected, higher output was recorded in the remaining ESCWA oil producers, and small additions by the two Yemens. (See Table 2).

New, and often significant, oil discoveries were made in Yemen, Democratic Yemen, Egypt, the Syrian Arab Republic and Jordan. This provided an additional boost to the fragile economies of these countries, especially the heavily indebted (Egypt) and the least developed amongst them. Also, in South and Central Oman, two new discoveries were made during August 1988.

In Democratic Yemen, the discovery of oil in comercial quantities in Shabwa field, where exploration began in 1985, was confirmed in 1987. Crude oil exports are expected to begin by end 1989 when the construction of an export pipeline linking the coastal terminal of Bir Ali to the Shawba oilfield is completed. At present, current production is being trucked by land to the Aden refinery. In Yemen, oil production and exports started by end 1987, despite some marketing problems, and new discoveries are still being made. A joint oil exploration company between the two Yemens was set up which will start functioning by end 1989. Production of crude oil in Egypt expanded in 1987 by around 12 per cent with 21 oil and gas discoveries and 12 new fields going on stream. Meanwhile, a decision was taken to maintain production for the five years beginning in 1988 at the 1987 level of 870,000 barrels per day[5/]. In Jordan, oil was discovered in late 1984 in the Hamzah field of Al-Azraq area in North Central Jordan, and in July 1987 in Risha area. The quantities discovered are directed to meet domestic demand and consumption, in part, thus helping to reduce the oil import bill. The expansion in crude oil production in the Syrian Arab Republic during the next two years is expected to come mainly from the Deir El-Zor and the Al-Sham concessions. The discovery of new oil fields in these two concessions like the Tayani and Tanak, the installation of two new fields in Al-Ward and Al-Asharah, the new Tayyim field and the Omar field in Deir-El-Zor were all scheduled for completion during 1987 and 1988.[6/] In Oman, a new large oil field was discovered in August 1988, the Zumurrud Field[7/], which will increase the country's production capacity and reserves.

At the individual country level, export performance has been also influenced by the adverse movements in prices of non-oil commodity exports such as aluminium in Bahrain, cotton in Egypt and the Syrian Arab Republic and phosphates in Jordan and, to some extent, the Syrian Arab Republic. In addition to these traditional exports, new export industries such as petrochemicals and fertilizers in Saudi Arabia, Kuwait, Qatar and the United Arab Emirates have emerged in recent years as leading non-oil exports. Being oil-derivatives, their prices are more or less linked to movements and fluctuations in prices of crude oil.

5/ GATT, Review of Developments in the Trading System, April-September 1987 (L/6289), p.17.

6/ MEES (various issues 1987-1989); and Economist Intelligence Unit (EIU), Syria Country Report (No.2, 1989), 28 April 1989.

7/ EIU, Oman Country Report (No. 2, 1989), May 1989.

Bahrain is among the more diversified economies of the GCC countries. Recently, its traditional role as an entrepot trade centre has been weakened because of the newly built Saudi ports of Jubail and Yanbu. Exports from Bahrain followed a declining trend since the early eighties and by 1987, they had shrunk to half their 1981 level. Preliminary data for 1988 reveal a small growth in total exports by 5 per cent, especially those of refined products and aluminium. Forecasts for 1989 point to another growth of equal dimension, based on an average price of $ 16.5 per barrel of oil[8/] and a restoration of confidence subsequent to the cease-fire between Iran and Iraq. Prices of aluminium, Bahrain's second leading export item after refined oil, recorded sharp falls in 1982 and 1985, and remained depressed in 1986 and most of 1987, before sharply recovering in September 1987 and continuing their upward climb throughout 1988, to stand 63 per cent above their level in 1987 and 43 per cent above that of 1980.[9/] The fall in aluminium prices was associated with higher export volumes (20 per cent in 1985 and 40 per cent in 1986). In 1988, the combined effect of growth in the volume exports by 10 per cent and higher prices was reflected in an increase in the value of aluminium exports by more than two-thirds. Aluminium production had been expanding in recent years. In 1988, however, production was up by only 1.4 per cent, since the plants were already operating at 98 per cent capacity. Plans to raise capacity of smelter plants are already under execution: One was completed in 1988 and the other is scheduled for completion during 1990-1991.[10/] A major expansion project for Aluminium Bahrain (ALBA) has recently been given the green light. This will raise capacity by between 50 to 75 per cent. The expansion is scheduled for completion by 1992 and will be financed through export credits, equity and commercial loans. The Bahrain-Saudi Aluminium Marketing Company was recently established to market aluminium products in the GCC countries and other Arab and international markets.

8/ The Economist Intelligence Unit, Bahrain Country Report (No. 2, 1989), May 1989.

9/ UNCTAD, Handbook of International Trade and Development Statistics, 1988. The United Nations export price index of aluminium for 1988 was 85 per cent above its 1985 level and 33 per cent above the 1980 base year. (See: United Nations, Monthly Bulletin of Stastistics, (May 1989).

10/ Middle East Economic Survey (MEES), 24 August 1987; and Ibid., 30 January 1989.

Between 1980 and 1985, exports from Egypt fluctuated within a narrow range of less than 5 per cent, before falling by over 20 per cent in 1986; exports recovered sharply in 1987, rising by 48 per cent. This coincided with efforts to promote exports and increase earnings of foreign exchange, whereby the policy of exporting only those goods for which local demand is non-existant or that are in surplus was abandoned. At the same time, the devaluation of the Egyptian Pound by 63 per cent increased the price-competitiveness of Egyptian goods and provided an additional boost to exports. Furthermore, serious efforts were exerted to improve marketing techniques and packaging, especially of fruits and vegetables. In effect, technical assistance was provided by the World Bank towards that end which enhanced Egypt's chances of access into international markets.

Preliminary information for 1988, point to a 15 per cent fall in exports, largely due to the drop in oil output because of maintenance and technical problems, and, most importantly, a 5 per cent cut in production in support of OPEC's efforts to stabilize the oil market. This also coincided with implementation of the decision to maintain oil production for the next five years at the 1987 level. Forecasts for 1989 point to a further decline by at least 6 per cent in export earnings due to an expected fall in both, oil and cotton sales.[11/]

Egypt's earnings from cotton exports fluctuated in a declining trend in line with movements in prices and quantities produced. Their share in exports, however, was maintained between 14 to 15 per cent of the total during 1980-1987. During the early eighties, production of cotton almost stagnated, even falling slightly in 1982 and 1983, because of bad crops. Beginning in 1986, output fell for three years in succession. Prices of cotton fluctuated considerably and underwent two sharp falls: One in 1982 and another in 1986. The latter brought the United Nations export price index 39 per cent below its 1980 level. In 1987, prices of cotton recovered significantly, with the export price index improving by 18 percentage points, and despite another fall in

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11/ The Economist Intelligence Unit (EIU), Egypt Country Report (No. 2, 1989), 22 May 1989.

production, higher export earnings were recorded. This was reversed in 1988 as export earnings from cotton declined substantially, due to a 30 per cent fall in cotton production with prices slipping. The export price index for the second half of 1988 fell by 10 percentage points below its level a year earlier, which brought the index 23 per cent below its level in 1980.[12/] A marginal expansion by 5 per cent, in cotton production is expected in 1989, nevertheless, cotton sales are forecast to decline further in line with prices. Cotton farmers in Egypt receive subsidies on pesticides and fertilizers as an inducement to grow cotton instead of feeder crop (barseem) which has quicker and more stable returns. In addition, premium payments for early crops are being offered to raise production. However, notwithstanding an increase by 34 per cent in cotton procurement or farmgate prices, effective March 1989, returns will still be only 35 per cent of world prices. In fact, Egypt stands to lose its rank as the world's main supplier of long staple cotton and the first cotton exporter among developing countries, if production does not expand. Furthermore, given the policy that at least three-fourths of cotton production should go into domestic fabric and textiles industries implies that less raw cotton will be available for export.

Jordan's economy has benefited from the closure of Iraq's ports since the early 1980s as a result of the Iraq-Iran War. This increased the use of Jordan's transit routes and facilities (roads and the port of Aqaba on the Red Sea). Jordanian exports were able to sustain the economic crisis of the early eighties and recorded moderate growth of about 8 per cent per annum during 1980-1985. In 1986, exports declined by 23 per cent and then grew by 13 per cent in the following year due to a five-fold increase in phosphate exports. This was largely attributed to an expansion in production and volume sales as prices of phosphates fell sharply in 1987. Production of phosphates almost doubled between 1983 and 1987, but shrank by 20 per cent in 1988 and so did exports. Prices of phosphate rock have come under pressure since 1981. By 1987, prices hit their lowest level during the eighties as the United Nations export price index stood 40 per cent below the 1980 level.[13/] In 1988,

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12/ United Nations, Monthly Bulletin of Statistics, May 1989. The UNCTAD index of free market prices for cotton fell by 15 per cent in 1988 which brought it 32 per cent below the 1980 level. (See: UNCTAD, Handbook of International Trade and Development Statistics, 1988).

13/ The UNCTAD index of free-market prices of phosphate rock in 1987 was 28 per cent below the 1980 base year. (See: UNCTAD, op.cit.).

prices improved by 15 per cent but the index remained 31 per cent below its 1980 level. Information covering the first two months of 1989, show a continuation of the trend, with the index rising by 12 percentage points.

Preliminary data covering the first ten months of 1988 indicate an increase by 29 per cent in the value of exports over the previous year.14/ Exports are forecast to continue rising in 1989, despite an expected reduction in production of phosphate rock. Exports of phosphates are being increasingly used in countertrade arrangements. The devaluation of the Jordanian dinar in late 1988 is likely to enhance the competitiveness of Jordanian goods and increase their attractiveness in export markets. Furthermore, prospects appear to be promising, given modernization and expansion plans to raise efficiency and reduce costs of production, in addition to the implementation of new marketing techniques.

Despite the dearth of reported information and stastistics on the external sector of Iraq during the eighties, a relatively clear picture may be construed - based on partner countries' trade data and estimates relating to the oil sector. Iraq's exports came under strong pressure since 1981 under the impact of the recession, unfavourable developments in the oil market and the pressure of the Iran-Iraq War, especially with the closure of most of its primary oil export outlets. The decline in exports during 1980-1985 by an average of 17 per cent per annum was followed by a further steep decline of around 27 per cent in 1986, due to the collapse in oil prices. In 1987, export earnings grew by around one-fifth above their level a year earlier, mainly due to higher crude oil prices and increased production. Extensive resort to bilateral trade agreements, trade contracts and countertrade arrangements have also had a positive impact on the growth of exports. Continued assistance provided by neighbouring Arab countries ("war-relief" by Saudi Arabia and Kuwait) in meeting Iraq's oil obligations towards trading partners is an additional factor. Furthermore, in 1987, the Government introduced a series of reforms to promote exports and encourage greater participation of the private sector in the external sector. Thus, Iraq's

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14/ Economist Intelligence Unit (EIU), Jordan Country Report (No. 2, 1989), 14 April 1989.

non-oil exports increased considerably during the second half of the eighties. In 1986 and 1987, such exports included construction materials, textiles, aluminium, plastic articles and foodstuffs. Preliminary estimates for 1988 point to a meagre 3 per cent gain in export earnings due to the resumption of the fall in oil prices, despite an expansion in crude oil production by more than 25 per cent. Forecasts for 1989 are more optimistic as they envisage a 10 per cent growth in total exports[15/]. The modernization, expansion and recommissioning of facilities are expected to raise Iraq's production capacity and give an additional boost to its export potential in subsequent years.

Having declined sharply by 31 per cent in 1986, Kuwait's exports recovered by around 16 per cent in 1987. Preliminary data covering the first nine months of 1988 show a 31 per cent decline in Kuwait's oil revenues compared to the corresponding period in 1987. In 1989, exports are forecast to continue declining by a minimum of 5 per cent[16/].

Data on Democratic Yemen is generally unreliable and contradictory, especially when it comes to reporting on oil trade, i.e. exports of refined products and imports of crude oil. The discovery of oil in 1987 and the commencement of production activities compounded the problem. Nevertheless, as far as possible, a picture was composed from partner countries' data and estimates. Exports are estimated to have almost doubled in 1988, but were not expected to rise significantly in 1989, because oil output is not projected to expand[17/]. Crude oil exports are expected to commence in small quantities during late 1989, but the main thrust is envisaged beginning 1991.

The economy of Yemen was hit during the early eighties by two catastrophies: A severe earthquake in 1982 and drought in 1983. However, prospects improved significantly with the discovery of oil in 1987 in commercial quantities. Oil exports began in late 1987 but the process faced a

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15/ EIU, Iraq Country Report (No. 2, 1989), April 1989.
16/ EIU, Kuwait Country Report (No. 2, 1989), March 1989.
17/ EIU. South Yemen Country Report (No. 2, 1989), May 1989.

number of problems in sales, contracts and pricing. In 1988, exports are estimated to have reached a little less than half a billion US dollars, or to have increased ten-fold. In 1989, exports are projected to rise by less than 10 per cent[18/].

Qatar's total export earnings shrank by around two-thirds, between 1980 and 1987. In 1988, Qatar's exports are estimated to have fallen by 16 per cent, despite its having exceeded its OPEC quota to compensate for the decline in prices. Forecasts for 1989 indicate that exports will level off, given the rise in oil prices during the first quarter of 1989 and Qatar's declared intention to adhere to its production quota. Earnings from its other exports (urea and ammonia, sulphur, petrochemicals, steel, gas) are however expected to increase as a result of planned expansions in production and higher world prices, especially for urea and ammonia[19/]. Already during the first quarter of 1989, gains have been reported in exports of steel (50 per cent), rises in output of fertilizers (7 per cent) and gas (16 per cent).

Oman's exports were, more or less, maintained at the same level between 1980 and 1985, growing at the modest average rate of close to 6 per cent per annum, before they shrank by 40 per cent in 1986. In 1987, export earnings increased by 7.4 per cent. Total exports for 1988 are estimated to have declined by a minimum of 6.7 per cent below their 1987 level. Oman's role in bringing together and forming the group of seven independent non-OPEC States is worth noting. Oman is among the first supporters of OPEC in its efforts to stabilize the oil market and in cutting back its oil production by 5 per cent for the first half of 1989. Forecasts for 1989, based on the firmness of oil prices during the first four months of the year, an estimated average annual price of $16.5 per barrel and a 5 per cent cut in oil production, point to an increase in total exports by around 6 per cent to attain the same level as in 1987. Non- oil exports are also expected to double in 1989, especially copper ore[20/].

18/ EIU, Yemen Country Report (No. 2, 1989), May 1989.

19/ EIU, Qatar Country Report (No. 2, 1989), May 1989.

20/ EIU, Oman Country Profile, 1988-89, November 1988; and Ibid., Oman Country Report (No. 2, 1989), May 1989.

Much has been said about the role Saudi Arabia played in developments in oil markets at the international and regional levels. Suffice it to point out that developments at the regional level continue to closely mirror those of Saudi Arabia, particularly with regards to exports. The recent fall in oil prices during the second half of 1988 is partly linked to Saudi Arabia having exceeded its production quota, in order to move other OPEC members to adhere to theirs, even at the risk of a fall in prices[21/]. The rise in oil prices during the first four months of 1989, may also be attributed to Saudi Arabia's observance of its quota limits, although solidarity between OPEC and non-OPEC members, and some accidents in oil production in the Northern Hemisphere, have also been contributing factors.

Saudi Arabia's exports are estimated to have risen by 10 per cent in 1988, after having expanded by over one-third in 1987. Oil aside, the value and volume of most of its other exports rose significantly, notably refined products, petrochemicals and fertilizers, except for urea. Forecasts for 1989 point to a stronger performance, and indicate a 17 per cent increase in oil poduction in conformity with the June 1989 OPEC agreement and the flexible definition of production adopted by OPEC[22/]. The rise in oil prices during early 1989 has definitely improved prospects, not only for Saudi Arabia but also for the region's export peformance as a whole.

Exports of the United Arab Emirates, notably oil and gas, were halved in 1986 compared to 1982 record level. In 1987, total exports were about one-fifth above their level a year earlier. Increases in the value of oil, gas and non-oil exports were recorded. Non-oil exports alone increased by 55 per cent in 1987. In contrast, oil revenues in the United Arab Emirates fell by around 24 per cent in 1988, due to the fall in oil prices. Forecasts for 1989, indicate a 37 per cent increase in oil revenues[23/].

21/ EIU, Saudi Arabia Country Profile, 1988-89, November 1988.

22/ The definition allows formal use of overseas stock maneouvering to manipulate average production levels for quota purposes. (See EIU, Saudi Arabia Country Report (No. 2, 1989), 4 May 1989.

23/ EIU, United Arab Emirates Country Report (No.1,1989), 10 March 1989.

In the Syrian Arab Republic, exports have been falling since 1980, largely due to the decline in prices and volume of oil and cotton exports. In 1987 and 1988, export earnings marginally improved, by less than 2 per cent, with production of oil steadily expanding and cotton crops improving. In 1989, a projected rise by 33 per cent in oil production is expected to lead to a 75 per cent increase in oil revenues[24/]. The Syrian Arab Republic has strong and special trade links with Iran and the USSR. Iran has been supplying the Syrian Arab Republic with oil since 1983, despite some tension and disagreement on the terms of the agreement during 1985 and 1986. Under an agreement (signed in April 1987) Iran is to supply one million tons of free oil and 2 million of contract oil, to be paid in cash at 10 per cent below official prices. In March 1988, the agreement was extended for another year with payment for contract oil to be made at market prices.[25/] Given the new discoveries in oil and improvement in prices, the picture for higher export earnings and better export performance looks much brighter for 1989 and 1990.

In Lebanon, the latest official figures cover 1973. But, based on estimates and partner countries' data, exports have dwindled and shrank considerably due to the political instability that has devastated the country since 1975. Although exports slightly grew up to 1980-1981, it was not possible to maintain such a trend for a longer period. Thus, exports declined at an average rate of 9 per cent per annum during 1980-1985 falling from $868 million to $551 million. In 1987, exports mildly grew at less than 2 per cent to reach about $600 million.

B. Aggregate Imports

In contrast to exports, the level of which began to slip in 1981 after having peaked in 1980, the region's imports continued to grow rapidly through 1982, reaching $111 billion, before falling for four consecutive years. During 1983-1986, the region's aggregate imports fell by 10 per cent each year,

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24/ Ibid., Syria Country Report, (No. 2, 1989), 28 April 1989.
25/ MEES, 4 May 1987; Ibid., 11 May 1987; and Ibid., 25 April 1988.

except for 1985 when they were compressed by 16 per cent in line with reduced export earnings. This brought the level of imports to $67.8 billion, or the equivalent of 61 per cent their peak level in 1982. For the first time in many years, the region's overall trade balance was in deficit as it was not possible to curb imports sufficiently to match the sharp decline in exports. In 1987, the region's imports grew by some 5 per cent to reach around $71.3 billion; with exports growing at a faster rate, exports and imports broke even, resulting in a negligible trade surplus. The growth in imports in 1987 reflected higher import prices more than volume increases, since restrictions and budgetary constraints curtailing imports at the individual country levels were not lifted. Prices of manufactured goods imports grew by 12 per cent in 1987, as reflected by the export price index of manufactured goods exported by industrial countries. At the same time, the quantum of imports of the Middle East region fell by 8.7 per cent.[26/] (See Annex Table I.1).

Similarly, the value of the major oil exporters' imports (GCC countries and Iraq), having peaked in 1982 to attain $88 billion, or $20 billion above their 1980 level, was almost halved in 1986 and shrank to $47 billion. In 1987, higher export earnings encouraged the GCC countries (and Iraq) to relax their import restrictions and to encourage, in the latter country, the private sector to increase its participation in trade transactions. This raised the value of their combined imports to $50 billion which, nevertheless remained $16 billion below the 1980 level. In contrast, the level of imports into the other ESCWA countries fluctuated by as much as $4 to $7 billion during 1980-1987, a reflection of the inelasticity of import demand in these countries. Combined imports varied from $18 billion in 1980 to $25 billion in 1983 attaining $21 billion in 1987.

Preliminary data for 1988 point to a growth by 5 per cent in the region's imports, a growth equal in magnitude to that recorded in 1987. In a number of ESCWA countries demand for imports is highly inelastic (e.g. Egypt) implying that deeper cuts in imports were not possible. Other countries managed to curb their imports, notably Kuwait, the United Arab Emirates, Jordan and the

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26/ The Middle East region is defined by the IMF to include in additon to the ESCWA countries, Iran, Israel and the Libyan Arab Jamahiriya.

Syrian Arab Republic. In Yemen, the discovery of oil and increased export earnings resulted in a surge of imports for development and exploration purposes. In Qatar, Oman, Bahrain and Iraq, the modernization, rehabilitation and expansionary projects provide most of the explanation for increased imports.

Forecasts for 1989 indicate another modest rise in total imports into the region by around 4 per cent.27/ The pressure to curtail imports reflected a conscious effort by Governments of ESCWA member States, especially the GCC countries, to curtail imports under the impact of falling export earnings and loss of purchasing power of exports related to a deterioration in terms of trade and depreciation of the United States dollar. Enforcement of austerity measures, efforts to reduce trade deficits and save on foreign exchange outlays seem to be behind import cutbacks in Egypt, Jordan and the Syrian Arab Republic. Given the significance of imports in the economies of the ESCWA region, the continued curtailment of imports can have unfavourable and negative repercussions on the process of development.

During the second half of the eighties, while the decline in the volume of imports was accelerating at a fast rate, the fall in import prices (mainly of manufactured goods from developed market-economies) tapered off before sharply rising in 1986. Thus, the IMF export price index of manufactured goods grew by 17.7 per cent in 1986 and by 12 per cent in 1987. The IMF estimates point to a slow-down or deceleration in growth of import prices to 8 per cent in 1988, with inflation appearing to have remained under control, and a 3.7 per cent growth rate projected for 1989.28/

Lower export earnings by the major oil exporters have affected the ability of the non-oil exporters from the region to import. These countries have relied heavily on the GCC countries and Iraq to absorb sizeable portions of their exports and to be a source of substantial flows of foreign exchange in the form of aid and workers' remittances. These, in recent years, have all come increasingly under pressure and contracted.

27/ See footnote 1/ of this Chapter.

28/ IMF, World Economic Outlook, October 1988; and GATT, Review of Developments in Trading Systems, October 1986 - March 1987 (L/6205), p. 18.

At the individual country level, the decline in imports during 1980-1986, and especially in 1986, was common to all countries in the region, except for Egypt, whose imports grew on the average by around 15 per cent per annum. A mixed pattern appeared in 1987 with imports of several countries in the region continuing to undergo cuts and others managing, with increased export earnings, to expand their imports. Among the first group, the largest cuts were registered in Iraq (27 per cent) and Oman (24 per cent); the smallest in Kuwait and the Syrian Arab Republic (between 8 and 9 per cent). Expansions in imports ranged between 27 per cent in Saudi Arabia and 24 per cent in the United Arab Emirates, and 4 per cent in Qatar and Democratic Yemen.

In Democratic Yemen, imports fell sharply following the introduction of import restrictions in 1986, but somewhat picked up in 1987. Austerity measures were also applied in Egypt due to shortages of foreign exchange and despite the inelasticity in its import demand.[29/]

In Jordan, import restrictions on electrical goods and motor vehicles introduced in November 1987 led to a contraction in imports in 1988. Additional austerity measures were introduced in November 1988, which included prohibiting imports of luxury goods for a period of 15 months and a postponement of a number of development projects. This was meant to lead to a levelling off of imports in 1989. The fall in imports may also be linked to the devaluation of the Jordanian dinar which rendered luxury imports more costly in local currency and reduced demand for them.

In contrast, Iraq's import requirements have been relaxed for the private sector and preferential treatment is being accorded to imports of auto and machinery spare parts, industrial and agricultural equipment, construction materials and chemicals, electrical accessories and household equipment, foodstuffs, pharmaceuticals and paper products. By early 1989, around 95,000 permits were issued for imports worth $4.2 billion.

29/ Under its Commodity Import Programme, the United States offered Egypt credit to import raw materials and capital goods.

In Qatar, imports are expected to expand because of the ongoing construction of the huge gas projects of the North Field requiring heavy-duty machinery and equipment, to be completed by 1990.

In the United Arab Emirates, the influx of a large number of expatriates has contributed to raising the level of imports, especially for food items. The departure of a large number of workers in recent years, has worked towards reducing the level of imports in volume terms. Imports into the United Arab Emirates are expected to expand in 1989, given the projected rise in prices of manufactured goods.

The unfavourable overall export and import trends outlined above have been reflected in an erosion of the region's position in global world trade. Between 1980 and 1987, the share of the region in world exports shrank from 9.9 per cent to 2.9 per cent and from 4.1 per cent to 2.7 per cent in the case of imports. In 1988, this share fell to 2.6 per cent of each, exports and imports.

C. Export/import ratios

The ability of the region to finance its imports from export proceeds has been considerably eroded in recent years, as clearly reflected in the deterioration in the ratio of exports to imports. This ratio was halved between 1980 and 1982, falling from 2.4 to 1.2, as exports significantly contracted, while imports rose rapidly (see Table 4). The persistent decline in exports during the following three years and the curtailment of imports more or less in line with exports, resulted in an export/import ratio slightly above unity. In 1986, and for the first time in many years, the export/import ratio fell below unity (to 0.85), as the decline in exports was more pronounced than in imports; regional exports were sufficient to cover only 10.5 months of imports. In 1987, with exports growing at a faster rate than imports, the export/import ratio rose slightly above unity. In 1988, once again the ratio is estimated to have fallen below unity. However, in 1989, exports are expected to be sufficient to purchase at least 13 months of imports; and indications based on the first four months of 1989 confirm this.

Table 4. ESCWA Region: Export/Import Ratios
(in terms of current and 1980 imports)

	1975	1980	1981	1982	1983	1984	1985	1986	1987
ESCWA Region									
Current imports	2.51	2.36	1.83	1.25	1.01	1.03	1.08	0.85	1.01
1980 imports	0.74	2.36	2.28	1.65	1.20	1.10	0.97	0.69	0.86
Major Oil Exporters									
Current imports	3.70	2.88	2.28	1.49	1.25	1.29	1.36	1.11	1.29
1980 imports	0.88	2.88	2.78	1.98	1.41	1.29	1.12	0.78	0.97
Iraq									
Current imports	1.97	1.88	0.51	0.48	0.80	0.83	0.98	0.74	1.22
1980 imports	0.60	1.88	0.76	0.73	0.70	0.66	0.74	0.54	0.65
GCC Countries									
Current imports	4.33	3.14	2.90	1.82	1.34	1.38	1.45	1.21	1.30
1980 imports	0.96	3.14	3.32	2.32	1.60	1.46	1.22	0.85	1.06
Other ESCWA Countries									
Current imports	0.42	0.42	0.32	0.33	0.29	0.29	0.35	0.28	0.35
1980 imports	0.21	0.42	0.43	0.42	0.40	0.39	0.42	0.34	0.43

For source and notes, see Annex Tables II.2 and II.3.

These developments mirrored closely the situation in the GCC countries and Iraq, as the overall export/import ratio of the other ESCWA countries fluctuated within a narrow range, disclosing their limited potential and resources and the inelasticities of their import requirements, declining in the process from 0.42 in 1980 to 0.28 in 1986, but recovering in 1987 to 0.35 (i.e. exports were sufficient to cover slightly over 4 months of imports).

Among the countries which were particularly affected by these unfavourable trends, mention should be made of Saudi Arabia, whose exports in 1980 were sufficient to buy three and one-half years of imports; by 1987, they could only cover 13 months. In Kuwait, the export to import ratio was slashed by half between 1980 and 1987, as exports' coverage of imports fell from 3 years to 18 months of imports; while in Qatar, the coverage diminished from 4 years' imports to 21 months. (See Annex Table II.2). The more significant decline was in Lebanon, where economic activity reached its lowest ebb after more than 15 years of civil strife.

Relating exports to the level of imports in 1980, to make allowances for what appears to have been unduly high imports in 1982 and 1983 and deliberately compressed imports thereafter, reveals a deeper erosion of the ability of the region to meet its import requirements by exporting goods (see Annex Table II.3). In 1987, exports were able to cover only 10 months of imports at the 1980 rate, compared to 12 months at the current rate.

CHAPTER III. COMMODITY STRUCTURE OF TRADE

A. Imports

Reduced export earnings have compelled ESCWA member countries in recent years to curtail their imports of luxury items and non-essential goods. Meanwhile, the structural pattern of imports for the ESCWA region underwent some significant changes during the 1980s. First, the share of chemicals in total imports doubled to 10 per cent between 1980 and 1987. Second, the share of fuels declined from 7 to 2 per cent as a result of the fall in prices and volumes. This reflected the general economic environment and political instability prevailing in the region causing interruptions in operations of refineries (Lebanon) and closure of borders (Iraq-Syrian Arab Republic); coupled with reduced import demand as a result of new oil discoveries in some countries. Imports of food items gained in relative importance, despite efforts aimed at improving food security and self-sufficiency, as their share in aggregate imports grew from about 15 per cent in 1980 to 19 per cent in 1987. The region continued to rely on the EEC for a growing share of its needs of foodstuffs - 36 per cent in 1987; while the United States supplied one-fourth and other developing countries around 15 per cent of the region's food imports.

Machinery, transport equipment and other manufactured goods continued to dominate imports, though their combined share declined somewhat from 63 per cent in 1980 to 59 per cent in 1987, having accounted for 56 per cent in 1975. (See Table 5 and Annex Table III.1). The decline in relative importance of these imports may be largely attributed to volume contractions as prices of internationally traded manufactured goods increased only after 1985. Imports dropped following the completion of many development projects and/or their postponement due to budgetary constraints, and the fiscal retrenchment policies imposed by ESCWA countries in the wake of the collapse in oil prices and the substantial reduction in export earnings below the peaks attained in 1981. The sources of these imports did not basically change disclosing the continued heavy external dependence of the region. In 1987, two-fifths of the regions' needs of machinery originated in the EEC, one-fourth

Table 5. ESCWA Region: Overall Commodity Structure of Trade
(per cent of total)

	SITC Section	1975	1980	1985	1986	1987
				Imports (c.i.f.)		
Food items	0+1+22+4	19.35	15.39	16.11	18.98	19.32
Agricultural raw materials	2-22-27-28	2.43	1.59	1.93	1.73	2.14
Ores and metals	27+28+67+68	8.96	7.31	7.05	6.20	5.62
Fuels	3	5.93	6.69	2.39	1.96	2.01
Chemicals	5	6.80	5.13	7.54	8.02	9.98
Machinery & transport equipment	7	35.73	36.62	37.26	35.61	34.57
Other manufactured goods	6+8-67-68	20.43	26.66	26.53	25.59	24.56
Total	0 to 9	100.00	100.00	100.00	100.00	100.00
				Exports (f.o.b.)		
Food items	0+1+22+4	1.19	0.52	0.94	1.28	1.23
Agricultural raw materials	2-22-27-28	1.26	0.35	0.97	1.21	1.05
Ores and metals	27+28+67+68	0.58	0.66	1.41	2.03	2.00
Fuels	3	92.89	96.09	91.78	88.44	87.92
Chemicals	5	1.11	0.69	1.19	2.68	2.66
Machinery & transport equipment	7	1.02	0.75	1.58	1.62	1.44
Other manufactured goods	6+8-67-68	1.92	0.89	1.64	2.10	3.19
Total	0 to 9	100.00	100.00	100.00	100.00	100.00

For source and notes, see Annex Table III.1

Details may not add up due to rounding.

in Japan and 16 per cent in the United States. The bulk of the region's other manufactured goods came from the EEC (38 per cent), while developing countries in Asia and Japan supplied around one-fifth and 16 per cent, respectively (See Annex Tables III.2 and III.3).

The remaining import categories fluctuated within one to two percentage points of their initial shares in 1980: Ores and metals between 6 and 7 per cent, and agricultural raw materials around 2 per cent. This reflected, among other things, the limited use the region has for such imports, given the prevailing stage of industrialization.

The structure of imports in the GCC countries, and changes therein, mirrors closely that of the region as a whole, as the bulk of the region's trade originates with these countries, notably in Saudi Arabia. Imports of chemicals into the GCC countries doubled to 8 per cent between 1980 and 1987, at the expense of a decline in the share of fuels and of ores and metals. Manufactured goods, including machinery and equipment, continued to dominate GCC imports, having grown from 67 per cent in 1980 to account for 70 per cent of the total in 1987; while the share of imports of food items fluctuated around 13 per cent over the same period. For instance, efforts to restrict imports of food items and attain self-sufficiency in food continued in Saudi Arabia where the cultivation of barley and wheat are heavily subsidized. In Oman, policies to encourage the private sector's involvement in the agricultural sector are being implemented.

In Bahrain, a somewhat different structure from other GCC countries exists with imports of fuels (Saudi crude oil for Bahrain Sitra refinery) accounting, on the average, for more than half of total imports - the balance consisting largely of manufactured goods, alumina from Australia for the smelter and food items.

The structure of imports of the other ESCWA countries has remained fairly stable with no major shifts in concentration. Manufactured goods continued to account for around one-half of this group's combined imports, while food items constituted around one-fourth of the total. At the country level, Jordan's oil import bill declined after 1985 as a result of the recent discoveries of oil. The same applies to Yemen, the Syrian Arab Republic and Egypt. In the case of the Syrian Arab Republic, expansions and modernizations of existing refineries may explain the reduction in its imports of fuels. In Democratic Yemen, fuel for the Aden refinery constitute a large portion of total imports, averaging more than half during the period reviewed. In Lebanon, the decline in imports of fuels is largely a result of the interruptions in refinery operations and reduced overall economic activity due to the persistence of political instability.

Overall Exports

Under the influence of the recession in developed countries, sluggish world demand for oil and mounting pressure on oil prices, oil exports declined in value and relative importance. The share of fuels in the region's exports declined from 96 per cent in 1980 to 88 per cent in 1986 and 1987. The share of chemicals and of manufactured goods (other than machinery and equipment), grew each from less than 1 per cent in 1980 to account for approximately 3 per cent of total exports in 1987. Also, the share of ores and metals improved from less than 1 per cent to 2 per cent, and that of food items from 0.5 per cent to 1.2 per cent, over the same period.

Exports of fuels from the region continued to be largely consumed outside it, with some shifts in their geographic distribution taking place during the eighties. The share of the EEC, which used to be the main consumer, fell from one-third of the region's fuel exports in 1980 to less than one-fourth in 1987. Japan overtook the EEC and came to occupy first position, consuming one-third of the region's fuel exports in 1987; while one-fifth went to the other developing countries and about 13 per cent to the United States. (See Annex Tables III.4 and III.5).

The main outlet for the region's food exports and manufactured goods is the regional market, absorbing some two-fifths and one-third, respectively, of the total. The European Community is the main consumer of the region's agricultural raw materials (cotton) and its ores and metals (phosphates and aluminium), absorbing about one-third of each. One-fifth of the region's exports of ores and metals goes to Japan and an equal share to other developing countries. One-fifth of the region's exports of each of food items, agricultural raw materials and other manufactured goods are absorbed by the socialist countries of Eastern Europe, revealing the relative importance of this group of countries as a significant outlet for these categories of non-oil exports. In 1987, three-fourths of the newly expanding exports of chemicals were equally shared by Japan, the other developing countries and the enlarged EEC, each accounting for one-fourth; while the regional market absorbed about 11 per cent and the socialist countries of Eastern Europe less than 3 per cent.

B. Fuel Exports (crude oil, refined products and gas).

Fragmented and sometimes contradictory information prevents the construction of an accurate and comparable picture on the breakdown of fuel exports into crude oil, refined products and gas, particularly for recent years. This is mainly due to the fact that a number of oil-exporting countries have stopped reporting on their oil trade in their national publications. The alternative was to rely on international sources and to supplement that with information from partner countries' trade data. This is particularly important in view of the efforts exerted and steps taken by a number of the GCC countries, notably Kuwait, Saudi Arabia and the United Arab Emirates, to diversify downstream from crude oil production by raising the share of refined petroleum in total fuels exports and to produce greater value added from their major depletable resource - oil.

Between 1980 and 1987, declines in the share of crude oil in total exports were common in the ESCWA region, though in varying degrees (see Table 6). The sharpest and most significant decline took place in Saudi Arabia followed by the United Arab Emirates. In Saudi Arabia, the share of crude oil in total exports shrank by one-third from 94 per cent in 1980 to 65 per cent in 1987. In the United Arab Emirates, the share of crude oil in total exports contracted by 18 percentage points, from 94 per cent to 76 per cent, over the same period. In Kuwait, where downstream diversification started earlier than in the other oil producers of the region, the share of crude oil in total exports which, already in 1980 did not represent more than 69 per cent of exports - less than in any other ESCWA oil producer, dropped to around 60 per cent in 1987.

The decline in relative importance of crude oil in total exports over the past decade must be viewed not only against the slackening world demand for crude oil, the adoption of energy conservation measures and the emergence of new producers, but also as a result of efforts to diversify downstream and develop exports of refined products and oil derivatives like petrochemicals and fertilizers. The reduced significance of crude oil highlights the growing importance of refined products and, to a lesser extent, gas in total exports. In both value and real terms, exports of refined products and gas grew since the early eighties, while crude oil exports declined considerably. Increased refining capacity and higher operating load factors, following the establishment of new refineries or expansions and modernization of existing ones, imply further possibilities to expand exports.

Iraq's crude oil exports went under pressure during the first six years of the eighties, though partial recovery was recorded in 1987. To compensate for the closure of the Iraqi-Syrian pipeline since 1982, an agreement with Kuwait and Saudi Arabia was concluded in February 1983 for "War-relief" crude oil supplies. This was intended to assist Iraq in meeting its obligations towards its traditional customers. The Agreement was extended until it was ended in January 1989 following the Iraq-Iran cease-fire agreement in August 1988. The pipeline through Turkey, the Iraqi-Saudi pipeline from Basrah to Yanbu which went on stream in 1985, and the resumption in August 1988 of exports from Southern Iraq - after eight years of suspension - together with the huge expansionary projects for the second Turkish pipeline and the second trans-Saudi pipeline (to go on stream on 19 September 1989)[1/] are expected to give a large boost to export capacity. Oil is also being exported from the Gulf area (Khor al Zobair) to Aden in Democratic Yemen and to Dubai in the

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1/ The Baghdad Observer (No. 6948), 10 August 1989.

United Emirates as a replacement to oil trucked via Turkey and Jordan. The Iraqi Government is determined to diversify its export outlets in order to hedge against future shocks and to reduce its vulnerability to external factors.

In Egypt, the share of crude oil in total exports was halved, falling from 58 per cent to 26 per cent between 1980 and 1987. Exportable oil was diverted to meet domestic demand of industries and shortages of hydroelectric power from the Aswan Dam. Similarly, in the Syrian Arab Republic, the share of crude oil fell from 64 per cent to 33 per cent due to increased domestic demand and processing. In Democratic Yemen, crude oil exports were expected to commence during the first quarter of 1989, but the main thrust will be felt in early 1991. In Yemen, crude oil exports started in December 1987.

Refined products assumed relatively greater importance since the early eighties. Their share in Kuwait's exports has steadily grown from about 16 per cent in 1980 to account for between one-fifth and one-third of total exports during 1986-1987. Both, Saudi Arabia and the United Arab Emirates have become increasingly aware of the importance of downstream diversification in the petroleum sector; they have adopted policies in that direction and are seriously implementing them. The United Arab Emirates has made plans to expand downstream in the field of refining and petrochemicals, in order to hedge against future price fluctuations and to secure new outlets for its exports.[2/] The share of refined petroleum products progressively grew in Saudi Arabia from around 3 per cent in 1980 to 8 per cent during 1984-1985 and up to 17 per cent in 1987; and in the United Arab Emirates, from nil to average 7 per cent during 1984-1985 and 8 per cent in 1987.

During the second half of the eighties and having in view the post-oil era, Saudi Arabia's oil policies converged towards more diversification and downstream or vertical integration. Towards this end, Saudi Arabia concluded agreements with the United States (Texaco) in November 1988 and with the United Kingdom in May 1987. Between 1983 and 1986, output of refined products

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2/ MEES, 22 February 1988.

grew by 55 per cent. In 1987, Saudi Arabia's two export refineries in Yanbu and Jubail were operating at full capacity. In an effort to increase efficiency, reduce production costs and improve marketing techniques, two new firms were established in December 1988 by Petromine of Saudi Arabia: One for marketing and refining and the other for lubricating oils. In 1988, exports of refined products doubled.[3/] By 1990, the refining capacity is estimated to rise by around 40 per cent above the 1986 level with both the Rabigh refinery and Petromine-Petrola export refineries scheduled for completion during 1989 and 1990. The Rabigh export refinery which was supposed to go on stream during the second half of 1986 but was delayed due to absence of requisite infrastructure (construction of ports and roads), was scheduled to commence its operations by March 1989.[4/]

In Kuwait, refining capacity rose by 66 per cent in 1987 after the completion of modernization projects in two major refineries: Mina Abdullah refinery which took six years to complete and where an export terminal was added, and the modernization project of Mina Al-Ahmadi which was completed in 1986. Therefore, with the completion of these two projects, which expanded productive capacity, the export potential of refined products was greatly enhanced. Two-thirds of total refined oil produced is being exported.[4/] Moreover, a new line of production of petroleum coke was installed, which as of January 1989 will boost export capacity of this product. Since 1986, Kuwait started marketing its products in Europe under the brand name of "Q8". Kuwait's retail network, which in May 1987 consisted of 53 service stations, expanded in early 1989 to 4,800 stations spread all over Europe, notably in the United Kingdom, Sweden, Netherlands, Denmark, Belgium, Italy and Luxembourg. This accounted for the bulk of its refined exports in 1987. In 1988, preliminary estimates indicate that Kuwait's refined exports exceeded its crude oil exports, thus accounting for a larger share of total exports.

3/ The Economist Intelligence Unit (EIU), Saudi Arabia Country Report (No. 2, 1989), 4 May 1989.

4/ Middle East Economic Survey (MEES), 20 February 1989.

Iraq's refining capacity has increased through expansionary and restoration projects. For example, the Basrah refinery was being restored to resume operations during early 1989 - after few weeks of repairs. The Basrah Lube-oil plant was expected to start production before mid-1989, having sustained some damage during the war. Iraq also produces and exports lube-oil from the Baiji lube-oil refinery (1987).

In Qatar, the output of refined products barely meets local demand with the small remaining balance exported. In 1987, the output of refined products grew by 17 per cent, while domestic demand grew by 3 per cent and the balance was exported - mainly diesel and fuel oil.

In the Syrian Arab Republic, the expansion of output capacity in Deir El-Zor concession in the Northeast, scheduled for completion in 1988, includes the installation of production facilities at two new fields (Al-Ward and Al-Asharah) and construction of a pipeline linking them to the new Tayyim field. The latter is linked to the Iraqi-Syrian pipeline (closed since 1982 but being used locally), which is also linked to the Homs refinery and the Banias export terminal. The expansion of the Homs refinery was completed in March 1989 - original completion plan was 1985. In addition, the commencement of operation of the Omar field in 1989 is expected to raise oil production and exports further. These expansionary efforts aim to reduce the oil import bill which remains substantial, despite duty-free or preferentially discounted oil from Iran and some Arab oil producers. The Syrian Arab Republic exports relatively substantial quantities of fuel oil, naphtha, petroleum coke, kerosene and gasoline. In 1988, in addition to its traditional and established customers, direct arrangements with trading firms were made for exports of crude and refined products.

Gas emerged as a significant export item in the region accounting for a growing share of total exports since 1980. By 1987, gas exports were responsible for around 5 per cent of exports from each of Saudi Arabia, Kuwait, Qatar and Bahrain; and around 4 per cent of those from Democratic Yemen. The most pronounced expansion, however, was witnessed in the United Arab Emirates, where the share of gas in exports tripled to 9 per cent between

1980 and 1987. Yemen is said to have large gas reserves, which might even be more important to it than its newly discovered oil.[5/] In Bahrain, production of natural gas rose only marginally in 1987, after a 19 per cent expansion in 1986.

Output of gas in Saudi Arabia grew by some 13 per cent in 1987 which was associated with higher prices resulting in a substantial rise in gas exports. In relative terms, this was reflected in a larger share of gas in total exports (from 3.3 per cent average in 1983-1984 to 5.1 per cent in 1987). Saudi Arabia has the fifth largest gas reserves in the world after the USSR, Iran, Qatar and the United States.

In the United Arab Emirates, the output of liquified gas in 1987, which was maintained at the same level as in 1986 (3.2 million tons), or around 6 per cent above the level in 1985, was entirely exported under long-term deals mainly to Japan starting in 1977. Exports of natural gas liquified (NGL) were up by 26 per cent in 1986 and by 11 per cent in 1987. Exports of liquified gas to Japan are reported to have been cut down by 35 per cent during the first quarter of 1988, due to lower production of crude oil and the resulting shortage of associated gas. New gas fields were discovered in Bab and Bu Hasa in the United Arab Emirates.[6/] It should be noted that the United Arab Emirates is among the top six countries in the world as far as gas reserves are concerned and is the fifth gas exporter among developing countries.

In Qatar, production of gas increased by 12 per cent in 1987, which went to meet local demand. Meanwhile, exports of liquified gas, grew by 20 per cent.[7/] In Iraq, gas is being exported to Kuwait from Iraq's Southern oilfield under a four-year agreement ending in 1990.[8/]

5/ EIU, Yemen Country Profile 1988-89, November 1989.

6/ Middle East Economic Survey (MEES), 11 January 1988; Ibid., 8 February 1988; Ibid., 28 March 1988; and EIU, United Arab Emirates Country Profile 1988-89, December 1988.

7/ MEES, 29 February 1988.

8/ Ibid., 21 November 1988.

C. Non-Oil Exports

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

The region's non-oil exports have generally remained of limited significance, in relative terms, consisting largely of primary agricultural (cotton) and non-agricultural (phosphates) commodities, and to a much lesser extent, miscellaneous manufactured goods from the light industries. Recently, under the category of ores and metals, copper in Oman and gold in Saudi Arabia, emerged as new or potential exports.

Having accounted for 4 per cent of total exports in 1980, the share of non-oil exports tripled to 12 per cent in 1987. This improvement in relative terms may be partly an illusion, reflecting more the situation in the oil sector and the decline in relative importance of fuels than real growth in traditional and new non-oil exports. Notwithstanding this, the limited diversification experienced is closely linked to petroleum and oil-derivatives, such as petrochemicals and fertilizers. Few other miscellaneous manufactured goods also gained in relative importance as indigenous export items, such as aluminium, iron and steel shapes and structures, cotton yarn and fabrics, woven textiles and products, cement, and travel goods. Of lesser importance are exports of wood and rubber manufactures, articles of plastic, glass and leather, paints, soaps, detergents and cleansing preparations, tobacco and non-alcoholic beverages.

The share of machinery and transport equipment in total exports doubled to 1.5 per cent between 1980 and 1987. This apparent gain should be viewed against the fact that re-exports constitute a large proportion of non-fuel exports in several GCC countries, notably in Kuwait, Bahrain, Qatar, and the United Arab Emirates, and to that extent should not be taken as an indicator of export diversification.

Among the traditionally more diversified economies of the region, mention should be made of Lebanon, Jordan, Egypt and the Syrian Arab Republic. For instance, in Lebanon and as early as 1973, the last official figures published indicate that manufactured goods constituted more than 70 per cent total exports. The wide spectrum of manufactured exports included clothing, cement, jewellery, printed matter, manufactures of silver and platinum, fertilizers, aluminium, paints and varnishes, non-alcoholic beverages and mineral water, footwear and leather handbags, fabrics, and others. However, as a result of the perpetuation of political instability in the country since 1975, the output of the manufacturing sector has suffered heavily due, inter alia, to the physical damage inflicted upon industrial establishments and their operating below capacity (factory closures, power shortages). The difficulties in transportation and the reduced Iraqi demand (being a major consumer) have adversely affected exports. Thus, the share of manufactured goods dropped to less than half of total exports by end of 1987. The recently concluded (early 1989) bilateral trade agreement with Iraq should provide a boost to exports of manufactured goods and fruits from Lebanon.

Table 6 lists the leading traditional and new export items from the ESCWA region during 1980-1987 according to their main sources. These are ranked according to their average dollar value in 1983-1984. It depicts in a succinct manner the growth or decline in relative importance of leading commodities and serves to highlight similarities or differences in export patterns among member countries. Table 6 serves as an indicator of export diversification. It also brings out one of the main shortcomings in the range of exportable items from the region, reflecting on their competitive rather than complementary nature; the latter being essential for the promotion of intraregional trade.

The range and quality of products generally produced by developing countries limits their ability to compete on the international market. This situation is further accentuated by restrictions imposed in the developed

Table 6. ESCWA Region: Leading Indigenous Exports and Sources, Ranked by Average 1983-1984 Values (in per cent of total exports)

SITC	Description	Country	1980	Average 1983-1984	1987
025	Eggs	Lebanon	1.52	2.26	...
031	Fish	Oman	0.15	0.36	0.90
		Dem.Yemen	2.37	9.03	19.76
		Yemen	1.65	0.03[a/]	0.67
042	Rice	Egypt	1.16	0.47	0.55[b/]
043	Barley	Syria	0.22	0.47[a/]	-
051+053 +054	Fruits & vegetables	Egypt	3.45	4.84	3.93[b/]
		Lebanon	17.54	21.71	...
		Jordan	11.20	11.77	7.53
		Syria	2.07	1.74	1.17
071	Coffee	Yemen	1.00	0.88	16.57
		Dem.Yemen	0.00	0.06	3.81
111	Non-alcoholic beverages	UAE	0.02	0.15	0.11[c/]
		Lebanon	1.74	1.71[d/]	...
12	Tobacco & cigarettes	Lebanon	...	1.37[d/]	...
		Jordan	3.04	1.80	1.21
		Syria	1.36	0.48	0.01
		Oman	0.00	0.05	0.04
211+212	Hides and skins	Lebanon	...	2.68	...
		Iraq	0.03	0.07	...
		Syria	0.16	0.19	0.14
		Dem.Yemen	0.04	0.01	0.49
		Yemen	6.05	4.75[a/]	15.15
263	Cotton, raw & waste	Egypt	14.56	14.92	15.09[b/]
		Syria	8.25	12.28	6.49
		Dem.Yemen	1.15	0.42	3.59
		Yemen	-	3.00[a/]	...
271	Phosphates	Jordan	28.11	32.35	35.78
		Syria	1.16	1.39	4.04
		Egypt	-	0.37[a/]	...
274	Sulphur	Iraq	0.00	0.10	...
		Qatar	0.01[e/]	0.07	0.24
276	Other crude minerals, salt	Yemen	0.02	0.18[a/]	0.06

SITC	Description	Country	1980	Average 1983-1984	1987
28	Metalliferous ores & metal scrap	Kuwait	0.10	0.21	0.19 b/
		UAE	0.03	0.14	0.12 c/
291 + 292	Crude animal or vegetable materials, n.e.s.	Egypt	0.36	0.55	0.66 b/
		Syria	0.09	0.17	0.28
331	Crude petroleum	Saudi Arabia	94.32	89.07	65.21
		UAE	93.81	78.18	76.36
		Iraq	98.43	85.87	80.89
		Kuwait	69.10	49.99	59.63
		Oman	96.15	91.74	72.14
		Qatar	94.72	87.91	70.38
		Egypt	57.84	47.24	25.80
		Syria	63.28	52.21	33.22
332	Petroleum products	Kuwait	16.45	28.45	20.09
		Saudi Arabia	2.49	4.12	17.30
		Bahrain	88.76	73.00	63.76
		U.A.E	...	5.29	7.92
		Dem.Yemen	90.53	94.89	...
		Egypt	6.38	12.72	9.58
		Iraq	0.21	3.03	...
		Syria	15.58	13.79	18.59
341	Gas, natural and manufactured	Saudi Arabia	2.16	4.89	5.11
		UAE	2.87	7.55	9.04
		Kuwait	3.30	2.55	4.83
		Qatar	...	3.87	4.99
		Bahrain	1.10	1.36 f/	4.91
		Dem.Yemen	-	0.43	3.83
51	Chemical elements and compounds	Saudi Arabia	0.01	0.41	3.89
		Qatar	1.27 e/	2.71	7.32
		Kuwait	0.22	0.61	0.80 b/
		Bahrain	0.10 g/	0.30	0.04 b/
521	Coal,Petroleum,Coke etc. Chem.	Kuwait	3.77	7.55	...
		Bahrain	...	7.17 d/	...
533	Pigments, paints, varnishes	Kuwait	0.06	0.13	0.20 b/
		Lebanon	1.58	1.56 b/	...
		Jordan	1.54	1.12	0.47
		Syria	0.02	0.21	0.10
541	Medicinal and pharmaceuticals	Jordan	1.87	4.76	7.49
		Lebanon	...	2.45	...
551 + 553	Essential oils, perfumery & cosmestics	Egypt	0.21	0.49	0.64 b/
554	Soaps and cleansing preparations	Jordan	2.56	1.78	1.55
		Saudi Arabia	0.00	0.07 h/	0.16
		Lebanon	...	1.36	...
		Kuwait	0.05	0.01	0.01 b/

SITC	Description	Country	1980	Average 1983-1984	1987
561	Manufactured fertilizers	Saudi Arabia	0.07	0.23	0.31
		Kuwait	0.45	0.74	1.13b/
		Jordan	-	15.30	12.12
		Qatar	2.85	1.30	3.93
		Egypt	...	0.58	...
		Iraq	0.51	0.10	...
		Lebanon	3.35	3.29d/	...
632	Wood manufactures	Kuwait	0.31	0.13	0.06b/
		Jordan	3.40	2.62	0.03
651	Textile yarn and thread	Egypt	6.42	6.56	11.09b/
		Syria	...	1.80	4.48
652 + 653	Cotton fabrics	Syria	2.69	4.13	7.80
		Egypt	1.72	1.48	3.20b/
656	Textile products, n.e.s.	Syria	0.33	0.41	0.30
		Egypt	0.25	0.24	...
661	Cement	UAE	0.08	0.63	0.32c/
		Saudi Arabia	0.00	0.03h/	0.02
		Lebanon	5.38	4.25	...
		Jordan	0.35	2.97	4.68
663	Non-metal mineral manufactures	Kuwait	0.18	0.09	0.01b/
		Jordan	1.78	0.02	0.05
673	Iron and steel shapes	Qatar	2.32	2.30	5.14
		Kuwait	0.20	0.32	0.24b/
		UAE	0.08	0.07	0.05c/
		Jordan	0.05	0.06	0.01
		Lebanon	2.20	1.16d/	...
682	Copper ore	Oman	-	0.26	0.74
684	Aluminium	Bahrain	2.78	12.89	12.11b/
		UAE	0.17	1.06	1.11c/
		Egypt	0.77	3.59	5.62b/
		Lebanon	2.20	1.46	...
		Kuwait	0.03	0.01	0.02b/
691+692	Iron and steel structures	Kuwait	0.27	0.44	0.22b/
		Jordan	0.56	1.28	0.86
697	Base metal household equipment	Jordan	0.90	0.60	1.05
		Syria	0.29	0.14	0.09

SITC	Description	Country	1980	Average 1983-1984	1987
698	Metal manufactures	Bahrain	0.00	0.51	0.04b/
821	Furniture	Kuwait	0.17	0.26	0.26b/
		Jordan	0.92	0.60	0.14
831	Travel goods, handbags	Lebanon	...	0.88d/	...
		Jordan	-	0.03	0.06
841	Clothing, not of fur	Syria	1.24	3.20	6.30
		Lebanon	5.60	6.43	...
		Jordan	1.97	3.52	0.51
		Egypt	0.71	0.59	0.62b/
892	Printed matter	Lebanon	...	7.69	...
893	Articles of plastic	Jordan	1.50	2.90	1.51
897	Jewellery,goldsmith and silversmith wares	Lebanon	4.05	17.26	...
		UAE	0.01	0.57	0.07c/

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

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

a/ 1983 data.
b/ 1986 data.
c/ 1985 data.
d/ 1982 data.
e/ 1981 data.
f/ Average 1984-1985 data.
g/ Covers SITC (5).
h/ 1984 data.

countries on the type of manufactures in which the developing countries appear to have a definite comparative advantage, like textiles. In the event, the regional market assumes special significance as an outlet for member countries' exports of manufactures. More often than not, the regional market serves as a testing ground for such exports; however, a majority of these goods are essentially produced for domestic consumption and only the excess is exported. The fact that few goods are export-oriented reflects the inward-looking approach that has prevailed in the region and the difficulties facing export diversification.

Exports of chemicals were the most dynamic, notably petrochemicals and fertilizers followed by medicinal and pharmaceuticals, paints and detergents. The huge production capacity for petrochemicals installed mainly in Saudi Arabia, but also in other GCC countries, is directed at international markets, where absorptive capacity is high but so is protectionism and marketing difficulties.

Sales of petrochemicals from the Gulf countries, notably Saudi Arabia followed by Qatar, Kuwait and the United Arab Emirates, have risen considerably during the second half of the eighties, in line with the fastly growing capacity of this industry. Marketing of petrochemicals has been faced with considerable difficulties of access to the European markets and Japan. Hopes attached to the GCC-EEC Economic Co-operation Agreement to ease marketing difficulties and remove barriers facing exports of petrochemicals were dispelled since the first phase of the Agreement (June 1988) did not cover or deliberately evaded the issue of petrochemicals. It should be pointed out that, exports of petrochemicals from Saudi Arabia and the other GCC countries have been able to obtain a decent share in world markets, despite the existence of barriers and protectionist pressures. In addition to being price-efficient and of good quality, the marketing techniques which were followed evaded or eliminated the need to resort to selling at spot markets and dumping, which ensured stable demand and maximum returns on investment. The interaction of market forces, the limited or shortage of supply of petrochemicals combined with higher demand in major consuming markets (the EEC and Japan) have been additional positive factors.

The Saudi Basic Industries Corporation (SABIC), for instance, after having doubled its sales in 1986, reported a growth of only 15 per cent in 1987.9/. After a 35 per cent increase in profits in 1986, SABIC announced a 15 per cent increase for 1987 and a four-fold increase in 1988. Higher prices and increased production (12 per cent in 1987) combined with efforts to raise efficiency of operations, modernization techniques and increased marketing outlets (exports to 65 different countries) are factors behind this profitable performance. SABIC plans to create a Research and Development Center by 1990.10/ The Arabian Petrochemical Company (Petrokemya), owned by SABIC (1985), whose capacity was expanded in 1987, began producing a new line of petrochemical products (polysterene) in March 1988, with inputs from Ibn Zahr plant11/. Using inputs from first generation plants, another new line of production (titanium dioxide) will commence during the second half of 1989.12/ Plans to double production capacity during the next five years, have been announced.

The most pronounced expansion occurred in Saudi Arabia, where the share of petrochemicals in total exports grew from almost nil in 1980 to about 4 per cent in 1987. In Qatar, exports of petrochemicals expanded in 1987, with output of urea and ammonia increasing by 4 per cent, ethylene by 2 per cent, and improved prices of petrochemicals.13/ Thus, the share of petrochemicals in total exports grew from around one per cent in 1980 to account for more than 7 per cent in 1987. This is a relatively substantial expansion given the size of exports in both of these countries. In Iraq, the Basrah Petrochemical Complex is expected to start operations and production in 1990, after a rehabilitation programme is completed.

Exports of manufactured fertilizers have become increasingly common among the countries of the region, notably Kuwait, Saudi Arabia, Jordan, Qatar, Egypt, Iraq and Lebanon. Kuwait is the third largest exporter of fertilizers

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9/ This was due to a small fire in August 1987 in the Juayma Fractionation Plant which caused a severe shortage of some vital feedstock - inputs of ethane gas - necessary for the petrochemical complex in Jubail. (See: MEES, 31 August 1987).

10/ MEES, 20 February 1989.

11/ MEES, 4 April 1988.

12/ MEES, 18 January 1988

13/ MEES, 29 February 1988.

among the developing countries, while Jordan ranks sixth on the list of main exporters of manufactured phosphatic fertilizers. Exports of fertilizers from Jordan emerged only after 1980 and their share in total exports grew to account for over 12 per cent in 1987. Exports of fertilizers (urea and ammonia) from the United Arab Emirates have also increased in recent years. The share of fertilizers in Qatar's exports grew to about 4 per cent in 1987. Qatar's output of urea and ammonia increased by 7 per cent and profits from sales in 1989 are estimated at 16 per cent above 1988, especially with higher prices of fertilizers. In Saudi Arabia, the Saudi Arabian Fertilizer Company (SAFCO) realized higher profits in 1987 due to cost efficiency and higher world prices of urea. Plans to build a new fertilizer plant in Dammam are underway.[14/] In 1988, profits from sales of fertilizers were 16 per cent higher than a year earlier - despite a temporary shutdown in its urea and ammonia plants. Bahrain's exports of fertilizers were up by 12 per cent in 1988 and there are plans to construct Bahrain's first urea plant in the near future.[15/] The Petrochemical Company, already producing ammonia, has embarked on downstream projects.

The growth in the share of ores and metals in total exports may be largely attributed to phosphate rock from Jordan and, to a lesser extent, the Syrian Arab Republic and Egypt. Large phosphates deposits were discovered during the mid-eighties in Saudi Arabia (Jalamid), and the construction of a railway to transport it to Yanbu on the Red Sea for export purposes is underway. The share of phosphates in exports from Jordan grew from 28 per cent in 1980 to around 36 per cent in 1987; both volume exports and prices improved considerably (see Table 6). In the Syrian Arab Republic, the share of phosphates in exports quadrupled to over 4 per cent over the same period. Exports of phosphates from Jordan and the Syrian Arab Republic are being increasingly carried out under countertrade arrangements. In the Syrian Arab Republic a protocol signed with the USSR in December 1986 stipulates the exchange of all syrian phosphates output for machinery and equipment. The machinery is intended to develop a railway link between the phosphate mines and the export terminal.

14/ MEES, 20 February 1989.
15/ MEES, 1 May 1989.

Aluminium exports from Bahrain, the United Arab Emirates, Egypt and Kuwait, have expanded in actual and relative terms due to the construction of new smelters and expansion or modernization of existing ones. Bahrain, is the largest exporter of aluminium among the developing countries. The share of aluminium in Bahrain's exports grew four-fold to over 12 per cent between 1980 and 1986. The expansion in Aluminium Bahrain (ALBA) will raise production capacity by 50 to 75 per cent in 1992. In 1988, ALBA's production reached a record level and sales grew by 66 per cent. Aluminium is sold mainly to the GCC countries and Japan. The share of aluminium exports from the United Arab Emirates, the second most important exporter of aluminium in the region, grew from 0.2 per cent in 1980 to 1.1 per cent of total exports in 1987. The output of finished aluminium products from the Dubai Aluminium Company (Dubal) expanded considerably since Dubal commenced its operations in 1979. In 1987 Dubal was operating at full capacity. Export proceeds from aluminium in 1987 and 1988 were greatly enhanced by higher production levels as well as higher world prices of aluminium. By 1989, the capacity of Umm-al-Quawain aluminium smelter is expected to double, provided adequate gas supplies are made available. Its output is basically intended for export. Similarly, plans exist to expand the capacity of the Jabal Ali Smelter by 1990. In Egypt, the share of aluminium exports grew five-fold to about 6 per cent in 1987. Only 55 per cent of aluminium produced in Egypt is exported; the balance going to domestic consumption. This is sold locally at one-third of world prices, which encourages domestic merchants to melt it and re-export it and realize huge profits in the process. The Egyptian Authorities issued a law to ban such sales. Iraq is also an exporter of aluminium, though in negligible amounts. In Saudi Arabia, a 10-year agreement was concluded in early 1989 to process Australian alumina in its smelter. Moreover, the construction of Saudi Aluminium Smelter will commence in 1990, to be built in Yanbu which will contribute to improve the export potential of aluminium from the region.

Exports of steel shapes from Qatar, Kuwait and the United Arab Emirates have grown in value and relative terms. In Qatar, steel exports grew by about 3 per cent in 1987 and their share in total exports more than doubled to over 5 per cent between 1980 and 1987. Plans to export iron pellets, mainly to

Arab countries, have been hampered by problems facing the Iron Pelletizing Plant in Bahrain. The plant, which went on stream in early 1984, was shut down in May 1985 and again in 1986, It was scheduled to resume production in November 1988[16/].

Also falling under the category of ores and metals is sulphur from Iraq, Saudi Arabia, Kuwait and Qatar, and copper ore from Oman which emerge as significant export items. Iraq's exports of sulphur from the Mishraq deposits have increased by at least 30 per cent in 1987. Iraq is the eighth sulfur producer in the world. Gold in commercial quantities has also been discovered in Saudi Arabia.

Among exports of food items which exhibited growth in the course of the 1980s, mention may be made of fish in Democratic Yemen, whose share in total exports grew from about 2 per cent in 1980 to 20 per cent in 1987. Coffee exports from Yemen also gained ground as their share grew from one per cent to approximately 17 per cent over the same period. Exports of fruits and vegetables from Jordan, Egypt, the Syrian Arab Republic and Lebanon are worth noting.

Under the category of agricultural raw materials, exports of hides and skins have also gained in relative importance, especially in Yemen where their share grew from 6 per cent in 1980 to over 15 per cent in 1987. In contrast, exports of raw cotton from Egypt fluctuated but continued to account for between 14 to 15 per cent of total exports during 1980-1987, while in the Syrian Arab Republic their share was halved to 6.5 per cent of total exports, over the same period. Production of cotton during 1987/88 fell because of a bad crop year for both, Egypt and the Syrian Arab Republic. In Egypt, the value of cotton exports fell by 30 per cent in 1988.

Chief amongst exports of miscellaneous manufactured goods are textile yarn and thread, cotton fabrics and woven textiles from Egypt and the Syrian Arab Republic. In the case of Egypt, exports of cotton yarn have grown in relative

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16/ MEES, 10 October 1988.

importance from 6.4 per cent in 1980 to 11 per cent in 1987. Over the same period, the share of cotton fabrics in total exports from the Syrian Arab Republic grew from 3 per cent to around 8 per cent. The reasons for this growth may be attributed to policies adopted by both Egypt and the Syrian Arab Republic to encourage exports of semi-manufactured and finished goods, as against primary goods, namely raw cotton. In Egypt, half of the raw cotton produced is directed to local textile industries. In effect, it may be observed that the relative importance of raw cotton exports in both countries has declined between 1980 and 1987. This is further reflected in the expansion of the share of clothing in total Syrian exports by six-fold to over 6 per cent in 1987. In the United Arab Emirates, an interesting development took place during 1987-1988 with the establishment of more than 50 small garment factories by Indians working there. These have developed rapidly and exports amounted to $11 million in 1987; an equivalent amount was attained during the first quarter of 1988. However, to protect its local garment industries, the United States imposed quotas on these exports during the summer of 1988 which forced most of them to close shop.[17/]

<u>Cement</u> is exported by several countries in the region including the United Arab Emirates, Saudi Arabia, Lebanon, Kuwait and Jordan. The Syrian Arab Republic was at one time an exporter of cement. However, domestic demand has increased in recent years due to a construction boom which left little for export. In Jordan, the share of cement in total exports improved from less than one-half per cent in 1980 to around 5 per cent in 1987, despite the decline in world prices in recent years, basically due to higher production and improved techniques. Producers in the seven United Arab Emirates established production quotas in order to stabilize prices, which forced the factories to operate below capacity. The situation was further aggravated when Oman, a major outlet for the United Arab Emirates' cement, imposed a 20 per cent import duty on cement in order to protect its local industry. Cement is another example, in addition to fertilizers, aluminium and petrochemicals, of the similarity in production patterns prevailing amongst the countries of the region.

17/ The Economist Intelligence Unit, <u>United Arab Emirates Country Report</u> (No.1,1989), 10 March 1989.

Other significant indigenous export items from the region include footwear (Lebanon); travel goods and handbags (Lebanon and Jordan); articles of plastic (Jordan); iron and steel structures, metal manufactures and household equipment (Jordan, Kuwait and the Syrian Arab Republic), jewellery (the United Arab Emirates and Lebanon), non-alcoholic beverages (the united Arab Emirates and Lebanon), tobacco (Lebanon, Jordan and the Syrian Arab Republic), perfumery (Egypt and the Syrian Arab Republic), paper products (Jordan and Kuwait), printed matter (Egypt and Lebanon).

UNCTAD has been publishing two types of indices on the extent of export concentration/diversification: A concentration index and a diversification index.[18/] The concentration index differentiates more finely between countries which are relatively more concentrated in their export structures - as those in the ESCWA region; while the diversification index distinguishes more finely between countries which are relatively more diversified. Both indices range between zero and unity; with the latter representing the most extreme concentration.

Table 7 gives both indices for the ESCWA countries comparing 1985 to 1970 export structures, using a selected basket of commodities exported in both years; including only those products whose value exceeds $100,000 in 1985 or $50,000 in 1970 or more than 0.3 per cent of the country's total exports.

The 1985 concentration index depicts extreme concentration in Democratic Yemen and Iraq, with an index of 0.97 in each, and minimum concentration in the case of Oman (0.36) and Jordan (0.37). Among the ESCWA countries whose export structures in 1985 were somewhat less concentrated than the others are the Syrian Arab Republic (0.50), Egypt (0.54) and Kuwait (0.57). No data were available for Lebanon, which perhaps had the most diversified export structure in the ESCWA region prior to the devastating events of 1975.

18/ UNCTAD, Handbook of International Trade and Development Statistics, 1988 (see Table 4.5).

Comparing 1985 to 1970, however, shows that the extent of concentration has fallen markedly in Oman followed by Kuwait, the United Arab Emirates and Qatar, in that order. In contrast, export concentration appears to have intensified in the case of Bahrain, the Syrian Arab Republic, Egypt and Yemen.

Table 7. ESCWA Region: Export Concentration and "Diversification" Indices (ranked according to the concentration index in 1985)

Country	Diversification index[a/]		Concentration index[b/]		Number of items exported[c/]	
	1970	1985	1970	1985	1970	1985
Democratic Yemen	...	0.929	...	0.970	...	27
Iraq	0.919	0.858	0.938	0.968	43	54
Saudi Arabia	0.917	0.812	0.837	0.887	22	138
Qatar	0.947	0.809	1.000	0.852	1	49
Bahrain	0.764	0.892	0.544	0.802	81	55
United Arab Emirates	0.934	0.774	0.961	0.801	26	141
Yemen	0.963	0.808	0.563	0.663	7	32
Kuwait	0.880	0.729	0.788	0.570	101	127
Egypt	0.784	0.765	0.442	0.541	87	83
Syrian Arab Republic	0.779	0.746	0.401	0.503	80	67
Jordan	0.851	0.855	0.374	0.371	23	72
Oman	0.943	0.676	0.996	0.361	4	81

Source: UNCTAD, Handbook of International Trade and Development Statistics, 1988 (see Table 4.5).

General note: The concentration index discriminates more finely between countries which are relatively more concentrated in their export structure; the "diversification index" discriminates more finely between countries which are relatively more diversified. Both indices range between zero and 1.0, with the latter representing the most extreme concentration.

a/ Absolute deviation of the country commodity shares from world structure, as follows:

$$S_j = \frac{\sum_i \left| h_{ij} - h_i \right|}{2}$$

where h_{ij} = share of commodity "i" in total exports of country "j";
h_i = share of commodity "i" in total world exports.

b/ Hirschmann index normalized to make values ranging from 0 to 1 (maximum concentration), according to the following formula:

$$H_j = \frac{\sqrt{\sum_{i=1}^{182} \left(\frac{x_i}{X}\right)^2} - \sqrt{\frac{1}{182}}}{1 - \sqrt{\frac{1}{182}}}$$

where j = country index;
x_i = value of exports of commodity "i";
$X = \sum_{i=1}^{182} x_i$;

and 182 = number of products at the three-digit SITC level.

c/ Number of products exported at the three-digit SITC level; this figure includes only those products which are greater than $50,000 in 1970 or $100,000 in 1985 or more than 0.3 per cent of the country's total exports.

CHAPTER IV. DIRECTION OF TRADE

A. Overall Trade Distribution

The limitations inherent in the region's external sector, stemming basically from its narrow production base, do not make for rapid structural change in the short run. This, coupled with a limited absorptive capacity for its main natural resources, viz. oil, cotton and phosphates, provides the main explanation for the region's external dependence and vulnerability. The reduction of external dependence has been a main preoccupation of the countries of the region which they attempted to accomplish through diversification of sources and outlets for their goods.

The developed market-economies [the European Economic Community (EEC), Japan, the United States of America (USA) and the European Free Trade Association (EFTA)] continue to consume the largest, though declining share, of the region's primary commodities and recently, its new exports of petrochemicals, and supply it with most of its needs of machinery and other manufactured goods. Thus, the region's exports are largely destined to world markets, while the outside world supplies most of its imports.

Intraregional trade continues to account for a meagre and fluctuating fraction of the region's overall trade. The share of intraregional exports in total exports grew from 4 per cent in 1980, to average around 7 per cent during 1985-1987, while that of intraregional imports declined from 9 per cent in 1980 to 7 per cent over the same period.

During the eighties and despite some loss of ground, the developed market-economies remained the major consumers and suppliers of the region's goods. Their share in total exports declined by some 14 percentage points, from 66 per cent in 1980 to an average of 52 per cent during 1985-1987, and in imports from 69 per cent to 63 per cent over the same period. (See Table 8 and Annex Tables IV.1 and IV.2).

Table 8. ESCWA Region: Direction of Trade

(per cent of total)

	Exports (f.o.b.)					Imports (c.i.f.)				
	1975	1980	1985	1986	1987	1975	1980	1985	1986	1987
ESCWA Region	4.57	4.26	7.12	7.59	6.98	12.27	9.10	8.08	7.60	7.33
Other Developing Regions	19.58	20.08	21.44	21.19	22.64	10.09	11.78	14.61	13.90	15.05
Asia (excl. ESCWA)	10.69	13.89	15.00	15.20	15.47	7.05	9.40	11.15	10.78	12.75
Africa	1.48	1.46	2.30	2.10	2.23	0.98	0.87	1.28	1.16	0.77
North Africa (excl. Egypt)	0.69	0.70	1.35	1.13	1.29	0.25	0.60	0.99	0.77	0.38
America	7.09	4.67	4.08	3.82	4.57	2.05	1.50	2.17	1.96	1.53
For reference: League of Arab States	5.26	4.96	8.47	8.72	8.27	12.52	9.70	9.07	8.37	7.71
Developed-Market Economies	60.70	65.71	52.60	52.46	52.54	64.64	68.86	63.12	63.46	63.86
EEC (9)	35.90	31.79	17.75	19.68	19.35	34.40	35.21	33.14	34.38	35.39
EFTA	2.57	3.63	1.70	1.59	1.73	4.10	4.67	4.64	4.47	5.40
United States of America	4.26	10.22	3.97	7.80	9.18	14.27	13.59	10.78	11.78	12.04
Japan	17.97	20.07	29.18	23.39	22.28	11.87	15.39	14.56	12.83	11.03
For reference: EEC (12)	40.97	36.97	22.39	24.03	23.11	36.11	38.08	36.00	36.73	37.62
Centrally-Planned Economies	2.46	0.65	2.23	2.49	2.38	7.11	3.33	4.88	5.84	5.14
Eastern Europe	2.28	0.55	2.09	2.28	2.07	5.86	2.41	3.93	4.65	3.66
China	0.18	0.10	0.14	0.21	0.31	1.25	0.92	0.95	1.19	1.48
Rest of World	12.69	9.30	16.60	16.24	15.46	5.87	6.93	9.31	9.19	8.61
Total with World	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

For source and notes, see Annex Tables IV.1 and IV.2.

Details may not add up to totals because of rounding.

Japan and the EEC were mainly responsible for the shifts observed in the distribution of the region's exports within the developed market-economies. During the period under review, Japan emerged as the largest single market for the region's exports, although its share fell after 1985; while the EEC lost considerable ground. Thus, after having grown from 20 per cent in 1980 to 29 per cent in 1985, the share of Japan declined to around 22 per cent in 1987. The share of the EEC shrank from 32 per cent in 1980 to 19 per cent in 1987 and that of the United States fluctuated considerably but was maintained at the same level, around one-tenth of the region's exports. At the same time, the share of developing countries, as a whole, grew from 20 per cent to 23 per cent of regional exports. The socialist countries of Eastern Europe gained some ground as their share improved from less than one per cent in 1980 to 2.4 per cent in 1987. Special trade relations exist between this group and Iraq, the Syrian Arab Republic, Egypt and Democratic Yemen. For instance, in 1987, around one-fifth of the exports of Egypt and one-third of those of the Syrian Arab Republic went to the socialist countries of Eastern Europe, while these provided around 10 per cent of imports of Iraq and Egypt.

Between 1984 and 1986, Japan reported a 9.3 per cent decline in the value of its oil imports, originating mainly in the ESCWA region and Iran. However, in relative terms, the region's share in Japan's oil imports was maintained, notwithstanding some shifts in individual country-participation, with the shares of the United Arab Emirates, Kuwait and Oman growing considerably while those of Saudi Arabia and Qatar fell. Preliminary information on 1988 imports of the United States point to a substantial increase in its oil imports from the ESCWA region by around 70 per cent, mainly from Saudi Arabia, Kuwait and Iraq. This was attributed to higher demand for oil and the application of formula pricing which implies that part of the cost of transportation is borne by the exporter/producer.

The sharp curtailment in imports after 1982 appears to have cut relatively more deeply into imports from within the region, the share of which dropped to 7 per cent in 1987, after having peaked at 11 per cent in 1981. At the same time, the share of Japan fell from 15 per cent in 1980 to 11 per cent in 1987 and that of the United States from 14 to 12 per cent of aggregate imports. The losses in the shares of Japan, the United States and intraregional imports were somewhat offset by the gains recorded mainly by the developing countries and, to a lesser extent, the socialist countries of Eastern Europe. The share of other developing countries grew from about 12 per cent in 1980 to average 15 per cent during 1985-1987. The depreciation since March 1985 of the United States dollar against major currencies in the world may have influenced the relative competitive positions of some of the major suppliers, notably the United States and Japan. Consequently, in order to recapture the Middle East markets in which it had lost ground in recent years, especially in agricultural and dairy products, the United States offered to subsidize exports of some dairy products into the GCC countries, Iraq and Egypt under its Export Enhancement Programme[1/]. In addition, the USA offered agricultural credit under its Import Commodity Programme.

With a view to diversifying trade sources and outlets and ensuring stable markets, a number of countries in the region have been resorting in recent years to bilateral trade agreements. Some of these go as far as giving specific directives, whether to state trading organizations or the private sector, to trade with specific trading blocs and partners, in implementation of bilateral trade agreements. This has also been the case when trade promotion policies including relaxation of imports or trade restrictions are introduced. A case in point is Iraq which has given priority to trade on a reciprocal basis with the Eastern bloc, China, Jordan, Yugoslavia, France, the Federal Republic of Germany and the United Kingdom.[2/] The Syrian Arab Republic provides such directives as well which include mainly trade with the socialist countries of Eastern Europe and Iran.

The overall geographic distribution of trade is a reflection of movements at the individual country level and measures taken to implement agreements and trade contracts. In this respect, Egypt concluded in 1987 bilateral trade agreements with the USSR, Canada, Australia and the EEC. These agreements are

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1/ GATT, Review of Developments in the Trading System, October 1987-March 1988 (L/6366), pp. 24-29.

2/ EIU, Iraq Country Report (No. 2, 1989), April 1989.

mostly of long-term duration (five years) and cover the purchase of wheat, old butter and other items, specified in lists attached to annual trade protocols. At the same time, Bahrain's main suppliers among the developed market-economies were the Federal Republic of Germany followed by the United Kingdom and the United States. In 1988, its imports from the united States grew by 37 per cent and from the United Kingdom by 10 per cent. This resulted in a shift in a relative importance with the United States assuming first position and replacing the Federal Republic of Germany as Bahrain's main supplier, thus by-passing the United Kingdom in terms of market shares. These developments were associated with a loss in price-competitiveness, especially in the case of the United Kingdom, as a result of movements in exchange rates favouring exports from the United States. On the exports side, Japan followed by the United States remained Bahrain's main customers.

In 1988, imports of Democratic Yemen from both the United Kingdom and the United States fell by 25 per cent each below their level in 1987; while exports to the United States increased. In Jordan, the main customer for phosphates exports has been India; while the regional market consumes the bulk of remaining exports. The EEC supplied around one-third of Jordan's imports in 1987, followed by Iraq, the United States, Saudi Arabia and the Federal Republic of Germany, in that order.

Iraq's main trading partners during the period reviewed were Brazil, India, Turkey, Yugoslavia, Japan and the EEC (France, Italy and Spain). In 1987, imports from the united Kingdom dropped by around two-fifths and those from the Federal Republic of Germany fell by 43 per cent. During 1986-1987, the volume of crude oil exports to the United States grew, on average, by over 80 per cent, compared to 1985. In 1985, Iraq and Brazil concluded a two-year agreement, subject to renewal in 1987, to exchange crude oil for cars, manufactured products, aluminium, steel, soybean, chicken and meat. The agreement was renewed in 1987, but was not put into effect because of disagreement on prices of Brazilian cars to be imported into Iraq in exchange for crude oil and demands by Brazilian companies working in Iraq for higher than previously agreed upon payments settlements. An agreement with Canada was concluded in 1989 involving a large car order to replace the one with

Brazil[3/]. In 1986, exports from Iraq to Federal Republic of Germany declined by 10 per cent due to temporary tension in relations which led to the indefinite postponement of the outstanding trade agreement between them. However, Iraq settled its debt to the Federal Republic of Germany in crude oil. In 1987, Iraq concluded a five-year agreement with the United States to promote mutual trade. In 1988, the latter provided Iraq with credit guarantees ($1.05 billion) for agricultural products (wheat, rice, maize, dry peas, dairy products) in exchange for oil. Iraq has special economic and trade relations with the USSR under a co-operation treaty that dates back to 1972. Iraq is the leading trading partner of the USSR among the Arab countries. In 1987, the trade turnover between the two countries increased by 46 per cent, mainly crude oil in exchange for machinery and equipment. In relative terms, more than 9 per cent of Iraq's imports in 1987 originated in the socialist countries of Eastern Europe. Recently, a trade agreement was concluded with Poland and another one is being negotiated with Japan.

Kuwait succeeded in recent years in securing new markets for its refined products. In early 1987, Kuwait concluded agreements to supply oil products to developing countries in Asia and Africa over a period of three years. Kuwait's refined products are being increasingly directed towards Western Europe (Italy) with less going to Japan and Pakistan - its main customers up to the mid-eighties. Japan remains its largest single client, consuming one-third of its crude oil. Other customers are Taiwan, Netherlands, South Korea and India. Kuwait's main suppliers are Japan followed by the United States, the Federal Republic of Germany, the United Kingdom and Italy. Other significant suppliers include South Korea, France, India, China, Turkey, Taiwan and Hong Kong. Trade relations with the USSR, have improved appreciably over the years; the last protocol was concluded in February 1989. In 1986, an oil swap agreement was concluded with the USSR for the exchange of crude oil, oil products and petrochemicals to service the two countries' markets in Europe, Africa and Asia. This was put into effect in 1987, and India was the beneficiary as the Kuwait Petroleum Company (KPC) supplied it with refined products. In 1987, Kuwait and Pakistan signed a three-year agreement for the supply of refined petroleum products. At the same time, Kuwait concluded an agreement to supply Brazil with crude oil.

3/ EIU, Iraq Country Report (No. 1, 1989), 30 January 1989.

In recent years, Saudi Arabia concluded several bilateral trade agreements with a number of countries to market its new petrochemical products. Furthermore, the Saudi Basic Industries Corporation (SABIC) established in 1984 two marketing subsidiaries for overseas export markets, in line with Saudi Arabia's plans to improve marketing techniques and secure new and stable markets for its products. A five-year agreement with Canada was concluded invoking the most-favoured-nation (MFN) clause and covering the exchange of oil for cars, trucks, barley, wire rods and telecommunications equipment. Another trade agreement was concluded in 1987 with the United Kingdom; and one with the EEC, as a group, for supplying it with 100,000 tonnes of Saudi wheat which meets the required moisture content specified by the EEC[4/]. The volume of trade between Saudi Arabia and the United States has improved significantly in recent years, as exports of oil to the United States increased five-fold in real terms. Saudi Arabia regained its position as the number one supplier of oil to the United States market during 1985-1987. Over the same period, the share of the United States in Saudi Arabia's exports grew from 6 to 17 per cent. Under the several trade agreements concluded in 1987, fertilizers will be exported to Taiwan by SABIC and urea to China and the United States. Saudi Arabia and China agreed, in November 1988, to exchange trade and commercial representations. As of the second half of 1989, 15 per cent of the Kingdom's new production line, titanium dioxide - a basic input for chemical industries - will be marketed in the United States (USA) under market-sharing arrangements; the United States being a partner in the plant.[5/]

In 1986 and 1987, a shift in relative importance of trading blocs of the Syrian Arab Republic occurred with the EEC replacing the socialist countries of Eastern Europe as major trading partner; Italy assuming first position, followed by the United States (USA). In 1988, trade with the EEC continued to exceed that with the socialist countries of Eastern Europe; while imports from the United Kingdom declined and the bulk of Syrian oil went to Romania. Special trade relations exist between the Syrian Arab Republic and Iran which

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4/ GATT, Developments in the International Trading System, April-September 1987 (L/6289), p.10.

5/ MEES, 18 January 1988.

continues to supply it with a large portion of its oil requirements under preferential prices and terms; the latest agreement in this respect was concluded in 1988. The Syrian Arab Republic has made arrangements to export its oil to the Libyan Arab Jamahiriya, the USSR, Yugoslavia, Indonesia and West European countries.

In 1988, about two-thirds of the United Arab Emirates' aluminium exports went to Japan and one-tenth to the United States, under long-term contracts; similar arrangements exist with China and Austria. Under a trade agreement concluded in February 1989, the United Arab Emirates will supply India with crude oil; while the sale of petrochemicals from the United Arab Emirates is being conducted under individual sales contracts. In May 1989, a three-year agreement was concluded with Taiwan for the supply of refined products and lubricants[6/]. The trade of the United Arab Emirates with Iran has always occupied a prominent position, especially for re-exports and non-oil exports. This trade, however, ebbs and flows depending on current political relations as reflected by the level of duties imposed at the time. Japan is, by far, the United Arab Emirates' main customer, having accounted for around one-half of its exports in 1986. Among its other customers mention may be made of Malaysia, Kenya and Taiwan, with which contracts for sales of refined products were signed in early 1989.[7/] Japan is also the United Arab Emirates' main supplier (27 per cent in 1988), followed by the United Kingdom, the Federal Republic of Germany and the United States. South Korea has emerged as a significant supplier of imports.

The discovery of oil in 1987, triggered a surge of imports into Yemen for development and exploration purposes, particularly from the United States. In December 1987, Yemen started exporting oil to the United States, Italy and Korea. In 1988, imports from the United States dropped by one-third their previous level but exports to it increased.

6/ MEES, 29 May 1989.

7/ EIU, United Arab Emirates Country Report (No.1, 1989), 10 March 1989.

B. Trade With The European Economic Community (EEC)

The ESCWA region relies heavily on trade with the European Economic Community (EEC). In particular, the EEC supplies the region with more than one-third of its imports, mainly manufactured goods, including machinery, and absorbs at least one-fifth of its exports, mainly fuels. During 1980-1985, the importance of the EEC as a market for exports from the region was significantly reduced. The share of the EEC in total exports shrank from 32 per cent in 1980 to less than 20 per cent in 1987, having accounted for 36 per cent in 1975. The EEC, however, continued to supply the region with more or less the same portion (35 per cent) of imports, though some shifts in the commodity structure of the region's imports from the EEC occurred between 1980 and 1987.

The share of manufactured goods, including machinery, in the region's imports from the EEC fell from about 69 per cent in 1980 to 58 per cent in 1987 (see Table 9). At the same time, the share of food items and chemicals rose to 17 per cent and 15 per cent, respectively. In relative terms, however, the EEC continued to supply the region with a growing share of its needs of machinery and manufactured goods which rose from 75 per cent in 1980 to 80 per cent in 1987, and of food items, which increased from 30 to 36 per cent in 1987 (see Table 10). As a matter of fact, the region's dependence on the EEC, as a source for most of its needs has intensified, not only for machinery, manufactured goods and foodstuffs but for all the other categories as well. It is thus clear that the compression of imports throughout most of the 1980s bore more heavily on non-EEC suppliers.

On the exports side, fuels continued to lead the region's exports to the EEC, though their share fell from 98 per cent in 1980 to 84 per cent in 1987. The reasons are obviously related to prevailing general economic conditions, sluggish demand for oil and the collapse in its prices. Exports of manufactured goods, other than machinery, and chemicals grew from less than one per cent each to account for 4 and 2 per cent, respectively. In relative terms, the EEC absorbed less of the region's exports of fuels in 1987 than in

Table 9. ESCWA Region: Commodity Structure of Trade with the European Economic Community (EEC)

(per cent of total)

	SITC Section	EEC (9) 1975	1980	1985	1986	1987	EEC (12) 1975	1980	1985	1986	1987
Imports (c.i.f.)											
Food items	0+1+22+4	11.25	12.89	14.52	15.30	17.19	11.18	12.79	14.67	15.38	17.08
Agricultural raw materials	2-22-27-28	0.72	0.46	0.46	0.45	0.66	0.71	0.47	0.45	0.46	0.66
Ores and metals	27+28+67+68	7.77	6.60	5.87	4.40	4.68	7.78	7.21	6.87	4.92	4.85
Fuels	3	1.46	1.59	1.26	1.17	0.79	1.50	1.58	1.41	1.35	0.98
Chemicals	5	11.13	8.56	12.25	12.47	14.66	10.91	8.52	11.76	12.20	14.36
Machinery & transport equipment	7	48.07	43.08	37.20	39.24	36.20	47.80	40.87	35.05	37.28	34.74
Other manufactured goods	6+8-67-68	18.98	25.66	26.64	24.37	22.56	19.53	27.48	28.08	25.68	24.21
All Commodities	0 to 9	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Exports (f.o.b.)											
Food items	0+1+22+4	0.17	0.14	0.34	0.67	1.00	0.16	0.13	0.29	0.59	1.00
Agricultural raw materials	2-22-27-28	0.38	0.31	1.51	1.53	1.44	0.39	0.32	1.47	1.54	1.41
Ores and metals	27+28+67+68	0.11	0.76	1.42	2.00	2.56	0.10	0.65	1.18	1.73	2.26
Fuels	3	98.58	97.71	90.79	87.49	83.97	98.68	97.94	92.24	89.08	85.52
Chemicals	5	0.22	0.56	1.45	2.53	2.33	0.20	0.48	1.27	2.28	2.29
Machinery & transport equipment	7	0.25	0.24	2.77	3.22	4.00	0.22	0.21	2.19	2.64	3.37
Other manufactured goods	6+8-67-68	0.27	0.25	1.15	1.76	3.78	0.24	0.23	0.91	1.50	3.37
All Commodities	0 to 9	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Compiled and computed by the ESCWA secretariat based on data provided by the United Nations, Statistical Office (UNSO), COMTRADE DATABASE.

1980, thus falling behind Japan as the major consumer of the region's fuels. After having absorbed about one-third of the region's fuels in 1980, as against one-fifth for Japan, positions were reversed and in 1987 with Japan absorbing around one-third and the EEC less than one-fourth.[8/] Similarly, one-fourth of the region's exports of chemicals in 1980 went to the EEC. In 1987, this share dropped to one-fifth, reflecting increased protectionism. In value terms, however, exports of petrochemicals from Saudi Arabia to the EEC have risen despite the existence of barriers.

In this context, it is worth noting that while 80 per cent of the combined GCC exports to the EEC are duty-free crude oil exports, the balance consisting of refined oil products and petrochemicals is conducted under the GSP arrangement. The GCC has been demanding duty-free access, scraping of quotas and elimination of other non-tariff barriers. However, this remains under consideration within the ongoing negotiations for the second phase of the EEC/GCC Co-operation Accord, the first phase of which was signed in June 1988. The first phase aims to assist the GCC countries in diversifying and expanding their oil sector, in marketing their products and in setting-up joint investment ventures.[9/] Agreements were also concluded between the EEC and each of Egypt, Jordan and Lebanon, pursuant to the enlargement of the EEC by the accession of Spain and Portugal in January 1986. Amendments were made to re-define the concept of "originating products" and the rules regarding certificates of origin.

C. Trade with Other Developing Regions

A significant development in the distribution of the ESCWA region's trade during the eighties has been has been the growing importance, in value and relative terms, of trade with other developing countries - notably those in

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8/ Tension between Iraq and the Federal Republic of Germany led to the suspension of an outstanding bilateral trade agreement between the two countries and, consequently, to a shrinking of mutual trade. Iraqi exports (mainly oil) to the Federal Republic of Germany declined by 40 per cent in 1986. (See: MEES, 3 August 1987).

9/ For details refer to Chapter I, Section C.

Table 10. ESCWA Region: Share of the European Economic Community (EEC) in Major Categories Exported and Imported

(per cent of respective SITC categories))

	SITC Section	EEC (9) 1975	1980	1985	1986	1987	EEC (12) 1975	1980	1985	1986	1987
Imports (c.i.f.)											
Food items	0+1+22+4	20.01	29.49	37.50	32.56	36.40	20.87	31.65	41.17	35.02	38.66
Agricultural raw materials	2-22-27-28	10.22	10.07	9.84	10.61	12.63	10.61	11.24	10.58	11.45	13.54
Ores and metals	27+28+67+68	29.82	31.78	34.66	28.67	34.02	31.34	37.57	44.06	34.31	37.69
Fuels	3	8.46	8.39	21.96	24.00	16.06	9.12	9.01	26.56	29.79	21.28
Chemicals	5	56.30	58.82	67.61	62.82	60.10	57.96	63.28	70.54	65.80	62.89
Machinery & transport equipment	7	46.28	41.43	41.53	44.51	42.85	48.30	42.50	42.55	45.26	43.95
Other manufactured goods	6+8-67-68	31.97	33.90	41.78	38.46	37.58	34.52	39.25	47.87	43.38	43.11
All Commodities	0 to 9	34.40	35.20	33.14	34.38	35.39	36.11	38.08	36.00	36.73	37.62
Exports (f.o.b.)											
Food items	0+1+22+4	5.22	8.46	9.19	12.90	20.18	5.61	9.28	9.86	13.91	24.12
Agricultural raw materials	2-22-27-28	10.76	27.61	39.51	31.22	33.80	12.76	33.43	48.87	38.45	39.96
Ores and metals	27+28+67+68	6.93	36.11	25.53	24.30	31.56	7.16	36.22	26.76	25.81	33.58
Fuels	3	38.10	32.32	24.93	24.43	23.54	43.53	37.68	32.15	30.54	28.83
Chemicals	5	7.08	25.50	30.83	23.32	21.55	7.24	25.61	34.18	25.84	25.48
Machinery & transport equipment	7	8.86	10.34	44.24	49.16	68.44	8.88	10.48	44.42	49.48	69.48
Other manufactured goods	6+8-67-68	5.04	9.05	17.63	20.76	29.23	5.11	9.51	17.83	21.72	31.32
All Commodities	0 to 9	35.90	31.79	17.75	19.68	19.35	40.97	36.97	22.97	24.03	23.11

For source and notes, see Annex Tables III.2 to III.5.

Asia. The share of developing countries in the region's imports grew from around 12 per cent in 1980 to 15 per cent in 1987, and from 20 per cent to 23 per cent in the case of exports.

On the imports side, the share of machinery and transport equipment in the region's imports from developing countries expanded from 10 per cent in 1980 to 17 per cent in 1987. Over the same period, the share of other manufactured goods already predominant, grew from 37 to 41 per cent of the total; while that of food items declined from 35 per cent in 1980 to 24 per cent in 1987. (See Table 11). In relative terms, the importance of developing countries as suppliers of major product categories to the ESCWA region grew in the case of manufactured goods and declined in food items. Developing countries supplied a growing share of the region's imports of manufactured goods, other than machinery, from 16 per cent in 1980 to 20 per cent in 1987; while less of the region's needs of food items originated in the developing countries, from about 26 per cent to 14 per cent. (See Table 12).

Fuels continued to dominate the region's exports to other developing countries, though their share in the total somewhat declined from 97 per cent in 1980 to 91 per cent in 1987. At the same time, the share of chemicals grew from less than one per cent to more than 3 per cent. Similarly, the share of ores and metals (mainly phosphates and aluminium) and other manufactures improved from less than one per cent to around two per cent each. In relative terms, developing countries took around one-fifth of the region's exports of fuels in 1987, one-fourth of chemicals and 22 per cent of ores and metals. However, and aside from a 4 percentage-point increase in developing countries' absorption of the region's exports of ores and metals, their relative position with respect to other major export categories has remained fairly stable.

Taken within the general thrust for diversification, both geographical and structural, the trade of the ESCWA region with developing countries has been a positive influence, especially in supplying a diversity of manufactured

Table 11. ESCWA Region: Commodity Structure of Trade with Developing Regions

(per cent of total)

	SITC Section	Total Developing Regions					Developing Asia (Less ESCWA)				
		1975	1980	1985	1986	1987	1975	1980	1985	1986	1987
Imports (c.i.f.)											
Food items	0+1+22+4	49.65	34.70	25.91	31.90	23.73	35.87	27.21	19.92	28.57	20.81
Agricultural raw materials	2-22-27-28	5.57	3.59	3.05	3.14	2.04	5.65	3.21	2.72	2.68	1.66
Ores and metals	27+28+67+68	6.24	7.31	7.46	8.56	9.49	7.38	7.88	7.36	7.90	8.58
Fuels	3	3.82	4.88	2.00	1.17	0.61	4.94	3.48	2.14	0.80	0.67
Chemicals	5	2.08	2.12	2.00	2.35	5.57	2.14	2.08	2.14	2.34	5.46
Machinery & transport equipment	7	8.07	9.53	13.99	10.15	16.99	10.23	10.68	15.46	11.26	18.31
Other manufactured goods	6+8-67-68	24.57	37.40	44.76	42.09	41.22	33.73	44.89	49.30	45.76	44.13
All Commodities	0 to 9	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Exports (f.o.b.)											
Food items	0+1+22+4	0.94	0.18	0.36	0.65	0.38	0.86	0.14	0.28	0.65	0.31
Agricultural raw materials	2-22-27-28	0.09	0.10	0.30	0.56	0.66	0.12	0.05	0.27	0.62	0.92
Ores and metals	27+28+67+68	0.53	0.60	3.30	2.75	2.27	0.64	0.78	3.18	2.98	2.67
Fuels	3	93.61	97.18	90.85	89.77	90.58	92.98	96.76	91.28	88.64	89.47
Chemicals	5	2.47	0.87	2.15	3.86	3.22	3.20	1.19	2.17	4.62	3.98
Machinery & transport equipment	7	0.91	0.59	1.97	1.21	1.08	1.23	0.60	2.00	1.53	1.45
Other manufactured goods	6+8-67-68	1.43	0.45	0.74	0.97	1.78	0.96	0.44	0.48	0.68	1.15
All Commodities	0 to 9	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Compiled and computed by the ESCWA secretariat based on data provided by the United Nations, Statistical Office (UNSO), COMTRADE DATABASE.

Details may not add up due to rounding.

goods. Such goods have generally come from the more advanced developing countries like Korea, Hong Kong, Taiwan, Bangkok and Singapore. To cement these relations and promote mutual trade, a number of bilateral and countertrade agreements were concluded between countries of the region and other developing countries.[10/]

10/ See Chapter I, Section C.2.

Table 12. ESCWA Region: Share of Developing Regions in Major Categories Exported and Imported

(per cent of respective SITC categories)

	SITC Section	Total Developing Regions					Developing Asia (Less ESCWA)				
		1975	1980	1985	1986	1987	1975	1980	1985	1986	1987
Imports (c.i.f.)											
Food items	0+1+22+4	25.90	26.56	12.44	20.66	14.28	13.07	16.61	8.54	16.41	11.53
Agricultural raw materials	2-22-27-28	23.12	26.49	12.18	22.4	11.08	16.36	18.94	9.74	16.97	8.28
Ores and metals	27+28+67+68	7.01	11.78	8.20	16.98	19.60	5.82	10.13	7.22	13.88	16.33
Fuels	3	6.50	8.60	6.46	7.35	3.59	5.89	4.87	6.22	4.42	3.57
Chemicals	5	3.08	4.86	2.05	3.60	6.48	2.23	3.81	1.97	3.20	5.86
Machinery & transport equipment	7	2.27	3.07	2.90	3.50	5.72	2.01	2.74	2.87	3.45	5.67
Other manufactured goods	6+8-67-68	12.14	16.53	13.05	20.21	19.51	11.64	15.82	12.85	19.50	19.23
All Commodities	0 to 9	10.09	11.78	14.61	13.90	15.05	7.05	9.40	11.15	10.78	12.75
Exports (f.o.b.)											
Food items	0+1+22+4	15.63	7.05	4.34	10.50	6.02	7.79	3.88	3.24	7.86	3.51
Agricultural raw materials	2-22-27-28	1.48	5.78	3.57	9.58	12.27	1.00	2.05	3.02	7.93	12.06
Ores and metals	27+28+67+68	17.88	18.24	26.67	27.73	22.14	11.71	16.38	25.08	22.56	18.34
Fuels	3	19.73	20.30	11.30	20.84	20.08	10.70	13.98	11.02	15.44	13.97
Chemicals	5	43.49	25.27	20.67	29.55	23.52	30.84	23.87	20.20	26.54	20.51
Machinery & transport equipment	7	17.48	15.90	14.25	15.23	14.59	12.86	11.23	14.02	14.51	13.84
Other manufactured goods	6+8-67-68	14.62	10.15	5.11	9.49	10.89	5.34	6.88	3.27	5.02	4.98
All Commodities	0 to 9	19.58	20.08	21.41	21.19	22.64	10.69	13.89	15.00	15.20	15.75

For source and notes, see Annex Tables III.2 to III.5.

CHAPTER V. INTRAREGIONAL TRADE AND REGIONAL CO-OPERATION*/

A. Regional Co-operation: Principal Features of Joint Arab Economic Action

The search for forms and mechanisms of economic co-operation among Arab countries is not a new phenomenon. Member countries have experimented in this area with varying degrees of enthusiasm and success since the establishment of the League of Arab States in 1945.

Until the early 1970s, however, such efforts were dominated by attempts to liberalize and facilitate the flow of trade. The overall approach was often too ambitious and comprehensive with respect to both objectives and geographic scope. The proposals generally lacked the flexibility to allow for the wide differences in the situations of various countries and for changing circumstances. These proposals were offered on a full adherence or rejection basis. Because the would-be contracting parties did not have the option to adhere only to those parts of the proposals for which they were ready, the effectiveness of the agreements concluded has not been encouraging. Witness, in this respect, the Arab Common Market Agreement, the membership and effectiveness of which have remained very limited despite two and a half decades of efforts by the Council of Arab Economic Unity to promote it. Another drawback of these earlier efforts resided in the fact that the decisions adopted by the institutional machinery were not binding on member countries. In other words, political rather than technical considerations have been the decisive factor.

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* This Chapter draws on previous work by the ESCWA secretariat on regional economic co-operation and intraregional trade, notably, Economic Co-operation in Western Asia (London, Frances Pinter, 1985); Developments in the External Sector of the ESCWA Countries, 1975-1985 (E/ESCWA/DPD/86/5), 31 December 1986; and, Recent Developments in External Trade and Payments of the ESCWA Region (E/ESCWA/DPD/88/2), 9 May 1988.

The earlier experience also leaned very heavily on intergovernmental action, reflecting perhaps the dominant economic and social philosophies prevailing at the time in the regionally more active countries, namely, Egypt, Iraq and the Syrian Arab Republic. Regional economic co-operation was basically viewed, and pursued, as a matter between governments with a limited role, if any, for the private sector. Moreover, these efforts lacked wider support by "interest groups" which have a vested interest in promoting them.

While the approaches discussed above reflected the prevailing thinking and trends in regional co-operation at the time, which assigned a leading role to trade liberalization and governmental action, options were necessarily limited by inadequate financial resources.

The adjustment in oil prices during 1973-1974 and the subsequent accumulation of substantial financial resources have helped alter the previous equations and opened a wide spectrum of co-operation possibilities. Increased attention began to be directed to promoting co-operation in production, the establishment of necessary key institutions and the enactment of supporting legislation. It should be noted, however, that this has not led to abandoning the pursuit of the earlier goals of trade liberalization and freedom of capital movement. This is evidenced by the introduction in the early eighties of a new Convention for Facilitating and Developing Trade between Arab States, to replace the 1953 Trade Convention, and the Unified Agreement for the Investment of Arab Capital, to supersede the various agreements adopted previously.

The subsequent phase in Arab economic co-operation and integration has been characterized by a number of features which have been making themselves increasingly felt since the mid-1970s. Among the more significant of these features the following may be mentioned. First, the growing support for subregional co-operation which culminated in the formation of the Gulf Co-operation Council in 1981 and the Arab Co-operation Council and Arab Maghreb Union eight years later in February 1989. The Gulf Co-operation Council represented a new and unique experiment in Arab economic relations, being the first major multinational arrangement conceived outside the framework of the Arab League and the Council of Arab Economic Unity. Second, increased acceptance and involvement of the private sector as an important factor in the co-operative process. Arguments advocating a more active role for the private sector, reflecting changed economic realities and disillusionment with government efforts, have steadily gained ground to the extent of securing explicit expression of support from the Arab Economic and Social Council. Third, emergence of a concensus that joint ventures represent a most promising vehicle for promoting regional co-operation. Fourth, large influx of capital from the surplus to the deficit member countries and a substantial flow of labour in the opposite direction. Fifth, stepping up of institution building with the establishment of a number of key institutions such as the Arab Fund for Economic and Social Development, the Arab Monetary Fund and the Inter-Arab Investment Guarantee Corporation. Sixth, the period witnessed a very strong impact of political factors on co-operation efforts, positive in some instances but often negative. The most significant developments, on the negative side, have perhaps been the boycotting of Egypt and suspension of its membership in all the regional Arab organizations pursuant to the Camp David Accords of 1979, and the deterioration in relations between Iraq and the Syrian Arab Republic.

B. Sub-regional Co-operation Schemes

Within the framework of sub-regional co-operation, two most significant developments during the 1980s took place. The first was the establishment of the Gulf Co-operation Council (GCC) in May 1981, by Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. The second was the establishment, eight years later in February 1989, of the Arab Co-operation Council (ACC) by Egypt, Iraq, Jordan and Yemen. At the same time, and within the wider context of the Arab World, the Arab Maghreb Union was formed.

1. The Gulf Co-operation Council (GCC)

Although the formation of the GCC appears to have been primarily in response to preoccupations peculiar to the GCC countries, its implications for the countries of the ESCWA region cannot be over-emphasized. The GCC countries wield substantial economic and financial power as aid donors and markets for goods, services and labour. To that extent, their economic policies will have considerable impact on the other ESCWA countries.

In 1983, the GCC approved a Unified Economic Agreement which set out to co-ordinate and unify economic, fiscal, monetary and industrial policies of member countries in the long-term with the aim of creating a common market among the six members and integrating their economies. The Agreement provides for (a) elimination of customs duties and the establishment of a common minimum external tariff; (b) co-ordination of trade policies and import procurement policies; (c) free movement of labour and capital; (d) co-ordination of oil policies and industrialization; (e) co-ordination of technology, training and manpower policies; (f) co-operation in transport and communications; and (g) co-ordination of financial, monetary and banking policies including a common investment strategy.

Among the GCC's significant accomplishments relating to the movement of goods and persons mention may be made of the following: (a) establishment, in September 1983, of a common external tariff of 4 per cent, rising to 20 per cent for competing imports; (b) establishment of joint customs clearance points on the borders to facilitate movement of GCC goods and citizens; (c) liberalization of intra-GCC trade since March 1983, provided that at least 40 per cent of goods are of GCC origin and supported by a certificate of origin to that effect; (d) free movement of GCC citizens; and (e) establishment of joint ventures for the development and downstream integration of the oil industry as a means of restructuring it.[1/] Regarding the common external tariff, so far it has not been uniformly observed by all the GCC States; moreover, there is resistance in some countries concerning its implementation. In December 1988, the GCC Summit confirmed the intention to remove all internal tariffs in an effort to create a free-trade area. However, Oman was granted a five-year grace period to protect its strategic and infant industries[2/].

1/ Middle East Economic Survey (MEES), 14 November 1988.

2/ The Economist Intelligence Unit (EIU), Bahrain Country Report (No.2, 1989), May 1989.

Under the umbrella of industrial co-ordination, the GCC countries established a large number of joint ventures, especially in petrochemicals and fertilizers as well as in marketing operations. Saudi Arabia Basic Industries Corporation (SABIC) has already established 14 such ventures with other GCC countries to produce and market petrochemicals, fertilizers, plastics, aluminium and others. The latest is a $128 million venture to build a titanium dioxide plant in Yanbu on the Red Sea, scheduled to commence operations during the second half of 1989. Another huge joint venture was established in August 1987 to produce petroleum coke and involves SABIC, the Kuwait Petroleum Company (KPC), the Gulf Investment Corporation and the Gulf Organization for Industrial Consultancies (GOIC). The joint venture utilizes petroleum residue from thermal cracking processes to manufacture graphite electrodes. Among SABIC's recently established joint ventures are the Ibn Al-Baytar plant in Jubail to produce ammonia, under the National Chemical Fertilizer Company a plant to produce phosphatic fertilizers (1989) and the Ibn Zahr plant to produce methyl tertiary ether (July 1988). It was agreed that any joint industrial venture exceeding 20 million Saudi Riyals should obtain prior approval from the GCC secretariat, and for those whose capital is half that amount only a license is required.

The Finance Ministers of the GCC countries approved in February 1987 the creation of a Fund to support any GCC currency under pressure. The Fund is equally subscribed to by the GCC monetary agencies[3/]. At the same time, a preliminary agreement was reached to introduce a new currency grid - similar to the Europan Monetary System (EMS). A formula linking the GCC currencies was worked out in April 1989 during the meeting of the Governors of Central Banks of the six GCC countries[4/].

The GCC countries have also embarked on co-ordination of policies and joint marketing of crude oil, given the difficulties a number of them have been facing in the wake of the collapse in oil prices. It was reported by

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3/ MEES, 23 February 1987.

4/ EIU, United Arab Emirates Country Report (No.1, 1989), 10 March 1989.

some GCC countries that a number of customers refused to pay for their oil at the fixed official prices[5/]. Moreover, a new pricing policy, based on the European prices, was agreed upon in April 1988 for the marketing of petrochemicals and fertilizers. It was proposed that granting of large discounts ought to be discontinued[6/]. The possibility of extending oil assistance in meeting member States' obligations towards trading partners in case of emergencies is still under consideration.

Between 1985 and 1986, the share of intra-GCC exports remained around 5 per cent of total exports; while intra-GCC imports fell from 7.4 per cent to 6.2 per cent (See Table 13). At the country level, Bahrain's dependence on other GCC countries is especially pronounced, given its imports of Saudi oil for the Sitra refinery and its importance as an entrepot centre. Thus, the GCC supplied around one-half and over two-fifths of Bahrain's imports in 1985 and 1987, respectively, while absorbing about one-fourth and 16 per cent of its exports over the same period. Oman obtained 22.8 per cent of its imports from the GCC in 1985 and 28.4 per cent in 1987. The remaining GCC countries purchased generally less than 5 per cent of their imports from within the grouping.

In terms of participation or contribution to intra-GCC trade, Saudi Arabia was responsible for over two-fifths, the United Arab Emirates for 29 per cent and Bahrain for 17 per cent of intra-GCC exports in 1987. On the import side, Bahrain accounted for more than two-fifths of intra-GCC imports, Oman for one-fourth, while Saudi Arabia and the United Arab Emirates were responsible for between 13 per cent to 14 per cent each.

2. The Arab Co-operation Council (ACC)

Article 2 of the agreement establishing the Arab Co-operation Council (ACC) states that the ultimate aim of the Council is the realization of the highest levels of co-ordination, co-operation, integration and solidarity among its members. The agreement outlines the following broad spheres and approaches for the Council's work:

5/ MEES, 2 March 1987.
6/ MEES, 4 April 1988.

Table 13. Intra-Gulf Co-operation Council (GCC) Trade

	Exports		Imports	
	1985	1987	1985	1987
	Per cent of respective total			
Bahrain	25.37	16.45	50.17	43.43
Kuwait	2.41	2.03	1.82	2.07
Oman	0.35	0.46	22.81	28.39
Qatar	3.80	6.04	3.21	3.44
Saudi Arabia	4.72	4.14	2.12	1.57
United Arab Emirates	4.89	6.06	6.27	4.52
Intra-GCC	4.92	4.68	7.38	6.24
	Per cent of Intra-GCC			
Bahrain	20.5	17.0	44.2	42.8
Kuwait	7.2	7.4	3.5	4.0
Oman	0.5	0.6	21.9	24.9
Qatar	3.8	4.7	1.1	1.5
Saudi Arabia	41.8	41.1	15.2	14.0
United Arab Emirates	26.2	29.4	14.0	13.1
Intra-GCC	100.0	100.0	100.0	100.0

Source: IMF, Direction of Trade Statistics Yearbook, 1988.

- Realization of economic integration especially in the economic and financial fields; industry and agriculture; transport, communication and telecommunication; education, culture, scientific research and technology; social, health and tourism affairs; and, regulation of work, labour movement and residence.

- Encouragement of investments and joint ventures and economic co-operation among the public, private, co-operative and mixed sectors.

- Striving towards a common market among member countries leading to the Arab common market and Arab economic unity.

- Strengthening ties among citizens of member countries.

- Supporting and developing joint Arab action so as to strengthen Arab ties.

There is no doubt that the agreement establishing the Arab Co-operation Council has benefited in several aspects from the earlier experience of joint Arab economic action. This is evident in its adoption of a flexible and gradualist approach, reliance on co-ordination at the sectoral level and among national development plans, and the expressed desire to involve the private sector more actively in the process. The agreement also stresses the importance of taking into consideration the levels of development and economic conditions and circumstances prevailing in member countries.

The agreement gives the impression that the priorities it proposes are not different in their essence from those which formed, and still do, the focus of joint Arab action. The difference resides apparently in the number of countries involved. Confining membership initially to four countries has positive implications. In such a case, the cost of effort to reach agreements or specific cooperative arrangements is likely to be less and the chances of success greater than in situations involving a larger number of participants. Moreover, the size of population and market, and the diversified and large possibilities, actual and potential, which the four member countries possess constitute significant positive elements enhancing the chances of success.

However, member countries differ among themselves in several important aspects that should be taken into consideration when establishing priorities for joint action. For example, there exists a big difference in the size of population as in the case between Egypt and Jordan. There are also very large inter-country differences in the role played by each of the public and private sectors, though present trends may be narrowing these differences. In Jordan and Yemen, economic activity is largely in the hands of the private sector. In contrast, the public sector is the dominant force in the economies of Egypt and Iraq. Large differences also exist with respect to the role of the services sector, external trade and balance of payments position, and availability of financial and human skills and resources. Hence, interests and priorities may differ significantly between member countries implying a need to define a course of action that guarantees direct and tangible benefits to each participant.

Among the issues that should receive high priority are those related to work regulation, labour mobility and residence. These are important issues from the economic and social point of view for the four members of the Council, whether labour-exporting or labour-importing. And in view of the huge numbers of workers that move between the countries of the Council, the credibility of joint action may largely hinge on the conditions and circumstances surrounding such movements where daily practices and contact with large segments of the population can be a determining factor in painting a bright or dismal picture for the entire endeavour.

Striving to establish a common market involving the four members is an important long-run objective which evokes the experience of the Arab Common Market - in existence since 1964. Three countries of the Arab Co-operation Council, namely, Egypt, Iraq and Jordan were among the four founding members of the Arab Common Market. The long experience with the Arab Common Market clearly points to the many obstacles it encountered, and to the fact that bilateral arrangements have been more successful in promoting intra-Arab trade. It is also important to bear in mind that the circumstances currently prevailing in the newly formed sub-regional grouping appear to bear closer resemblance to those that exerted a negative influence on intra-trade in the context of the Arab Common Market than those that accompanied the formation of the Gulf Co-operation Council (GCC) in 1981, especially as they relate to overall economic conditions, balance of payments and the nature of economic structures.

Joint ventures appear to provide a more viable instrument despite the disappointing experience with a number of ventures that were established earlier within the framework of the Arab League and its organs. The Arab experience and that of developing countries in other regions point to some success prerequisites. Joint ventures must be capable of generating a commercial return and meet, directly or indirectly, basic needs in all or most participating countries such as housing. Also, giving the private sector an important role in establishing and managing joint ventures should also exert a positive influence. Moreover, the success of joint ventures could be closely linked to the absence of competition from similar national projects as the unsuccessful record of the Arab Maritime Petroleum Transport Company (AMPTEC) shows.

The transport and communication sector constitutes a suitable choice for establishing additional joint ventures, given the importance of movement of goods and persons among the Council's member states and the large distances separating them from each other.

The identification and setting up of joint ventures could be promoted by forming an investment company similar to the Arab Investment Company, which is located in Riyadh in Saudi Arabia, or the establishment of a branch of that company to be concerned with investing in the countries of the Arab Co-operation Council.

The areas of education, culture, scientific research and technology are not only vital to all member States, but also constitute fields where the chances of success in co-operation appear more promising relative to other fields. Related to this subject are the issues of meeting members' needs for technical assistance and training of various kinds. In this connection, the idea of establishing a fund to support and promote scientific and technological co-operation among member States appears worth studying.

Implementation requirements and relations with existing groupings

The agreement establishing the Arab Co-operation Council does not elaborate on the means to be used in attaining the declared objectives, mentioning only that this would be achieved through plans and practical measures including looking into what could be issued in terms of new legislation or the adjustment and unification of existing legislation. Thus, the agreement leaves the door open for adopting suitable measures without haste that could reflect itself negatively on the co-operation process.

The agreement does not also refer directly to the nature of relations to be evolved with other Arab regional groupings, whether those established within the framework of the Arab League or outside it, or with the few countries that have remained outside the recently established subregional groupings (the Gulf Co-operation Council, the Arab Co-operation Council and the Arab Maghreb Union). However, it is clear from the content of the agreement and statements that accompanied its declaration that the Council is intended to be an integral part of joint Arab action and is meant to strengthen that action not to weaken it.

The comprehensive and broad nature of the agreement could be an obstacle to implementation if it is given a binding interpretation rather than considering it as a general framework - which appears to be the case - having basically an indicative function. Accordingly, insistence on acting simultaneously on a wide front could have negative implications. A more rewarding course of action would be to concentrate on a limited number of issues at a time. This implies formulating a realistic conception and time path for achieving the objectives anticipated in the agreement without excluding the possibility of moving on more than one front when circumstances are favourable.

Great care must also be exercised so as not to multiply the formation of committees and institutions that exhaust and dissipate resources, especially human resources, and whose activities may overlap or contradict with similar institutions already in existence.

Periodic meetings of the leadership of the four member countries is essential to give momentum to cooperative endeavours. It is also very important that the private sector be effectively involved in defining areas and means of co-operation. Moreover, any co-operation that does not enjoy a broad base of support and understanding from large segments of the population who could identify their own interests with initiatives proposed or undertaken will remain fragile. The chances of success are likely to be enhanced when initiatives originate at relatively "lower" levels of decision-making (such as chambers of commerce, agriculture and industry, producers' associations, and professional and occupational federations) and when these initiatives allow the acceptance of parts thereof by some members.

Concerning what is stated in the third article of the agreement with respect to issuance, adjustment or unification of legislation to achieve the objectives of the Council, the question which suggests itself is whether to start with such initiatives or leave them to a later stage when actual conditions justify such action. The latter interpretation appears to be more realistic and logical. Nevertheless, there are many aspects of a non-direct economic or social nature where a start could be made including, for example, legislation related to the protection of the environment, intellectual property and quality control and standardization of industrial and agricultural produce.

The kind of relations that could develop between the Arab Co-operation Council, on the one hand, and other sub-regional groupings in the Arab World within and outside the framework of the Arab League and Arab countries that have remained outside such groupings, on the other hand, will definitely have a strong impact not only with respect to achieving the aims of the Council but also for the overall process of Arab co-operation and integration efforts.

At the outset, these relations should be viewed from a complementary and not a competitive perspective. It is only natural for each sub-grouping to undertake activities and implement policies that contribute to achieve its objectives; the proviso being that such actions do not conflict with the interests of other groupings. In this connection, there are many areas of joint concern at both the global or regional level on which interests could converge. At the international level mention may be made of issues of concern to developing countries in general such as indebtedness, trade negotiations, transfer of technology and operations of transnational corporations. At the regional level one can cite cases of interest to a number of groupings such as labour movements, joint ventures, training, technical assistance, transit trade and exploitation of common water and other natural resources.

As is the practice with Arab development funds which meet periodically to consult and co-ordinate their activities, similar procedures could be adopted by the secretariats of the various groupings, leaving overall co-ordination to the Arab League which includes all the groupings in addition to countries which have not joined any of these groupings.

Regarding mutual trade, concerted efforts need to be exerted to raise the share of intra-ACC trade in total trade. In 1987, this share was around 3.9 per cent for exports and 2.4 per cent for imports. At the country level the highest share was witnessed in Jordan, where 30 per cent of its exports and 12 per cent of imports were accounted for by the ACC, mainly Iraq. The share of the ACC in Iraq's trade was around 3 per cent and in Egypt around one per cent. In terms of participation, Iraq was responsible for half of intra-ACC exports; while Jordan accounted for half of intra-GCC imports. (See Table 14).

Table 14. Intra-ACC Trade, 1987

	Per cent of Total		Per cent of Intra-ACC Trade	
	Exports	Imports	Exports	Imports
Egypt	1.29	0.74	10.3	18.2
Iraq	3.01	2.86	49.5	30.4
Jordan	30.10	12.22	40.2	49.8
Yemen	0.17	0.78	0.0	1.5
Intra-Acc	3.86	2.42	100.0	100.0

Source: ESCWA secretariat based on international sources.

C. Bilateral Co-operation and Trade Arrangements

The period reviewed saw the conclusion of a number of bilateral trade and co-operation agreements between member States. The most recent agreements generally involved Iraq, Egypt and Jordan, or one of them and a partner from the Gulf area[7/].

The most significant area of co-operation relates to the oil sector. Under "war-relief" to Iraq, an agreement with Kuwait and Saudi Arabia, on a time-swap basis, was concluded in February 1983 for a duration of three years in order to compensate for the closure of the Iraqi-Syrian pipeline in 1982. This agreement was being extended annually until it was terminated in January 1989 following the cease-fire agreement between Iran and Iraq in August 1988. In November 1988, the two Yemens signed an agreement for oil exploitation of a joint area. They also set up a joint company for investments in oil and mineral resources. Iraq signed an agreement with Democratic Yemen to process 10,000 b/d of crude oil at the Aden Refinery beginning 1 April 1988, with part of the output to be marketed domestically and the balance within the region. In February 1988, Democratic Yemen and Kuwait renewed, for another year, an agreement concluded in January 1987 for the processing of Kuwaiti oil at the Aden Refinery. Similar arrangements were made between Democratic Yemen and each of Qatar and the Syrian Arab Republic[8/]. Kuwait was to continue to supply Democratic Yemen with oil (aid), some urea and ammonia for 1989.

7/ For a cumulative listing of bilateral trade agreements, see the following works of the United Nations Economic and Social Commission for Western Asia (ESCWA): Economic Integration in Western Asia (London, Frances Pinter, 1985); Current issues in Economic Co-operation and Integration in Western Asia (E/ESCWA/DPD/84/17), November 1984; Recent Developments in Economic Co-operation and Integration in Western Asia (E/ESCWA/DPD/85/6), April 1985; Developments in the External Sector of the ESCWA Countries, 1975-1985 (E/ESCWA/DPD/86/5), 31 December 1986; and Recent Developments in External Trade and Payments of the ESCWA Region (E/ESCWA/DPD/88/2), 9 May 1988.

8/ MEES, 28 November 1988.

Democratic Yemen and Oman concluded a wide-ranging co-operation agreement in November 1988 to demarcate disputed borders but also covering trade, transport, oil and mining exploration. Iraq signed eight separate agreements with Egypt for co-operation in various sectors of social and economic activity, including trade, transport, culture, higher education, science and technology, housing, manpower and foreign policy. Co-operation in joint contracting and construction ventures and land reclamation were also covered. The Trade Accord provided for the annual exchange of $250 million worth of trade in 1988[9/]. Egypt and the United Arab Emirates concluded an agreement in July 1988 calling for the free exchange of industrial and agricultural products.

Bilateral trade and co-operation agreements between Egypt and Sudan (February 1987), Iraq and Morocco (November 1987), Jordan and Tunisia (December 1986) have also been concluded on the basis of reciprocal treatment for duty-free entry of all goods except some sensitive goods, which are normally identified in a list attached to the agreements.

Within the wider context of Arab economic co-operation, Iraq passed a new law to encourage Arab investment in Iraq[10/]. The new law aims to encourage the flow of Arab capital for investment in Iraq and organizes such investments in the industrial and agricultural sectors, as well as touristic services. Iraqi investors are allowed to participate up to 49 per cent of paid-in capital; both capital and profits should be in Iraqi dinars. Minimum paid-in capital of projects under this law is half a million Iraqi dinars. Import licenses are granted to investors without foreign exchange permits. A grace period of five years with 20 per cent relief from income taxes is granted upon realization of profits which is reduced to 10 per cent for the second five years. The Arab Investment Law also covers rules governing repatriation of capital and profits which is allowed in same currency of original investment or any other convertible currency acceptable to the Central Bank of Iraq.

9/ MEES, 18 July 1988.

10/ Iraqi Official Gazette (Law No. 46 of 1988), 25 April 1988. See also, MEES, 22 August 1988.

Co-operation took other forms such as the setting up of joint ventures in various fields of production and services. For example, Iraq and Jordan established in February 1988 a joint venture for producing chemical detergents. The company is based in Baghdad with a capital of $27.5 million (51 per cent public and the balance consisting of private capital from both countries). In addition to manufacturing and marketing chemical detergents, the company manufactures accessories for industrial projects in the two countries.

The Arab Bridge Company was established by Iraq, Egypt and Jordan to transport goods and passengers between the Egyptian port of Nuwaibi to Jordan's Aqaba, and then by land to Iraq. The company started its activities in March 1988[11/].

Pursuant to an official announcement made in June 1988, a joint company was set up in November of the same year between the two Yemens for investments in oil and mineral resources. Initial discussions were held on the type of activities and basic financial, administrative and investment policies governing the company. The Company's main line of activities is in oil exploitation; its first major project is the exploitation of a joint area which will commence at the end of 1989. Revenues are to be shared equally between the two countries.[12/]

Thirty-two insurance companies from eight Arab countries (Kuwait, Bahrain, Iraq, Qatar, Saudi Arabia and the United Arab Emirates, in addition to the Libyan Arab Jamahiriyara and Algeria) met in Kuwait in September 1987 and agreed to cover the fleet of the Organization of Arab Petroleum Exporting Countries, OAPEC - sponsored Arab Maritime Petroleum Transport Company (AMPTC) for the year 1988[13/].

11/ MEES, 29 February 1988.

12/ MEES, 27 June 1988; Ibid., 28 November 1988; EIU, Yemen Country Report (No. 2, 1989), May 1989.

13/ MEES, 28 September 1987.

A joint investment company was set up by Saudi Arabia and Jordan in 1987. The joint venture's main line of activities will centre on agricultural and industrial projects. The company is based in Amman and is capitalized at $500 million for an initial period of 50 years. Its Board of Directors is composed of six members equally representing the two countries[14/].

D. Intraregional Trade

Trade liberalization has occupied a prominent position in regional co-operation efforts. Towards this end, a number of multilateral arrangements were concluded under the aegis of the League of Arab States and the Council of Arab Economic Unity, the most recent of which is the new Arab Trade Convention of 1982 which replaced the 1953 Convention.[15/]

Under the Unified Customs Law, a transitional period of five years, ending in December 1989, was given to members of the League of Arab States to put it into effect. Indications, however, point to non-adherence so far. On another front, the members of the League of Arab States have been officially advised by the Customs Co-operation Council (CCC) to start implementing, on a gradual basis, the Harmonized System (HS) which was universally adopted beginning 1988.

Export financing has long been considered a key factor in determining the competitiveness of regional suppliers relative to other suppliers. The sluggishness in intraregional trade which has accompanied the sharp drop in overall export earnings in recent years has contributed to focus attention on the importance of providing adequate finance for reactivating and expanding

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14/ MEES, 23 February 1987.

15/ The Convention for Facilitating and Developing Trade between Arab States was ratified by 12 Arab States. Its main provisions include: (a) duty-free entry for agricultural and animal products, semi-manufactured goods and all products of joint ventures; (b) gradual tariff exemption for manufactured goods; (c) protection of local goods; (d) granting preferences to other Arab States under bilateral/multilateral agreements; and (e) special preferential treatment for the least-developed Arab States.

this trade. Efforts in this direction have taken two paths: Provision of finance and guaranteeing export credit related to intraregional trade. In both cases, however, the issues are being considered within the wider Arab context.

Export credit for intraregional trade is being extended by the Arab Monetary Fund under its special window facility. Also, an Arab Export-Credit Guarantee Scheme was established in 1986 under the Inter-Arab Investment Guarantee Corporation. Both moves respond to a long-felt need by observers of the faltering steps taken so far to expand intra-Arab trade.[16/]

The Scheme covers commercial risks in addition to non-commercial risks, which have been covered since 1983. Only goods with at least 40 per cent value added from Arab origin and destined for inter-Arab trade are eligible under the facility. The credit guarantee period does not exceed 180 days' coverage for commercial and non-commercial risks. In order to expand its guaranteeing operations, the Inter-Arab Investment Guarantee Corporation has opted to re-insure with Arab and international insurance firms. It increases the competitiveness of Arab exporters and enables them to quote better terms for their transactions, and extends credit and finance of longer duration than has hitherto been possible. It is hoped that the Scheme will induce more trade financing by Arab banks and financial institutions that have been reluctant to go into financing intra-Arab trade for, among other things, lack of export-credit guarantees. The provision of credit facilities and direct financing of trade transactions within the Arab world is definitely a step in the right direction.

16/ A Fund for the Compensation of Losses, arising from tariff reductions in favour of the least-developed Arab countries, is still under consideration by the League of Arab States and the Council of Arab Economic Unity.

1. Performance of intraregional trade

Intraregional trade continues to make up a small fraction of total trade. The apparent improvement in the share of intraregional exports in total exports, from over 4 per cent in 1980 to around 7 per cent in 1987 is a statistical illusion, given the steep decline recorded in the value of total exports from the region, the bulk of which (oil) is directed to the outside world with only a small portion consumed within the region. (See Table 15). In fact, the value of intraregional exports fell rapidly after 1981, when it peaked at $12 billion, to reach $5 billion in 1987, or 40 per cent below the 1980 level.

This mirrored closely the trade situation of the GCC countries and Iraq, where the regional market gained ground between 1980 and 1987. In relative terms, the share of intraregional exports in total exports grew from negligible amounts to 5 per cent in Iraq, from 3 to 6 per cent in Saudi Arabia, from 2 to 7 per cent in the United Arab Emirates, and from 2 to 8 per cent in Qatar, over the same period.

The situation was markedly different for the other ESCWA countries, where the share of the region in their combined exports was almost halved, shrinking from 24 per cent in 1980 to 13 per cent in 1987, since the decline in the value of intraregional exports for this group was steeper and more pronounced than in total exports. The retrenchment policies and measures to compress imports applied by their main consumers within the region - Iraq and the GCC countries - cut deeply into their exports. Lebanon and Jordan, followed by the two Yemens, were the hardest hit, being the countries which rely most on the regional market as an outlet for their goods. This is reflected by the fact that in 1987, one-half of Jordan's exports and one-third of those of Lebanon were consumed intraregionally, after having accounted for about 60 per cent and three-fourths of their respective exports in 1980.

The compression of imports, which began in 1983, has disproportionately affected imports from within the region. The share of intraregional imports in aggregate imports, contrary to intraregional exports, dropped by around 2 percentage points - from 9 per cent in 1980 to 7 per cent in 1987. Only in the case of Iraq, Kuwait, Oman, Egypt and Jordan did the share of intraregional

Table 15. ESCWA Region: Share of Intraregional Trade in Total Trade
(in per cent of respective total)

	Exports (f.o.b.)					Imports (c.i.f.)				
	1975	1980	1985	1986	1987	1975	1980	1985	1986	1987
Major Oil Exporters	3.20	3.60	6.62	6.82	6.33	14.22	8.17	7.96	7.68	7.29
Iraq	1.23	0.09	3.60	4.91	4.78	2.46	4.64	5.58	5.82	7.63
GCC Countries	3.50	4.22	7.09	7.10	6.57	18.69	9.00	8.51	8.10	7.24
Bahrain	15.40	23.66	28.00	22.67	19.39	52.95	60.14	50.66	43.19	44.18
Kuwait	4.22	8.25	7.25	7.63	6.01	3.96	3.60	3.68	3.73	4.14
Oman	0.01	3.32	0.39	0.56	0.49	21.22	22.47	22.91	24.38	28.46
Qatar	0.65	2.50	4.94	7.26	7.83	12.99	7.51	5.44	5.92	5.84
Saudi Arabia	3.41	3.25	7.22	5.69	5.87	23.57	3.27	3.34	3.45	2.56
United Arab Emirates	2.40	2.39	5.71	7.73	6.97	8.27	9.97	7.02	6.25	4.98
Other ESCWA Countries	25.00	24.14	12.69	15.57	13.14	8.78	12.59	8.41	7.41	7.41
Democratic Yemen	6.62	45.82	13.38	31.53	35.67	27.19	44.92	26.83	27.61	29.26
Egypt	4.35	11.08	4.53	5.96	4.98	6.69	1.85	2.19	2.37	2.61
Jordan	42.05	60.44	51.15	43.68	50.71	21.66	23.80	27.29	23.69	27.32
Lebanon	65.61	73.95	46.00	40.05	33.07	5.08	14.21	13.13	10.73	12.67
Syrian Arab Republic	9.02	7.95	3.40	8.72	4.89	9.50	2.54	3.67	5.08	1.39
Yemen	16.84	49.79	42.92	57.33	57.93	13.69	22.54	13.42	12.05	15.28
ESCWA Region	4.57	4.26	7.12	7.59	6.98	12.27	9.10	8.08	7.60	7.33

For sources and notes, see Annex Tables IV.1 and IV.2.

imports slightly improve, while declines in the shares were recorded for the remaining ESCWA countries.

The case of Bahrain is somewhat special amongst the GCC countries with respect to exports and, more so, imports. Bahrain relies on the regional market for one-fifth of its exports (re-exports mainly) and for two-fifths of its imports, constituting largely of crude oil from Saudi Arabia.

The extent of participation in intraregional trade varies widely between the group of major oil exporters and the other ESCWA countries, and among individual countries. The divergence between the two groups is pronounced for both exports and imports, reflecting the peculiar characteristics of their external sectors.

The overwhelming dominance of the major oil exporters (GCC countries and Iraq) is evident in both intraregional exports and imports. This dominance became more accentuated in the case of exports between 1980 and 1987, as the share of the GCC countries and Iraq rose by 8 percentage points to account for 82 per cent of all intraregional exports. In contrast, their share in total intraregional imports fell by 10 percentage points to 67 per cent (see Table 16). In 1987, around 74 per cent of intraregional exports and 58 per cent of intraregional imports were accounted for by the GCC countries alone.

At the country level, the share of Saudi Arabia in intraregional exports doubled to 30 per cent between 1980 and 1987, thus replacing Bahrain as the largest single exporter for the region; the latter's share collapsed from 26 per cent to 10 per cent of total intraregional exports in 1987. Kuwait's contribution improved from 3 per cent in 1980 to 11 per cent in 1987; while that of the United Arab Emirates remained at the same level - around 17 per cent. Aside from Egypt and Jordan, whose participation somewhat improved between 1980 and 1987, the participation of the group of other ESCWA countries diminished considerably. Combined, this group had lost ground as its share fell from 26 per cent to 18 per cent of intraregional exports, over the period reviewed.

Table 16. ESCWA Region: Participation in Intraregional Trade
(per cent in intraregional trade)

	Exports (f.o.b.)					Imports (c.i.f.)				
	1975	1980	1985	1986	1987	1975	1980	1985	1986	1987
Major Oil Exporters	72.4	74.4	85.2	82.0	81.9	58.8	76.7	71.2	70.2	67.4
Iraq	5.8	6.6	6.3	7.5	8.3	3.1	0.4	9.5	9.8	9.7
GCC Countries	66.6	67.8	79.0	74.4	73.6	55.7	76.3	61.7	60.4	57.6
Bahrain	23.7	26.3	12.4	12.0	10.5	4.8	9.5	23.9	20.2	21.6
Kuwait	3.1	2.6	11.8	11.9	11.4	13.9	11.4	3.8	4.3	3.9
Oman	5.2	5.0	0.3	0.3	0.3	0.2	0.3	11.8	13.3	12.4
Qatar	1.9	1.6	2.7	3.2	3.2	0.6	2.0	1.0	1.3	1.2
Saudi Arabia	25.8	14.8	34.9	28.6	30.5	30.7	46.5	12.8	12.8	11.4
United Arab Emirates	6.8	17.5	16.8	18.4	17.7	5.5	6.6	8.4	8.5	7.1
Other ESCWA Countries	27.6	25.6	14.8	18.0	18.1	41.2	23.3	28.8	29.8	32.6
Democratic Yemen	1.4	5.9	0.7	0.9	1.0	0.6	2.7	3.2	3.0	3.2
Egypt	11.7	1.4	2.8	3.6	4.2	2.3	5.4	3.6	5.3	7.7
Jordan	4.2	6.5	5.6	5.7	7.2	3.1	4.6	11.5	11.1	13.4
Lebanon	3.2	5.5	4.2	4.8	3.8	25.8	8.6	4.6	4.4	4.4
Syrian Arab Republic	5.5	1.0	0.9	2.4	1.1	9.3	1.8	2.4	2.6	0.4
Yemen	1.6	5.3	0.5	0.7	0.7	0.1	0.2	3.6	3.3	3.6
ESCWA region	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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

Details may not add up to totals due to rounding.

In contrast, the share of the group of other ESCWA countries in intraregional imports grew from 23 per cent in 1980 to 33 per cent in 1987. The participation of the regionally active ESCWA countries in intraregional imports became more evenly distributed. For instance, aside from Bahrain - who was responsible for one-fifth of intraregional imports in 1987 - Saudi Arabia, Oman, and Jordan each accounted for between 11 and 13 per cent of the total. The participation of Oman and Jordan had increased over time, while that of Saudi Arabia fell from 46 per cent in 1980 to 11 per cent in 1987.

It should be noted that the participation of Egypt in intraregional trade had declined substantially in the wake of the Camp David Accords of 1979. However, the situation began to improve after 1985 with Jordan and Iraq taking the initiative in that direction. The Extraordinary Arab Summit Meeting which was held in Amman in November 1987 marked a turning point. Resumption of diplomatic relations with virtually all Arab countries followed, and Egypt was re-admitted to most of the Arab organizations from which it was suspended earlier. Egypt was officially re-admitted to the League of Arab States during the Extraordinary Session of the Arab Summit Meeting held in May 1989 in Rabat.

The review above would markedly differ if oil trade and re-exports were to be set aside. This is particularly applicable to exports from Saudi Arabia and imports of Bahrain, both of which are heavily weighted by oil; and exports from the smaller GCC countries, who have been acting as suppliers to other GCC countries and Iraq. This trade has increased in volume in recent years, and especially since the eruption of disturbances in Lebanon in the mid-seventies.

Thus, considering non-oil trade - as it is not possible to exclude entirely re-exports in order to identify non-oil indigenous exports - the extent of participation of countries as Lebanon, Jordan and, to some extent, Egypt, becomes more pronounced. These deficit economies rely heavily on the regional market to sell their goods (fruits and vegetables, miscellaneous manufactures and cement) and to purchase some of their needs (Jordan). Furthermore, the share of intraregional trade in total trade would improve drastically, if fuel exports were to be excluded. In 1985, for instance, this share went up to 23 per cent for the ESCWA region as a whole, compared to 7.1

per cent of total exports including fuels. At the country level, the importance of the region as a market for non-fuel exports is more pronounced for Oman, Qatar and the United Arab Emirates (essentially re-exports) and for Jordan and Lebanon where, on average, around one-half of their exports went to the region. Both, Iraq and Egypt directed more than 13 per cent of their non-oil exports to the region. By contrast, the importance of the region as a source of non-fuel imports for its member countries is quite limited, both with respect to coverage and size. In 1985, this share did not exceed 2 per cent, revealing the intensity of the region's dependence on the outside world to meet its needs for manufactured goods and foodstuffs. For Oman, Yemen and Iraq, between 15 to 18 per cent of total non-fuel imports originated in the regions.[17/]

Another aspect of the skewness of intraregional trade is illustrated in Table 17 and Annex Table V.1. The geographic scope of individual country's trade appears to be generally very narrow, implying weak and/or inadequate trade relations - or even tensions - at the regional level and highlighting the importance of bilateral trade arrangements which take precedence over multilateral ones. Table 17 is one way of expressing the index of geographic concentration. The share of the first partner in each country's trade is given, then the sum of the shares for the first two partners and finally, the sum of the shares for the first three partners. For the regional index, a weighted average is computed.

On the average, 58 per cent of all regional exports in 1987 were destined to the leading market of individual countries, while the cumulative share for the first two markets went up to 73 per cent and to the leading three markets, 81 per cent of intraregional exports. The situation is replicated in the case of intraregional imports - confirming the high geographic concentration of intraregional trade.

17/ See, United Nations Economic and Social Commission for Western Asia (ESCWA), Developments in the External Sector of the ESCWA Countries, 1975-1985 (E/ESCWA/DPD/86/5), 31 December 1986.

Table 17. Cumulative Share of Leading Trading Partners in Intraregional Trade, 1987 (per cent)

	Exports			Imports		
	Trading Partner			Trading Partner		
	First	Second	Third	First	Second	Third
Bahrain	72	82	89	96	98	99
Democratic Yemen	85	96	100	37	61	76
Egypt	57	70	81	38	62	83
Iraq	59	84	91	44	76	85
Jordan	47	68	79	40	73	81
Kuwait	37	54	67	20	37	52
Lebanon	26	44	60	36	53	70
Oman	53	75	89	93	96	98
Qatar	37	52	65	50	67	79
Saudi Arabia	66	78	84	22	40	51
Syrian Arab Republic	43	77	85	39	64	86
United Arab Emirates	63	77	83	63	74	84
Yemen	59	99	100	57	82	89
ESCWA Region* (Weighted Average)	58	73	81	58	75	83

Source: See Annex Table V.1.

*Calculated as the cumulative sum of each country's cumulative trade with its first, with its first and second, and with its first, second and third trading partners, respectively, divided by total intraregional trade of the 13 countries listed in the Table above.

At the country level, the degree of geographic concentration - as reflected by the share going to the three leading markets - in exports appears to be lowest - though it is still high - in the case of Lebanon (60 per cent), Qatar (65 per cent) and Kuwait (67 per cent). In intraregional imports, Saudi Arabia and Kuwait show the lowest indicators of geographical concentration: 51 and 52 per cent, respectively. The ESCWA countries with the highest degree of concentration in exports were the two Yemens (100 per cent); while reliance on the leading three suppliers was most pronounced in Bahrain (99 per cent), Oman (98 per cent), followed by Yemen (89 per cent).

2. <u>Commodity structure of intraregional trade</u>

The region constitutes an important market for the re-exports of the GCC countries which also supply crude oil for some of the refineries where domestic resources are insufficient (Bahrain, Jordan and Democratic Yemen) or non-existent (Lebanon). The Syrian Arab Republic used to get its additional requirements of crude for refining oil through the Iraqi Pipeline. Since the early eighties and the closure of that Pipeline, Iran, and to a lesser extent, the Libyan Arab Jamahiriya, have filled the gap and, in case of emergencies the spot market was resorted to, often at a disadvantage. The flow of regionally produced petrochemicals, fertilizers, cement and aluminium into the GCC and other countries in the region has recently increased - though the bulk of these products continues to be marketed elsewhere.

For Iraq and the group of other ESCWA countries, the region provides a major outlet for their exports of manufactured goods and agricultural products, mainly fruits and vegetables. These flows have been particularly important for Lebanon and Jordan. Democratic Yemen, Jordan and Lebanon depend largely on the region for the supply of crude oil for their refineries. Yemen relies on its neighbouring countries for the supply of its staple commodities and manufactured goods. The regional market assumes special significance as an outlet for its member countries' exports of those manufactured goods for which access into the wider international markets is more difficult as a result of protectionism (textiles and leather goods), or quality and specifications requirements, transportation costs and/or bottlenecks, and the bulky nature of goods (cement, bottled mineral water, rubber and plastic products, iron and steel structures). More often than not, the regional market serves as a testing ground for new product lines and potential exports.

While not more than 2 to 3 per cent of the region's fuel exports are consumed within the region, their share in intraregional exports continued to be predominant despite its having declined from around three-fifths in 1980 to two-fifths of the total in 1987.

The structure of intraregional trade did not change significantly since the early eighties, although some shifts in concentration occurred. Thus, in 1980, fuels dominated intraregional trade, accounting for about 60 per cent of the total, followed by manufactured goods other than machinery (14 per cent), machinery - essentially re-exports (11 per cent) and food items, constituting less than 10 per cent (see Table 18). In 1987, the share of fuels shrank by one-fifth to 40 per cent, albeit remaining the most dominant. This fall in relative importance of fuels was offset by a rise in the share of food items and petrochemicals, while manufactured goods retained their combined share at one-fourth of the total. Food items replaced other manufactures, in order of importance, as their share became significantly higher than in 1980, accounting for around one-fifth of the total, while other manufactured goods and machinery followed. Exports of chemicals gained ground at the intraregional level and their share tripled to around one-tenth of the total in 1987. This reflected the increase, in relative terms, in absorptive capacity at the regional level for petrochemicals and fertilizers. Also falling under this category, products like soaps, detergents and cleansing powders, paints and varnishes, pharmaceuticals and medicinal equipment, the production and export of which at the regional level, has significantly improved since the early eighties.

Intraregional trade is of crucial significance in some product categories. Oil aside - the region consumed more than 68 per cent of its own exports of food items in 1980, 64 per cent of those of machinery and transport equipment (essentially re-exports) and an equal share of other manufactured

Table 18. Commodity Structure of Intraregional Trade
(per cent of total)

	SITC Section	ESCWA Region 1975	1980	1985	1986	1987	League of Arab States (LAS) 1975	1980	1985	1986	1987
Imports (c.i.f.)											
Food items	0+1+22+4	13.41	10.85	14.97	24.81	17.37	14.21	13.41	20.88	27.69	21.46
Agricultural raw materials	2-22-27-28	2.87	0.58	0.66	0.96	1.19	2.98	0.58	0.89	1.17	1.29
Ores and metals	27+28+67+68	3.52	4.69	5.94	5.43	5.79	3.62	4.41	5.52	4.97	5.55
Fuels	3	36.35	57.83	35.79	23.91	39.50	35.80	56.72	33.19	22.59	36.02
Chemicals	5	4.07	2.49	3.81	8.57	9.13	4.12	2.48	3.56	8.25	10.22
Machinery & transport equipment	7	19.08	9.65	19.19	14.86	10.10	18.74	9.09	17.74	13.17	9.28
Other manufactured goods	6+8-67-68	20.65	13.76	19.19	19.70	15.66	20.45	13.18	17.88	20.57	15.16
All Commodities	0 to 9	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Exports (f.o.b.)											
Food items	0+1+22+4	12.26	8.38	...	24.14	...	12.16	7.39	...	19.39	21.39
Agricultural raw materials	2-22-27-28	2.88	0.64	...	0.95	1.21	2.56	0.81	0.86	1.19	1.10
Ores and metals	27+28+67+68	3.44	3.88	...	5.36	5.83	3.21	3.53	5.65	6.00	7.78
Fuels	3	42.52	59.98	...	25.36	9.35	43.44	63.66	...	35.42	12.51
Chemicals	5	3.80	2.21	...	8.33	20.35	4.63	2.06	6.76	7.89	19.44
Machinery & transport equipment	7	15.81	11.22	22.82	14.54	13.42	14.42	10.28	...	11.46	10.82
Other manufactured goods	6+8-67-68	19.25	13.59	30.28	19.47	22.66	19.60	12.20	...	17.13	26.96
All Commodities	0 to 9	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Source: Compiled and computed by the ESCWA secretariat based on data provided by the United Nations, Statistical Office (UNSO), COMTRADE DATABASE.
Details may not add up due to rounding.

goods, one-fourth of its exports of ores and metals and 14 per cent of those of chemicals (see Table 19). In 1987, the region lost considerable ground as an outlet in all major categories of exports. The share of food items consumed within the region was halved, though remaining substantial, to around one-third of the total; while around one-tenth of its exports of chemicals, machinery and other manufactured goods was absorbed within the regional market.

The region is more important as an outlet for its non-oil exports than as a source for goods, both in terms of amounts and type of products involved. Thus, with the exception of fuels, around half of which originate from within, the region supplies very small shares of the remaining categories of imports. This, among other things, serves to reflect minor achievements in locating alternative outlets for the region's goods, such as the other developing countries and the developed market-economies, while at the same time confirming the region's extreme dependence on outside sources.

3. Factors limiting intraregional trade

The failure of intraregional trade to account for a more significant share of the region's aggregate trade may be attributed to a number of interrelated economic and institutional factors. The region's potential to supply the range of products imported from other countries, in the required quantities and qualities, is limited by the narrowness of its production base and the overall competitiveness of its member countries' productive structures, as well as the failure to conceive agricultural and industrial development within a regional perspective.

This is particularly true of manufacturing industries which have emerged along import-substitution lines, sustained by protectionist measures, to cater to the home market alone and/or to rapidly-growing markets of other countries in the region, notably the GCC countries and Iraq.

Aside from oil, the bulk of which is virtually consumed outside the region in response to world demand and changes therein, a significant portion of the region's exports consists of cotton and, to a lesser extent, phosphates.

Table 19. ESCWA Region: Share of Intraregional Trade in Major Categories Exported and Imported

(per cent of respective SITC categories)

	SITC Section	ESCWA Region					League of Arab States (LAS)				
		1975	1980	1985	1986	1987	1975	1980	1985	1986	1987
Imports (c.i.f.)											
Food items	0+1+22+4	8.51	6.42	3.16	4.27	2.11	9.19	8.45	4.77	5.41	2.86
Agricultural raw materials	2-22-27-28	14.58	3.32	1.19	1.78	1.32	15.39	3.52	1.71	2.56	1.56
Ores and metals	27+28+67+68	4.80	5.83	2.87	2.87	2.43	5.05	5.85	2.87	2.98	2.53
Fuels	3	75.21	78.65	50.82	39.79	46.11	75.56	82.23	51.06	42.73	46.11
Chemicals	5	7.33	4.42	1.71	3.48	2.15	7.61	4.68	1.74	3.82	2.64
Machinery & transport equipment	7	6.55	2.40	1.75	1.36	0.69	6.57	2.41	1.75	1.37	0.69
Other manufactured goods	6+8-67-68	12.40	4.70	2.46	2.51	1.50	12.54	4.79	2.48	2.98	1.58
All Commodities	0 to 9	12.27	9.10	8.08	7.60	7.33	12.52	9.70	9.07	8.37	7.71
Exports (f.o.b.)											
Food items	0+1+22+4	47.32	68.37	63.34	63.31	31.86	53.92	70.07	64.34	65.72	32.85
Agricultural raw materials	2-22-27-28	10.45	7.73	1.75	2.68	1.74	10.69	11.34	2.30	4.34	1.92
Ores and metals	27+28+67+68	27.05	24.83	9.99	8.86	4.20	29.02	26.32	10.19	12.80	7.30
Fuels	3	2.09	2.66	...	...	...	2.46	3.28	...	...	...
Chemicals	5	15.57	13.61	14.05	10.45	11.10	21.85	14.75	14.46	12.76	13.75
Machinery & transport equipment	7	70.93	63.75	35.98	30.17	13.51	74.39	67.91	36.16	30.62	14.23
Other manufactured goods	6+8-67-68	45.87	64.83	46.00	31.16	10.33	53.72	67.71	47.51	35.44	15.96
All Commodities	0 to 9	4.57	4.26	7.12	7.59	6.98	5.26	4.96	8.47	8.72	8.27

For source and notes, see Annex Tables III.2 to III.5.

These agricultural and non-agricultural primary products also find their markets in the industrialized countries outside the region. Moreover, the industrialization pattern which has emerged in the region has not been helpful in generating significant demand for its raw materials (mainly cotton and phosphates), nor in meeting the needs of the region in terms of machinery and capital equipment. Furthermore, the emergence of new product lines (e.g. petrochemicals, fertilizers and other oil derivatives) where huge production capacities are involved and products are technologically more advanced, has further accentuated the limited absorptive capacity of the region for its own products.

The failure of efforts to promote intraregional trade may also be attributed to differences in levels of development which pose the threat of "polarization" of benefits, socio-economic systems and trade regimes, giving rise to prevalence of and/or preference for, bilateral trade arrangements over multilateral ones, and the maintenance of various forms of non-tariff barriers, despite an overall commitment to the liberalization of intraregional trade. Obstacles of an institutional nature, including inadequate trade-financing arrangements, transport bottlenecks, lack of harmonization of customs nomenclature and trade formalities, differences in trade-handling organizations (state trading versus private sector) and more favourable and long-standing trade relations with suppliers outside the region, also work against intraregional trade. Unlike the deficit ESCWA countries where similarities in production patterns prevail, in the key ESCWA countries adequate foreign exchange supplies and an outward-looking approach favour importation on a competitive basis, usually in favour of extra-regional goods.

Built-in defects in multilateral trade agreements continue to be a disturbing factor to the expansion of intraregional trade. These include inconsistency between economic relations and political motivations leading to over-ambitious targets, absence of workable solutions to long-standing problems, lack of flexibility in implementation of certain parts of provisions: Either full adherence or rejection basis, and the non-binding character of agreements. In addition to this inherent inflexibility, insufficient support generated beyond the immediate circles that promoted such arrangements limit the extent of support.

Finally, unstable political relations have had adverse effects on trade, mainly through their direct impact on the smooth flow of trade, as well as indirectly through their effects on investments and industrial decisions. Political considerations have worked both for and against intraregional trade and regional co-operation. However, their overall impact has adversely affected the process and frustrated many initiatives. This negative impact has arisen mainly from lack of political goodwill or generally weak political commitment which has obstructed implementation and uncertainty regarding the continuity of integration measures created by unstable and shifting political relations.

The crucial issue is how to isolate co-operation efforts at various levels from the vicissitudes of political relations. One way is to avoid hasty commitments inspired by momentary considerations and affiliations. Another is to ensure that sufficient economic interest and momentum are generated so as to reduce the chances of revoking agreements and commitments[18/].

Economic co-operation and trade expansion endeavours are more likely to succeed in an environment of economic growth and stable political relations, and to be retarded otherwise.

To summarize, the reasons behind the poor performance of intraregional trade have been amply analyzed and various solutions proposed, bearing in mind the overall political mood prevailing at that time. Measures or policies adopted varied from pure and direct trade instruments aimed to promote intraregional trade, to preparation of the proper environment for trade creation through production of export-oriented goods by means of establishing

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18/ See: United Nations Economic and Social Commission for Western Asia (ESCWA), Current Issues in Economic Co-operation and Integration in Western Asia (E/ESCWA/DPD/84/17), November 1984.

joint ventures, encouraging investment of the public and private sectors, and harmonizing co-ordination of production plans.

In practice, the underlying obstacles confronting efforts to promote intraregional trade may be attributed to what appears to be divergent interests of member countries in the short- and medium-term.

It is only through becoming more competitive that regional suppliers could hope to capture a larger share of the regional market. Preferential trade arrangements and other trade-promoting measures can help; but as past experience shows, their impact could be very limited. In this sense, promoting intraregional trade may not be less challenging than promoting trade in general, except perhaps for the favourable factors as proximity, implying lower transportation costs, knowledge and business contacts and, above all, the perception of intraregional trade as an essential component in forging closer ties among member countries.

While efforts continue to make the best possible use of existing mechanisms for promoting intraregional trade, any new approaches to impart dynamism to this trade would have to be predicated to increase their chances of success, on a better understanding of what is possible and what is not, in light of both past experience and the new economic and political relations which have emerged in the recent past[19/].

19/ ESCWA, Recent Developments in External Trade and Payments of the ESCWA Region (E/ESCWA/DPD/88/2), May 1988.

CHAPTER VI. INTERNATIONAL TRANSACTIONS IN SERVICES[1/]

Services constitute an important element in the totality of resources available for development, especially information and technology-intensive services. Developing countries, including those of Western Asia, need to open up new trade options; services offer such possibilities.

The beginnings of the Decade coincided with a strong surge of interest at the global level in trade in services, reflecting greater awareness on the part of governments, international organizations and academics of the crucial role that such trade assumes in growth and development. This growing concern with services led to their inclusion, for the first time, on the agenda of the GATT-sponsored multilateral trade negotiations (the Uruguay Round) which was launched in September 1986 after protracted discussions. The initially very divergent views held by developing and developed countries on the desirability of including services in the negotiations, as well as regarding their scope, modality and forum, generated considerable controversy between the two groups and their proponents.

The definition of services[2/] in this section differs from that used in the context of the balance of payments as compiled by the International Monetary Fund by including workers' remittances. Thus, international transactions in services are defined here to include non-factor services (viz. shipment, other transportation, travel, other official services and other private services) plus factor services (viz., investment income and workers' remittances).

1/ Services have been the subject of a major study by the ESCWA secretariat entitled: Trade in Services: Growth and Balance of Payments Implications for the Countries of Western Asia (E/ESCWA/DPD/87/16) 1987 (Sales No. E.87.II.L.16). The secretariat also organized an Intergovernmental Meeting on Trade in Services and Development in the ESCWA Region (Baghdad, 17-19 January 1989).

2/ For a discussion of definitional issues, see: Ibid., pp.64-71.

A. Overall Performance

From the outset, attention is drawn to the numerous shortcomings in international services transactions statistics of countries of Western Asia (see footnotes to Annex Tables VI.1 and VI.2.

The countries of Western Asia may be grouped essentially into service-exporting countries (Egypt, Jordan, Lebanon and the Syrian Arab Republic) and service-importing countries (Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates). The two groups are not mutually exclusive; for example, Bahrain is also an exporter of services. For analytical purposes, the nine countries for which data were available, have been grouped in this chapter into three groups: Gulf Co-operation Council (GCC) comprising Bahrain, Kuwait, Oman and Saudi Arabia; non-oil diversified economies including Egypt, Jordan and the Syrian Arab Republic; and, the least developed countries consisting of Democratic Yemen and Yemen.

Reducing excessive dependence on the outside world and diversification of production and trade structures are paramount considerations in the efforts of the services-importing group as a whole to develop their service sectors. In the smaller oil producers, promoting the service sector appears to offer a chance to diversify their national economies, given the difficulties encountered in establishing viable agricultural and industrial activities aside from those related to oil. In contrast, balance of payments considerations largely explain the concern with services in the predominantly service-exporting countries. Disillusionment with the performance of agriculture and industry to produce the desired impact in terms of production and diversification, as well as generation of adequate foreign exchange, have helped focus attention on the potential of services for development and trade.

International transactions in services assume an important position in current transactions of Western Asia (see Table 20). On the credit side, the share of services in the total stood at about two-fifths, on average, in 1984-1986, compared to only one-fifth in each of the periods 1980-1982 and

Table 20. ESCWA Region:[1] Major Components of the Current Account
(percentage share; three-year average)

	1976-1978		1980-1982		1984-1986	
	Credit	Debit	Credit	Debit	Credit	Debit
Merchandise	76.5	52.7	76.5	47.6	56.7	47.5
Non-factor services	7.3	26.4	6.4	33.8	11.4	36.5
Factor services[2]	13.2	13.4	14.3	13.6	29.0	12.4
Official transfers	2.7	7.5	2.1	5.0	2.6	3.6
Total current transactions[3]	100.0	100.0	100.0	100.0	100.0	100.0

For source and notes, see Annex Tables VI.1 and VI.2.

1/ Covers Bahrain, Democratic Yemen, Egypt, Jordan, Kuwait, Oman, Saudi Arabia, Syrian Arab Republic and Yemen.
2/ Includes workers' remittances.
3/ Includes private transfers other than workers' remittances.
Details may not add up to totals because of rounding and minor statistical discrepancies.

1976-1978. Essentially, this reflected the dramatic decline in the value of merchandise exports as earnings from services recorded only a modest improvement in the first six years of the current decade.

On the debit side, the share of services in the region's current transactions changed little since the start of the decade, remaining between 47 per cent and 49 per cent of the total. This, however, represented a significant (8 percentage points) rise relative to the situation in 1976-1978. Thus, outlays on services have come to equal or exceed slightly the value of merchandise imports in the 1980s, whereas they constituted only three-quarters of the latter in 1976-1978.

It is also worth noting that factor services have been much more significant than non-factor services on the credit side of the current account; the opposite being true for non-factor services on the debit side. In 1984-1986, for example, factor services credits were more than two and a half times those of non-factor services, while outlays on the latter were almost three times those on the former.

In the global context, the ESCWA region has been more important as importer of services than as exporter (see Table 21). Its share in world debits on account of international transactions in services (factor and non-factor services) averaged 10.9 per cent in 1984-1986, which was 2.4 per cent lower than in 1980-1982. As exporter of services, however, the share of the region was virtually unchanged at around 9 per cent during the interval.

The region, however, is considerably more important as importer of non-factor services than as supplier; the contrary being true for factor services. It accounted for about 2.5 per cent and 6.5 per cent of world credits on account of non-factor services and factor services, respectively with virtually no change recorded over the first six years of the decade. The region's contribution has been minimal in the case of direct investment income (0.1 per cent) and shipment (0.4-0.7 per cent) and significant in private transfers (12-13 per cent) with earnings from other investment and transportation occupying intermediate positions.

Table 21. Position of Western Asia[1/] in Global Services Transactions
(per cent; period average)

	Western Asia		World[2/] Million US$	
	1980-1982	1984-1986	1980-1982	1984-1986
A. Credit				
1. Non-Factor services	2.5	2.4	412711	428494
Shipment	0.4	0.7	60377	56091
Other transportation	4.9	4.0	76847	73281
Travel	2.7	1.3	98055	105826
Other official services	1.4	1.4	33259	36084
Other private services	2.3	3.2	144173	157211
2. Factor services	6.6	6.5	374892	400802
Direct investment income	0.1	0.1	50562	54305
Other investment income	6.8	6.7	278455	300174
Private transfers	12.3	13.0	45875	46322
B. Debit				
3. Non-factor services	9.0	8.0	464000	464443
Shipment	9.5	7.8	92416	86662
Other transportation	2.0	1.5	81584	75190
Travel	4.1	2.7	97660	101481
Other official services	35.8	30.6	52026	49817
Other private services	6.4	7.4	140314	151292
4. Factor services	4.3	2.9	396412	430467
Direct investment income	15.2	5.1	52282	45183
Other investment income	0.7	0.7	303723	347315
Private transfers	17.1	20.6	40407	37967

For source and notes, see Annex Tables VI.1 and VI.2; and IMF, Balance of Payments Yearbook (Vols. 38 & 39, Part II).

Note: For the anomalies in some of the reported entries relating to Western Asia, especially travel and other private services, refer to footnotes to Annex Tables VI.1 and VI.2.

1/ Comprises 9 (out of 13) countries for which data were reported in 1986, namely: Bahrain, Democratic Yemen, Egypt, Jordan, Kuwait, Oman, Saudi Arabia, Syrian Arab Republic and Yemen.

2/ Includes developed countries, centrally-planned economies, developing countries and transactions of international organizations.

As importers of non-factor services, the countries of Western Asia were responsible for 8 per cent of the world total, on average, in 1984-1986, compared to 9 per cent in 1980-1982. The significantly above average share of the category of other official services reflects the huge outlays reported by Saudi Arabia under this entry (see Annex Table VI.2). It is also worth noting the decline, from 9.5 per cent to 7.8 per cent, in the share of shipment which probably reflects the decline in the volume of imports into the region observed in the course of the decade.

As to factor services, the countries of Western Asia have accounted for a declining share of world debit transactions amounting to less than 3 per cent in 1984-1986. And whereas the share of direct investment income payments fell from an average of about 15 per cent in 1980-1982 to only 5 per cent in 1984-1986, that of private transfers rose from 17 per cent to over one-fifth of the total.

The ESCWA region experienced a marked deceleration in its international transactions in services during the nineteen eighties, especially after 1983 (see Table 22). On the credit side, non-factor services grew by a mere 0.4 per cent per annum on average, between 1980 and 1986 and factor services by 4.3 per cent, compared to annual rates of expansion of 21 per cent and 31 per cent, respectively between 1976 and 1980. For non-factor services, the slowdown was more pronounced in GCC countries and the least developed members - both groups recording average negative growth rates - relative to the situation in the non-oil diversified economies which recorded a positive rate of growth, albeit a much smaller one compared to the expansion achieved in the second part of the 1970s.

As to earnings from factor services, only the GCC countries appear to have maintained, on average, a positive rate of growth averaging 7.2 per cent per annum during 1980-1986, or slightly less than one-fourth the rate realized between 1976 and 1980. Both the least developed members and the non-oil diversified economies, especially the former group, experienced unfavourable trends resulting in average annual rates of decline of 11 per cent for the

Table 22. ESCWA Region: Aggregate Trade in Services, Selected Periods

	Annual rate of variation (per cent)						Value (million US$)					
	1976-1980	1980-1986	1983-1984	1984-1985	1985-1986	1986-1987a/	1976	1980	1985	1986	1986a/	1987a/
A. Credit												
ESCWA Region												
Non-factor services	21.0	0.4	2.5	-2.8	-9.1	6.2	4359.8	9296.5	10468.8	9512.0	5574.9	5923.0
Factor services	31.0	4.3	-6.8	-10.5	3.5	-14.4	6775.7	19940.8	24784.1	25661.1	21854.1	18710.1
Gulf Co-operation Council (GCC)												
Non-factor services	21.0	-3.3	8.8	-6.8	-20.6	2.3	2481.5	5287.4	5433.3	4315.5	4302.6	4401.9
Factor services	30.5	7.2	-10.2	-7.6	10.2	-15.4	4587.9	13373.5	18414.8	20300.5	19667.0	16636.3
Non-oil diversified economies												
Non-factor services	20.5	4.8	-3.8	3.0	4.3	22.2	1788.5	3757.7	4774.3	4981.8	1057.6	1292.9
Factor services	37.0	-1.1	6.6	-17.5	-12.4	-22.5	1348.4	4749.7	5092.2	4458.3	1284.8	995.6
Least developed countries												
Non-factor services	30.0	-2.6	-7.4	-15.1	-17.8	6.3	89.8	252.4	261.2	214.7	214.7	228.2
Factor services	21.0	-11.0	-9.6	-19.5	-29.3	19.5	839.4	1817.3	1277.1	902.3	902.3	1078.2
B. Debit												
ESCWA Region												
Non-factor services	33.0	-2.2	-8.1	-15.5	-16.1	-2.7	11347.5	35279.2	36816.9	30878.2	26512.8	25794.9
Factor services	26.0	-4.2	5.7	-9.3	-8.9	-1.8	5880.5	14760.2	12555.2	11433.1	8648.1	8492.4
Gulf Co-operation Council (GCC)												
Non-factor services	35.0	-3.0	-10.2	-17.9	-17.1	-4.0	9330.4	30817.1	31033.4	25720.1	25019.8	24024.8
Factor services	26.0	-5.7	6.4	-11.7	-10.7	-1.4	5438.1	13608.3	10684.2	9543.8	8022.3	7911.9
Non-oil diversified economies												
Non-factor services	21.0	3.3	11.5	0.2	-9.9	12.7	1866.2	3957.0	5344.7	4815.9	1150.8	1296.7
Factor services	29.5	11.7	5.0	7.7	-0.5	-5.3	318.9	901.0	1760.2	1751.7	488.2	462.4
Least developed countries												
Non-factor services	35.0	-6.3	-10.7	-5.5	-22.0	38.3	150.9	505.1	438.8	342.2	342.2	473.4
Factor services	19.4	-9.5	-32.4	-2.2	24.2	-14.2	123.5	250.9	110.8	137.6	137.6	118.1

For source and notes, see Annex Tables VI.1 and VI.2.

a/ Excluding Oman, Egypt and Syrian Arab Republic for which data were not available for 1987.

former and 1.1 per cent for the latter, compared to annual rates of growth of 21 per cent and 37 per cent, respectively, in the earlier period. In both groups, this reflected essentially the trend in workers' remittances; earnings from, the relatively unimportant, other factor transactions also declined.

The reversal of earlier trends has been even more striking on the debit side. Average annual growth rates as high as 33 per cent for non-factor services and 26 per cent for factor services during the period 1976-1980 gave way to declines at annual rates of 2.2 per cent and 4.2 per cent, respectively, in the six years which followed. With respect to non-factor services, payments on account of shipment, other transportation and official services were considerably compressed during this period; their combined value falling from $25.8 billion in 1980 to $18.0 billion in 1986 (see Annex Table VI.2). The cut in factor services payments reflected the sharp reduction in reported direct investment income outflows, from $7.2 billion in 1980 to $1.1 billion in 1986, as the region's outlays in connection with workers' remittances and other investment income recorded higher amounts rising from $5.9 billion to $7.8 billion in the first instance, and from $1.7 billion to $2.5 billion, in the second over the same interval.

The compression of expenditures on both factor and non-factor services reflected the trend in the four GCC countries examined where payments on account of factor services declined from $13.6 billion in 1980 to $9.5 billion in 1986, and from $30.8 billion to $25.7 billion in the case of non-factor services. In relative terms, the least developed countries appear to have suffered most. In contrast, the three non-oil diversified economies as a group experienced positive rates of growth, albeit much below those recorded between 1976 and 1980.

Though incomplete (see Table 22), data for 1987 show that the overall trends noted above continued to prevail in general.

B. Structure

The region's international transactions in services have been dominated by factor services on the credit side and by non-factor services on the debit side (see Table 23). Factor services accounted for 73 per cent of total receipts in 1986, compared to 68.2 per cent in 1980, whereas the contribution of non-factor services to total expenditures rose from 70.5 per cent to 73 per cent during the same interval. Moreover, factor services have been net foreign exchange earners in the region as a whole - producing a surplus of $5.18 billion in 1980 and $14.23 billion in 1986 - whereas non-factor services have been heavy users of foreign exchange - resulting in an overall deficit of $25.98 billion in 1980 and $21.37 billion in 1986.

The significance of factor services on the credit side derives mainly from other (than direct) investment income flows and, to a lesser but significant extent, workers' remittances, as reported income from direct investment has remained of marginal importance. The share of other investment income flows - representing essentially earnings on foreign investment by the Saudi Monetary Agency (SAMA), earnings by Kuwait on government and foreign assets and earning of financial and other Kuwaiti private institutions, and earnings by Bahrain including those accruing to deposit money banks - rose from 47.9 per cent in 1980 to 59 per cent in 1986 of all services transactions credits, making a net contribution to earnings of $12.33 billion and $18.24 billion, respectively. Over the same duration, the share of workers' remittances retreated from 20.2 per cent to 13.8 per cent, turning the small surplus in 1980 ($46 milion) into a substantial deficit of about $2.96 billion in 1986.

On the debit side, the relative importance of factor services diminished from 29.5 per cent in 1980 to 27 per cent in 1986, or from $14.76 billion to $11.43 billion in absolute terms. Payments on this account have traditionally arisen mainly in connection with workers' remittances and direct investment income. But whereas the latter's share dropped from 14.4 per cent to 2.6 per cent, the share of workers' remittances rose from 11.7 per cent to 18.4 per

Table 23. ESCWA Region1/: Structure of International Transactions in Services and Contribution to Foreign Exchange Earnings and Uses

(per cent; millions of United States dollars)

	Structure (per cent)				Net earnings/uses ($ million)	
	Credit		Debit			
	1980	1986	1980	1986	1980	1986
Non-factor services	31.8	27.0	70.5	73.0	-25983	-21366
Shipment	0.6	1.3	15.0	12.2	-7317	-4701
Other transportation	13.4	8.2	3.5	2.4	2138	1854
Travel	10.8	3.5	9.4	6.4	-1528	-1477
Other official goods and services	1.6	1.2	33.1	27.9	-16099	-11364
Other private goods and services2/	5.4	12.7	9.5	24.0	-3178	-5678
Factor services	68.2	73.0	29.5	27.0	5181	14228
Direct investment income	0.1	0.2	14.4	2.6	-7192	-1052
Other investment income	47.9	59.0	3.4	6.0	12327	18240
Workers' remittances	20.2	13.8	11.7	18.4	46	-2960
Total	100.0	100.0	100.0	100.0	-20802	-7138

For source and notes, see Annex Tables VI.1 and VI.2.

Note: The information contained in this table should be interpreted taking into consideration the numerous footnotes to Annex Tables VI.1 and VI.2.

1/ Covers Bahrain, Democratic Yemen, Egypt, Jordan, Kuwait, Oman, Saudi Arabia, Syrian Arab Republic and Yemen.

2/ For Saudi Arabia, as of 1982, the credit entry includes amounts appropriate to "passenger services", "travel" and "other foreign official". On the debit side it covers expenditures abroad by Trans-Arabian Pipeline System (TAPLINE) and by the Arabian American Oil Company (ARAMCO), and from 1982 includes also amounts appropriate to "other transportation" and "travel".

cent over the same period.[3/] The sharp fall in direct investment income payments has been reflected in the drop in the deficit on this item from $7.19 billion in 1980 to $1.05 billion in 1986.

The importance of factor services on the credit side derives mainly from the key position these occupy in the services transactions of the GCC countries. Factor services in the four countries reported in Annex Table VI.3 accounted for over four-fifths of their combined earnings from international transactions in services in 1986. These earnings have come almost entirely from other investment income as no receipts were reported from direct investment income and workers' remittances were negligible.

In relative terms, factor services have been equally important as foreign exchange earners for the least developed member countries, mainly on account of workers' remittances. Earnings from factor services in the case of the three non-oil diversified economies examined also dominate receipts, accounting for a signficantly lower share - 47.2 per cent in 1986 - of the group's total receipts from services transactions.

The small decline in the relative importance of factor services in the region's outlays on services followed developments in the GCC countries where the share of factor services dropped from 30.6 per cent in 1980 to 27.1 per cent in 1986, associated with a decline in the absolute level of expenditures from $13.61 billion to $9.54 billion. Over the same period, the share of factor services in total expenditures on services transactions rose from 18.5 per cent to 26.7 per cent in the non-oil diversified economies but dropped from 33.2 per cent to 28.7 per cent in the two least developed members.

Non-factor services have been much more significant in relative terms as earners of foreign exchange in the non-oil diversified economies relative to the situation in the GCC countries and the least developed countries (see

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3/ The decline in the relative importance of payments on account of direct investment was associated with a drop in absolute value from $7.22 billion in 1980 to $1.11 billion in 1986, whereas workers' remittances rose from $5.86 billion to $7.80 billion.

Annex Table VI.3), accounting for more than half of the total. In the three subgroups, however, non-factor services dominate by far outlays, being highest in relative terms the non-oil diversified economies; the relative shares in the other groups being not much different.

Transportation services, other than shipment, and travel have been the leading foreign exchange earners among non-factor services in the region. Reported earnings from shipping have been insignificant. The category of other private services has been, however, growing in importance. On the debit side, other official services and shipping remain the leading items. Of the major categories of non-factor services, only other transportation produces as surplus; the other categories yielding large - especially official services - deficits.

C. Position of Individual Countries

The countries of Western Asia exhibit striking differences with respect to their relative importance in the region's international transactions in services. On the credit side, Saudi Arabia has been contributing close to two-fifths of the total of the nine countries reported in Table 24, followed by Kuwait (around one-fourth) and Egypt (18 per cent). The dominance of Saudi Arabia is much more striking on the debit side with a share of over three-fifths in 1986 (three-fourths in 1980). As with receipts, the second and third place are occupied by Kuwait and Egypt, respectively, though their shares are much lower.

Considering earnings from non-factor services, the share of Saudi Arabia recorded a decline from 41.1 per cent in 1980 to 28.1 per cent in 1986, while that of Egypt rose from 25.7 per cent to 35.3 per cent over the same interval. Also, the share of earnings by Bahrain and the Syrian Arab Republic rose from 2.5 per cent to 6.1 per cent in the first instance, and from 3.9 per cent to 6 per cent in the second. However, the share of Kuwait dropped by about 2 percentage points, to 11 per cent, and that of Jordan remained around 11 per cent of the total.

Table 24. Relative Position of Individual ESCWA Countries in Aggregate International Services Transactions
(per cent)

	Bahrain	Democratic Yemen	Egypt	Jordan	Kuwait	Oman	Saudi Arabia	Syrian Arab Republic	Yemen	Total (million US$ = 100%)
Total Transactions										
Credit										
1980	1.9	1.6	18.3	6.6	23.0	0.5	38.5	4.2	5.4	29237
1986	2.4	1.1	17.8	6.6	26.0	1.8	39.6	2.4	2.0	35173
Debit										
1980	2.0	0.3	5.8	2.6	8.8	2.5	75.5	1.2	1.2	50039
1986	2.9	0.4	9.8	3.9	13.1	5.2	62.0	1.9	0.7	42311
Non-factor services										
Credit										
1980	2.5	0.9	25.7	10.8	13.2	0.1	41.1	3.9	1.8	9296
1986	6.1	0.9	35.3	11.1	11.1	0.1	28.1	6.0	1.3	9512
Debit										
1980	1.3	0.4	6.6	3.1	8.7	1.5	75.8	1.5	1.1	35279
1986	1.2	0.6	9.8	3.7	12.5	2.3	67.3	2.1	0.6	30878
Factor services										
Credit										
1980	1.6	1.9	14.9	4.6	27.5	0.7	37.3	4.3	7.2	19941
1986	1.1	1.2	11.4	5.1	31.6	2.5	44.0	1.1	2.3	25661
Debit										
1980	3.5	0.1	4.0	1.6	9.0	5.1	74.6	0.5	1.6	14760
1986	7.6	0.1	9.8	4.3	14.7	13.3	47.8	1.2	1.0	11433

For source and notes, see Annex Tables VI.1 and VI.2.
Notes: The informtion contained in this table should be interpreted taking into consideration the numerous footnotes to Annex Tables VI.1 and VI.2.
... = Not available.
\- = Nil or negligible.

It is clear from Annex Table VI.4 that Kuwait is by far the major foreign exchange earner from the provision of shipping services in the region. These earnings have also been significant in Jordan. Egypt's earnings from other transportation have also increased considerably during the eighties with the rise in collected Suez Canal dues from $934 million in 1985 to $1098 million in 1986.

Two-thirds of outlays on non-factor services came from Saudi Arabia in 1986, compared to three-fourths in 1980. At the same time, the share of Kuwait rose from 8.7 per cent to 12.5 per cent, and that of Egypt from 6.6 per cent to 9.8 per cent.

The distribution of outlays on shipment and other transportation is more evenly spread with relatively important contributions coming from Kuwait, Egypt and Jordan, in addition to Saudi Arabia (see Annex Table VI.4). The bulk of expenditures on travel has traditionally come from Saudi Arabia and Kuwait. The overwhelming position of Saudi Arabia is also evident in expenditures on other official and private services, but notably the former category.

Earnings from factor services have gone to the extent of 44 per cent to Saudi Arabia in 1986 (37.3 per cent in 1980). Over the same period, Kuwait's share rose from 27.5 per cent to 31.6 per cent of the total, while that of Egypt and the Syrian Arab Republic and Yemen declined from 14.9 per cent to 11.4 per cent, from 4.3 per cent to 1.1 per cent and from 7.2 per cent to 2.3 per cent, respectively.[4/] These declines reflected in the case of Yemen and the Syrian Arab Republic reduced shares in receipts from workers' remittances the total of which was about $1.1 billion lower in 1986 relative to 1980. In the case of Egypt, reported workers' remittances were some $200 million less in 1986 compared to 1980.

4/ Investment income, by far the largest component of earnings from factor services, went mainly to Saudi Arabia and Kuwait, the shares of which in investment (other than direct) amounted to 54 per cent and 39 per cent of the total in 1986, respectively. Similarly, 51.7 per cent of workers' remittances in 1986 accrued to Egypt, followed by Jordan and Yemen with shares of 24.5 per cent and 11.7 per cent, respectively.

The share of Saudi Arabia in payments on account of factor services dropped from 74.6 per cent in 1980 to 47.8 per cent in 1986 while those of Bahrain, Egypt, Jordan, Kuwait and Oman rose by between 4 percentage points to 8 percentage points.

To an important extent, these shifts reflected a sharp decline in direct investment income payments by Saudi Arabia, from $6916 million in 1980 to $659 million in 1986, and a rise in those of Oman from $285 million to $432 million over the same period. At the same time, the share of Saudi Arabia in payments on account of workers' remittances[5/] dropped from 69.9 per cent to 61.6 per cent, while those of Kuwait and Bahrain rose by 4.6 percentage points and 4.2 percentage points, respectively.

D. Services in the Current (Uruguay Round) Multilateral Trade Negotiations[6/]

The eighth round of multilateral trade negotiations (the Uruguay Round) - launched by a decision of the GATT Contracting Parties meeting at the Ministerial level in Punta del Este (Uruguay) from 15 to 20 September 1986 - provides, for the first time, for inclusion of trade in services in negotiations. The distinguishing feature of the Uruguay Round may lie in its being a compromise between initially very divergent positions held by developing and developed countries, notably regarding the issue of services.

1. Background for inclusion of services in the Uruguay Round and position of developing countries

The United States has been behind the proposals that culminated in the inclusion of services in the negotiations. According to the United States perception, negotiations were to be conducted under GATT and, without explicitly defining the activities to be covered, were expected to include

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5/ Saudi Arabia alone reported workers' remittances in 1986 that were $2.2 billion larger than those recorded by Bahrain, Oman and Kuwait together.

6/ This section draws extensively on Chapter III of the paper: ESCWA, Trade in Services and Development in the ESCWA Region (E/ESCWA/DPD/88/6), 4 October 1988; which was presented to the Intergovernmental Meeting on Trade in Services and Development in the ESCWA Region (Baghdad, 17-19 January 1989).

commercial activities that are traded internationally on a large scale (such as banking, insurance, telecommunications, data processing), and to exclude the balance of payments accounts covering capital and labour. Central to the objective of the United States of establishing a legal framework of rules and procedures for dealing with internationally-traded services were such concepts as national treatment, transparency and right of commercial presence. The United States aims also included reaching a series of understandings that deal with unique problems affecting trade in individual services sectors, with priority given to an understanding on international information flows; and examining how the concepts of a future understanding dealing with intellectual property issues could apply to services.

The United States initiative stirred up considerable controversy between developing and developed countries that centered mainly on three basic issues: the principle of including services in the negotiations in the first place; the scope of negotiations; and, the negotiating forum and procedure.

a. Extending negotiations to services

The general feeling by developing countries that they will be at a disadvantage in any negotiations on services is probably at the root of their hostile attitude to such negotiations. In terms of both economic strength and negotiating capability, these countries are even less equipped to stand up to the developed countries than in negotiations on goods.

The role of services in the development process is not sufficiently understood yet to enable developing countries to come to the negotiating table equipped with a "service policy" that is as much a prerequisite for effective participation in negotiations as a trade policy is in discussions of merchandise issues.[7/] They also feel that they would be at a great disadvantage in the negotiations, in view of the difficulties they are certain to encounter in constituting effective negotiating teams, given the diversity and highly technical nature of the subjects and, hence, the wide range of expertise that would be required.

7/ M. Gibbs, "Continuing the International Debate on Services", reprinted from: Journal of World Trade Law (Vol. 19, No. 3), May/June 1985, p. 21.

Being essentially importers of services that could only hope to expand exports in the long-term, developing countries feared that most of the gains from the liberalization of trade in services would accrue to developed countries in view of the overwhelming comparative advantage enjoyed by them in activities proposed for negotiation. Attention has also been drawn to the potential risk that liberalization could freeze comparative advantages where they are at the time of negotiations, thus preventing developing countries from realizing ultimately such potential comparative advantage as may exist in the affected sectors.

Developing countries also feared that opening up their markets could only serve the interests of transnational corporations who prefer to see their relations with host developing countries under the clout of multilaterally agreed rules rather than negotiated bilaterally. Dismantling regulations affecting domestic service industries can compromise various national interests (e.g., national security, protection of cultural values and protection of infant industries), thus undermining national sovereignty, increasing dependence and restricting autonomous development. In the event, the result will be tantamount to imposing obligations on developing countries in favour of transnational corporations without offsetting disciplines governing the behaviour of these corporations being accepted by their home countries.[8/]

Developing countries were also apprehensive that their participation in the negotiations would force upon them a situation whereby they would have to make concessions in services so as to preserve concessions already obtained on goods on a non-reciprocal basis (e.g., under the generalized system of preferences (GSP)), get new concessions, or secure a roll-back of trade-restricting measures (e.g., voluntary export restraints and orderly marketing arrangements) that are in violation of GATT rules to start with.

8/ Ibid., p. 214.

The theoretical premises on which the United States proposal is presumably predicated - the free trade thesis and its corollary, the principle of comparative advantage - have also been questioned.[9/] The application of the theory of comparative advantage to the service sector would seem to ignore, among other things, the difference in tradeability between goods and services. Services, being relatively insulated from the effects of international competition were less likely to respond to external developments,[10/] thus preventing comparative advantage from being revealed effectively.[11/]

Another problem stems from the difficulty of determining comparative advantage in different service sectors, especially information-intensive services, and across countries. It could be very misleading to speak of one country as enjoying a comparative advantage in services while another country has a comparative advantage in manufactures as it is not possible to aggregate all goods and services in this manner, nor to assume that productivity and hence, comparative advantage, in these sectors is independent of each other; as a matter of fact, increased productivity in manufacturing is seen to be closely related to, and dependent upon, the recent developments in the service sector, notably in the sphere of telematics.[12/].

b. Scope of negotiations

In the view of developing countries, the negotiations should be confined to trade in non-factor services, whereas, developed countries argued for the inclusion also of investment-related issues of trade in services.

9/ It has been argued that a basic assumption to theories of free trade and free markets, namely, that trade is between independent entities in different countries, is even more of a "myth" today than in 1948 when GATT came into being in view of the ascendency of transnational corporations in international economic relations (C. Raghavan, "the U.S. Drive to Bring Services into GATT: A Rollback of the Third World?", in: Development and Peace, (Vol. 7, No. 2), Autumn 1986, p.25.

10/ Gibbs, op.cit., p.204.

11/ UNCTAD, Problems of Protectionism and Structural Adjustment, Part II: Trends in Production and Trade in All Sectors and Their Underlying Factors (TD/B/1081/Part II), 20 January 1986, para. 80.

12/ D. Nayyar, "International Trade in Services: Implications for Developing Countries", Export-Import Bank of India, Annual Lecture: 1986, pp. 14-16.

The position of developing countries with respect to the inclusion of investment issues in negotiations has been most clearly stated by the developing countries of Latin America.[13/] These countries distinctly called for a separation of the discussions on services from those related to international investment flows. While recognizing that the internationalization of services may be linked to the right of establishment of affiliates and subsidiaries in other countries, the developing countries of Latin America opposed the generalization of the argument to the broad and very complex problem of international investment flows. They were apprehensive that any concessions granted in favour of services affiliates and subsidiaries will be used later as a vehicle to extend the scope of application to direct investment in general. These countries wanted to avoid any comprehensive treatment of issues concerning affiliates and subsidiaries and to restrict consideration of this area in multilateral form to cases related to issues bearing on a particular service industry. This would make it possible to find industry - specific solutions limited in their application to the particular needs of that industry.

The inclusion of investment issues in negotiations was expected to accentuate the bias against developing countries already inherent in the proposed agenda for negotiations. To redress the asymmetries implicit in the proposed agenda and offset the drawbacks inherent in pursuing a multilateral approach on the issue of services which seeks to cover all sectors, developing countries have been urged[14/] to press for action in the areas of labour movement across national boundaries, access to technology and removal of restrictive business practices.

13/ United Nations Economic Commission for Latin America and the Caribbean (ECLAC), "Initiatives to Liberalize International Flows in Services and Investment, and the Interests of Latin America" (E/CEPAL/SEM.15/R.4), 19 March 1984, in: GATT, Services: Summary of Information Made Available by Relevant International Organizations Secretariat (MDF/17), September 1985, pp.60-64.

14/ See: Nayyar, op.cit., pp. 23-28.

It has been argued that considerations of symmetry and equity justify extending the scope of negotiations to include labour-related services in which developing countries have a potential or revealed comparative advantage. The right of establishment and national treatment should be extended to labour services making temporary migration possible and permissible. Developing countries should also seek to obtain - in exchange of granting access to their markets to foreign producers of services - access to the technology and information systems of developed countries, as well as improved access to their goods.[15/] Developing countries should also press for the institution of an international framework that would ensure that the practices of services transnational corporations are consistent with the development objectives of developing countries, paying special attention to their restrictive business practices.

c. GATT as a negotiation forum

From the outset, developing countries were strongly opposed to the conduct of negotiations on services within the GATT framework on the ground that the issue lies outside its jurisdiction. It has also been suggested that the legitimacy of GATT to deal with services issues has been fostered by adding the world "trade" before "services" and that issues of invesment and establishment would have been excluded from the GATT debate had they been presented in proper perspective, being issues that fall within the sovereign rights of countries.[16/]

Negotiations in GATT were also opposed[17/] on the ground that they would create a presumption in favour of extending the GATT principles to the area of services, thus putting developing countries on the defensive to justify departures from such basic GATT principles as the "most-favoured nation" (MFN)

15/ It has also been argued that a comprehensive framework for international co-operation in services should also include specific goals for training and research, external financing and technical assistance, as well as agreed principles on migration. See: UNCTAD, Services and the Development Process (TD/B/1008/Rev.1), para. 272.

16/ Raghavan, op.cit., p. 26.

17/ Gibbs, op.cit., pp. 213-215.

clause and "national treatment" concept, when these countries had never accepted such obligations in the first place. Also, considering the issue in GATT could imply a link between concessions in goods and services.

It is not also clear how the basic tenets of the GATT, namely, the principles of MFN, national treatment and reciprocity can be extended to the treatment of foreign enterprises and persons engaged in service activities subject to national regulations. There is the risk that as concessions might become possible across the board and involve unrelated sectors,[18/] so also the risk of retaliation and coercion. Furthermore, reciprocity of concessions under GATT rules is inseparable from the concept or identification of the "country of origin". This will pose serious conceptual and practical difficulties in view of the fact that services are not only produced and consumed simultaneously and generally defy border measurement, but they are to an ever growing extent supplied by transnational corporations the nationality of which may not always be easy to establish.

Developing countries were also opposed to the negotiation of common principles or a general framework applicable to services as a whole advocating in the initial stage, to follow a sectoral approach[19/]. Such an approach could reveal common ground for an eventual negotiation of a set of multilateral and generally applicable standards involving several sectors, and may be expected to help improve the limited statistical base and find solutions to conceptual and definitional problems that arise in the measurement of internationally-traded services.

Sector-specific arrangements are also to be preferred[20/] because, on the one hand, there exists for some sectors an infrastructure of organizations where the relevant issues may be considered and, on the other hand, such an

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18/ As for example the exchange of landing rights in the aviation sector for the right of opening a branch in the banking sector; or the relaxation of restrictions on data flows in exchange for a similar treatment regarding the entry and provision of professional services in the medical, legal or educational field (see: Nayyar, op.cit., p.19).

19/ See: ECLAC, op.cit., (E/CEPAL/SEM.15/R.4), pp. 62-64.

20/ Nayyar, op.cit., pp. 24 and 27.

approach would make it possible to reflect the needs and characteristics of particular sectors. More important, perhaps, is that under a sector-specific approach it would be feasible to exchange concessions in a meaningful manner.

2. Interest of Western Asia in services negotiations and ability to influence outcome

Of the thirteen ESCWA countries only two, namely, Egypt and Kuwait, are members of GATT. In itself, this limited membership could mean that the region will not take much interest in the negotiations, and that any impact it may have on the outcome is likely to be minimal. But this should not necessarily be the case if the two ESCWA countries members of GATT can stimulate interest in and mobilize support of other countries for the negotiations and evolving a regional position. Kuwait is a member of the GCC and is representative of the situation of the services-importing countries, while Egypt may be considered representative of the services-exporting member countries.

The importance of the service sector in the economies of the region should in principle induce sufficient concern in the course and outcome of the negotiations. However, the countries of Western Asia control very little of world production and trade in services in general, and especially in information/technology-intensive services.

Being essentially an importer of services, the region's basic interests lie in having access to services on conditions and at a cost that respond to the concerns and development priorities of its member countries. In particular, there is need to upgrade indigenous information systems and gain access to world information systems. They need also to be able to reduce their dependence through import substitution as in insurance and shipping. Above all, they need to ensure that the activities of transnational corporations in the field of services do not stifle their infant industries and/or run against other national interests, while at the same time promoting the transfer of appropriate technology and training of national cadres.

As exporters of services, the countries of Western Asia have an interest in joining other developing countries to eliminate discrimination against their exports of services and in seeking preferential treatment in the markets of developed-market economies.

In a global context of negotiations on services, the regions interests could perhaps be better served if they are considered within the wider perspective of developing countries. Not only there is a considerable commonality of concerns with other developing countries, but it is also clear that the countries of the region cannot be expected to go far on their own in realizing their objectives, given their small "weight" in world production and trade in services, their limited presence in GATT and their generally limited negotiating experience and capabilities.

3. Progress in the negotiations

Following the launching of negotiations, the Group of Negotiations on Services - established by the Ministerial Declaration on the Uruguay Round - focussed on defining a programme for the initial phase of negotiations and on identifying elements which should be addressed in conformity with the negotiating objectives as set out in the Uruguay Declaration. The Group adopted a programme of negotiations covering the following five elements:[21/]

- Definitional and statistical issues of relevance to trade in services;

- Broad concepts on which principles and rules for trade in services, including possible disciplines for individual sectors, might be based;

- Coverage of the multilateral framework for trade in services;

- Existing international disciplines and arrangements; and,

- Measures and practices contributing to or limiting the expansion of trade in services, incuding specifically any barriers perceived by individual participants, to which the conditions of transparency and progressive liberalization might be applicable.

21/ GATT, GATT Newsletter, Focus (43), January-February 1987, pp. 7-8.

Highlights of the discussions conducted by the Group on these items and during the mid-term review of the Uruguay Round held in Montreal in December 1988 are reproduced, with some modifications, below from the final Report of the Intergovernmental Meeting on Trade in Services and Development in the ESCWA Region which was held in Baghdad from 17-19 January 1989[22/].

" In connection with the first item, i.e., definitional and statistical issues, developing countries stressed that these had to be resolved before the type of transactions to be included within the framework of the agreement was determined, especially in terms of the movement of factor services and the right of establishment in the service-importing country. The developed countries favoured instead the adoption of the broadest possible definition of trade in services in an attempt to ensure that the framework of the agreement covered a wide scope of transactions.

With respect to the second item, the developed countries presented a number of proposals concerning the inclusion in the agreement of concepts and principles that would ensure the greatest possible measure of liberalization of trade in services. These proposals included the principles of national treatment, the granting of most-favoured nations status, non-discrimination, transparency, progressive liberalization and other principles that served the interests of service-exporting developed countries. Developing countries were of the opinion that these concepts and principles had to be considered in terms of the extent to which they realized the basic goals of the negotiations, especially economic development, and not in terms of their success in liberalizing trade in services. The developing countries presented a number of concepts and principles which, from their point of view, met the objective of economic development. These included the economic sovereignty of states, national treatment, the granting of preferential status to developing countries which would provide them with access to the markets of developed countries, facilitate the transfer of technology, regulate the practices of service-producing enterprises, and protect infant industries. Most of these concepts met with strong opposition from the developed countries.

22/ ESCWA, Final Report: Intergovernmental Meeting on Trade in Services and Development in the ESCWA Region (E/ESCWA/DPD/IG.1/10/Rev.1), paras. 54-59. See also: GATT, News of the Uruguay Round of Multilateral Trade Negotiations (NUR 023), 14 December 1988, pp. 40-43.

With regard to the third item on the agenda of the Group on Negotiations on Services, which dealt with the sectoral coverage of the targeted international agreement, the developed countries avoided any detailed discussions on this phase of the negotiations, while developing countries stressed the importance of including those services sectors which related to exports, such as employment and labour-intensive services. This stance was rejected by the developed countries, as their interests focused on other services that are based on modern technology and capital.

The last item was barely discussed by the Group, since no agreement had been reached on other issues that formed the basis of the negotiations, namely on the definition of trade in services and on the sectors to be covered.

The negotiations continued within the framework of the Group on Negotiations on services until preparations began for the Ministerial Meeting of the Trade Negotiations Committee that was to conduct a mid-term review of the Uruguay Round in Montreal in December 1988. The United States, members of the European Community and a number of other developed countries indicated that this was an opportune moment to arrive at some conclusions for the Ministers to adopt during the meeting in order to give a new thrust to the negotiations. Proposals in this respect centred around the agreement of the Ministers on some of the principles to be included in the international agreement, such as national treatment and progressive liberalization, transparency, access to markets and the granting of most-favoured nation status. The developing countries were of the opinion that it was too early for Ministers to commit themselves to any of the principles contained in the targeted international agreement, especially in view of the absence of agreement on a definition of services to identify the transactions to be governed by the agreement. Moreover, as no understanding had been reached on the sectors to be covered, they considered that it was inappropriate to reach an understanding with regard to any of the principles before the implications of their application to various transactions and sectors had been studied.

The Ministerial Meeting in Montreal reached an understanding within the framework of the Group on Negotiations on Services which involved certain conciliatory solutions with regard to the above-mentioned divergent viewpoints; it also included a number of positive developments from the point of view of developing countries, including the following:

- The importance of pursuing efforts to reach an understanding on the definition of trade in services;

- The need to reach an early accord on the sectoral coverage under the multilateral framework with the consideration that this coverage should permit a balance of interests for all participants, that sectors of export interest to developing countries should be included, that certain sectors could be excluded in whole or in part for certain overriding considerations, and that the framework should provide for the broadest coverage of sectors of interest to all participants.

- The Ministers agreed that before the concepts, principles and rules which comprise a multilateral framework for trade in services are finally agreed, these concepts, principles and rules will have to be examined with regard to their applicability and the implications of their application to individual sectors and the type of transactions to be covered by the multilateral framework.

- The Ministers outlined a number of concepts, principles and rules that were considered relevant to the negotiations aiming at the elaboration of a multilateral framework of principles and rules for trade in services. From the point of view of developing countries, this constituted an improvement on the initial request of the industrialized countries that the Ministers should reach a definite agreement with regard to these principles as these would form the basis of the agreement.

- The proposed principles offered a number of important concessions to developing countries including recognition that progressive liberalization of trade in services must take due account of national policy objectives, the level of development of individual countries and the provision of appropriate flexibility to enable developing countries to proceed in liberalizing trade in services in line with their development situation. The principles also recognize the need to provide for increasing the participation of developing countries in world trade and for the expansion of their service exports by facilitating effective market access and the autonomous liberalization of market access in favour of their services exports. The right of developing countries to introduce new regulations that are consistent with commitments under the framework was also recognized.

The text adopted by the Ministers at the conclusion of the Meeting of the Trade Negotiations Committee in Montreal (5-9 December 1988) called upon the Group on Negotiation on Services to "endeavour, by the end of 1989, to assemble the necessary elements for a draft which would permit negotiations to take place for the completion of all parts of the multilateral framework and its entry into force by the end of the Uruguay Round".[23/]

The GATT Trade Negotiating Committee, meeting at the level of high officials in Geneva between 5-8 April 1989, agreed to a compromise mid-term package of decisions, thus completing the work began by the Ministers at their meeting in Montreal in December 1988 and clearing the way for the negotiations to go ahead. During the Montreal Meeting, it should be recalled, accords reached on 11 areas of world trade were frozen until the impasse could be resolved on four other areas, namely: agricultural supports, textiles and clothing, intellectual property and safeguards or escape claims against a sudden surge of imports. These accords provide the framework for the final phase of negotiations under the Uruguay Round which is scheduled to conclude at the end of 1990.

23/ GATT, News of the Uruguay Round of Multilateral Trade Negotiations, Ibid., p.43.

CHAPTER VII. BALANCE OF PAYMENTS AND RESERVES

Balance of payments data were available for eleven out of thirteen ESCWA countries up to 1986, and for nine countries up to 1987.[1/] For purposes of analysis, and as in the past, these countries have been classified into three groups, namely: the Gulf Co-operation Council (GCC) countries comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates; the non-oil diversified economies including Egypt, Jordan and the Syrian Arab Republic; and, the least developed member countries, namely Democratic Yemen and Yemen.

The balance of payments of the ESCWA region came under increasing pressure in the course of the current decade as evidenced by the virtual erosion of the substantial trade surplus which existed at the outset of the decade; the sharp reduction in net imports of services; inability of the aid-giving member countries to maintain the level of their aid disbursements with adverse effects for other countries in the region and developing countries elsewhere; sharp curtailment by the traditionally surplus countries of imports of goods and services, notably labour services, from the traditionally deficit member countries; drawing down of international reserves despite a significant compression of imports and other outlays; and, steep depreciation/devaluation of the currencies of several countries (Egypt, Jordan, Lebanon and the Syrian Arab Republic).

The combined current account balance of the 11 countries reported in Table 25 shifted from a surplus averaging $68.2 billion in 1980-1981 to a deficit of $6.1 billion in 1985-1986. Incomplete data for 1987, while apparently reflecting some improvement from the year before, do not signal any significant departure from the trend. Similarly, information relating to

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1/ Excluding Iraq and Lebanon for which no data were reported for the period reviewed, and in 1987 Oman and the Syrian Arab Republic. Moreover, the analysis of balance of payment flows for the ESCWA region continues to be hampered by numerous statistical gaps and discrepancies that significantly detract from its usefulness.

Table 25. ESCWA Region:1/ Summary of Balance of Payments Flows
(millions of United States dollars)

	1980	1981	1982	1983	1984	1985	1986	1986 2/	1987 2/
Trade balance (f.o.b.)	100286	100183	46410	17681	16511	14299	2729	3448	7569
GCC countries	109098	110683	56459	28128	27568	23969	10690	10083	14884
Non-oil diversified economies	-6419	-8194	-7475	-8048	-8960	-8018	-6763	-5437	-5794
Least developed countries	-2393	-2306	-2574	-2399	-2097	-1652	-1198	-1198	-1521
Services 3/ (net)	-23989	-29236	-23530	-22594	-21023	-14543	-6204	-5265	-6377
GCC countries 3/	-23466	-28186	-22234	-21784	-19471	-12824	-5230	-4505	-6295
Non-oil diversified economies	-458	-986	-1215	-693	-1427	-1551	-821	-607	178
Least developed countries	-65	-64	-81	-117	-125	-168	-153	-153	-260
Balance on goods and services	76297	70947	22880	-4913	-4512	-245	-3475	-1817	1192
GCC countries	85632	82497	34225	6344	8097	11145	5460	5578	8589
Non-oil diversified economies	-6877	-9180	-8690	-8741	-10387	-9570	-7584	-6044	-5616
Least developed countries	-2458	-2370	-2655	-2516	-2222	-1820	-1351	-1351	-1781
Unrequited transfers (net)	-4957	-5878	-4372	-2976	-2393	-3906	-4663	-4822	-3958
GCC countries	-13663	-14209	-12575	-11845	-11308	-11420	-10855	-10004	-10112
Non-oil diversified economies	7064	6696	6257	7096	7247	6204	5143	4133	4946
Least developed countries	1642	1635	1946	1773	1668	1310	1049	1049	1208
Balance on current account	71340	65072	18508	-7892	-6904	-4147	-8137	-6638	-2765
GCC countries	71971	68289	21650	-5503	-3210	-273	-5396	-4427	-1521
Non-oil diversified economies	187	-2483	-2435	-1646	-3140	-3365	-2440	-1910	-670
Least developed countries	-818	-734	-707	-743	-554	-509	-301	-301	-574
Capital flows 4/ (net)	50750	-40310	-13435	15817	12264	11690	-51	-1694	8419
GCC countries 4/	-52994	-43359	-15752	13928	9116	9079	-2893	-3907	7779
Non-oil diversified economies	1746	2652	2034	1476	2859	2289	2573	1944	87
Least developed countries	498	397	283	413	289	322	269	269	553

Table 25. Summary of Balance of Payments Flows (cont'd.)

	1980	1981	1982	1983	1984	1985	1986	1986 2/	1987 2/
Errors and omissions 5/	-8174	-8486	-4648	-9508	-4902	-7376	518	1179	-3574
GCC countries	-7193	-8442	-4617	-9791	-5093	-8044	577	1250	-4602
Non-oil diversified economies	-1137	-6	-37	158	42	618	-101	-113	993
Least developed countries	156	-38	6	125	149	50	42	42	35
Overall balance	12415	16323	430	-1551	482	159	-7687	-7120	2051
GCC countries	11783	16459	1284	-1335	836	756	-7725	-7097	1629
Non-oil diversified economies	796	163	-437	-11	-239	-459	30	-31	409
Least developed countries	-164	-299	-417	-205	-115	-138	8	8	13
Counterpart items, exceptional financing and others 6/	-167	-2221	-816	-731	-1680	2058	1578	1456	2817
GCC countries	-359	-1746	-1040	-728	-1834	1568	1221	1099	2316
Non-oil diversified economies	130	-482	196	-7	117	436	268	268	434
Least developed countries	62	7	28	4	37	54	89	89	67
Changes in reserves (- = increase)	-12248	-14101	384	2282	1200	-2215	6110	6345	-4869
GCC countries	-11424	-14712	-246	2063	998	-2322	6506	6680	-3945
Non-oil diversified economies	-926	319	240	17	123	22	-299	-238	-844
Least developed countries	102	292	390	202	79	85	-97	-97	-80

For source and notes, see Annex Table VII.1.

1/ Data cover 11 (out of 13) ESCWA countries, namely: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates (GCC countries); Egypt, Jordan, Syrian Arab Republic (non-oil diversified economies); and Democratic Yemen and Yemen (least developed countries). Iraq and Lebanon are excluded due to lack of data.

2/ Excludes Oman and the Syrian Arab Republic for which data were not available for 1987.

3/ Services are defined to include only non-factor services (i.e., shipment, other transportation, travel, other official and other private services) plus investment income. However, private transfers for Qatar and the United Arab Emirates are included.

4/ Includes errors and omissions for Saudi Arabia.

5/ Includes private capital flows for the United Arab Emirates. Net errors and omissions for Saudi Arabia are included with capital flows.

6/ Includes official transfers for Egypt.

Details may not add up to totals because of rounding.

crude oil production and prices, as well as international reserves holdings, for 1988 confirm the persistence of weaknesses in the region's balance of payments.

Essentially, the region's current account position mirrored the collapse in the trade surplus[2/] from an average of $100.2 billion in 1980-1981 to a mere $8.5 billion in 1985-1986 (f.o.b. valuation). Further worsening was averted at the expense of imports. In addition to the sizeable curtailment of merchandise imports, a sharp reduction in net imports of services[3/] helped contain the current account deficit. Thus, net imports of services were cut down from an average of $26.6 billion to $10.4 billion over the same interval. A further, though significantly smaller, offset came from holding down the level of aid disbursements and workers' remittances, included in Table 24 under unrequited transfers. Net flows on this account from the GCC countries fell from an average of $13.9 billion in 1980-1981 to $11.1 billion in 1985-1986.

The relatively large entry on "net errors and omissions", believed to consist of private capital flows mainly, helped depress further the payments position.

Some relief, however, came from the capital account with net inflows averaging $13.3 billion in the period 1983-1985, compared to net outflows of $40.3 billion in 1981 and $13.4 billion in 1982.

2/ The deterioration in the trade balance resulted more from the steep fall in exports, as reported in balance of payments statistics, than from the relatively less pronounced decline in imports. Thus, the value of merchandise exports for the eleven countries considered fell from an average of $167.1 billion in 1980-1981 to $59.4 billion in 1985-1986, while the corresponding drop in imports (f.o.b. valuation except Qatar and the United Arab Emirates) was from $66.9 billion to $50.9 billion.

3/ As defined by the IMF to include shipment, other transportation, travel, other official and other private services (or non-factor services), plus investment income. International transactions in services are examined in more detail in Chapter VI.

The result of the developments depicted above has been to leave after 1981 either a small overall balance of payments surplus as in 1982, 1984 and 1985, or a relatively large deficit as in 1983 and 1986. The impact of the entry grouping "counter-part items and exceptional financing" (reflecting mainly valuation changes) was negative up to 1984 and positive thereafter. Thus, over the period 1982-1987, international reserves holdings, as defined in the balance of payments, of the eleven countries considered were drawn down by about $3 billion, with additions being made in only two years (1985 and 1987).

The GCC countries assume a dominant position in the region's economic relations with the outside world by virtue of the size of their external transactions and the direct and indirect impact these transactions exert on the payments position of other countries in the region.4/ As Table 26 shows, the region's overall trade surplus is entirely attributable to this group of countries which is also the source of aid and private transfers. The group also explains over 90 per cent of net imports of services into the region.

The pace of decline in the overall trade surplus of the GCC countries, which was very pronounced in 1982 and 1983, slowed down considerably in the following two years before picking up momentum again in 1986; however, some improvement was recorded in 1987. Thus, the trade surplus was reduced from an average of $110 billion in 1980-1981 to $13.6 billion in 1986-1987. The trade surplus would have been wiped out completely had it not been for the compression of imports by some $16 billion over the same interval; exports having fallen by 70 per cent from an average of $160 billion to $48 billion.

Similarly, the deficit of the GCC countries on account of services was drastically reduced from the peak levels that prevailed at the beginning of the decade. From an average of $25.8 billion in 1980-1981, the deficit

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4/ The GCC countries have traditionally provided an expanding market for the non-oil economies exports of goods and services, notably manufactured goods and labour, as well as a source of very substantial aid flows, with a determining influence on these countries external accounts.

Table 26. Contribution of Individual Countries and Country-Groupings to Major Balance of Payments Current Flows

(3-year averages; per cent)

	Trade Balance		Services (net)		Balance on goods and services		Private Transfers (net)		Official Transfers (net)		Balance on Current Account	
	1980-1982	1984-1986	1980-1982	1984-1986	1980-1982	1984-1986	1980-1982	1984-1986	1980-1982	1984-1986	1980-1982	1984-1986
GCC	111.9	185.5	96.3	89.8	118.9	-300.1	518.7	413.4	183.8	201.9	104.5	46.3
Bahrain	0.7	1.0	0.2	-2.7	1.0	-17.8	25.0	26.2	-4.9	-6.6	0.8	-2.2
Kuwait	10.6	36.4	-16.3	-20.4	22.8	-252.0	60.4	57.1	21.8	20.3	21.9	-86.1
Oman	2.6	12.9	3.2	6.0	2.3	-22.2	36.9	47.6	-2.5	-3.4	1.8	3.0
Qatar	4.5	14.6	6.5 a/	8.9 a/	3.6	-14.4	...	...	...	...	4.0	-6.2
Saudi Arabia	79.6	57.5	96.8	89.5	71.8	219.8	396.3	282.5	139.4	177.4	59.0	225.3
United Arab Emirates	13.9	62.9	5.9 a/	8.5 a/	17.5	-213.4	... a/	... a/	29.9	14.2	17.0	-87.4
Non-oil diversified economies	-8.9	-70.8	3.5	9.1	-14.5	334.5	-312.0	-248.6	-73.0	-92.5	-3.1	46.6
Egypt	-4.3	-41.4	1.7	4.8	-7.0	193.2	-201.0	-179.4	... b/	... b/	-2.9	32.3
Jordan	-2.3	-14.3	0.5	1.7	-3.6	66.6	-67.6	-52.8	-31.4	-37.1	-	2.9
Syrian Arab Republic	-2.3	-15.1	1.3	2.6	-3.9	74.6	-43.4	-16.4	-41.5	-55.4	-0.2	11.4
Least-developed countries	-2.9	-14.7	0.3	1.1	-4.4	65.5	-106.6	-64.7	-10.8	-9.5	-1.4	7.1
Democratic Yemen	-0.7	-5.1	0.1	0.6	-1.1	23.9	-32.7	-22.5	-2.8	-1.7	-0.2	3.4
Yemen	-2.2	-9.6	0.2	0.4	-3.3	41.6	-73.9	-42.2	-8.0	-7.7	-1.2	3.7
Total												
$ million	82293	11180	-25585	-13923	56708	-2744	-1244	-1804	-3825	-1850	51640	-6396
Per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

For source and notes, see Annex Table VII.1.

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

b/ Included with "counterpart items, exceptional financing and others".

... = Not available.

\- = Nil or negligible.

narrowed down to a mere $5.4 billion in 1986-1987 (excluding Oman). And while transfer payments tended to fall, their decline remained relatively modest due perhaps to the undesirability of effecting large cuts over a short period in such a highly sensitive item.

The small surplus on goods and services which the GCC countries as a group managed to maintain after 1982 was not sufficient to cover net transfers made by these countries, resulting in the emergence of deficits on the current account ranging between $0.3 billion in 1985 and $5.5 billion in 1983. This compares with an overall surplus that averaged over $70 billion in 1980-1981.

An outflow of capital was recorded in three years and an inflow in four years between 1981 and 1987, producing a net outflow for the GCC countries as a whole of more than $22 billion. To a considerable extent, this reflected sizeable outflows of both short-term and long-term capital, but especially the former, from Kuwait, and substantial inflows of long-term capital to Saudi Arabia after 1982. Relatively small amounts of capital outflows were reported over the entire period reviewed for Qatar and the United Arab Emirates.

Taking into account movements in the entry on "net errors and omissions" - which is of particular importance in the case of Kuwait and the United Arab Emirates and believed to reflect private capital movements mainly - and the less important entry relating to "counter-part items and exceptional financing", the GCC countries had to draw down reserves in some years while making additions in others, with the outcome being a depletion in the group's reserves of over $3 billion between 1982-1987.

Among the GCC countries, the key position of Saudi Arabia is evident in all major categories of current transactions (see Table 26). On average, this country generated more than 70 per cent of the trade surplus of the group in 1980-1982, compared to 12 per cent and 9 per cent for the United Arab Emirates and Kuwait, respectively. But as Saudi Arabia assumed the role of the "swing" producer in OPEC's efforts to defend oil prices, its contribution to the surplus fell drastically and came to be exceeded by that of the United Arab Emirates which accounted for about one-third of the much lower trade surplus in 1984-1986.

Similarly, Saudi Arabia's deficit on account of services was virtually equivalent to the deficit recorded by the group as a whole. Oman, Qatar and the United Arab Emirates made relatively minor contributions to the overall deficit, whereas Kuwait realized consistently a substantial surplus, and Bahrain moved into a surplus in 1982 which expanded in the years that followed.

Saudi Arabia also dominated both private and official transfers from the GCC. Its share in net private transfers stood at over one-fourth and one-third of the total in 1980-1982 and 1984-1986, respectively. The corresponding shares for official transfers were close to 76 per cent and 88 per cent.

Of the average current account surplus of $54 billion realized by the GCC countries in 1980-1982, Saudi Arabia alone contributed 56 per cent, followed by Kuwait and the United Arab Emirates with 21 per cent and 16 per cent, respectively. And as already noted, the fact that Saudi Arabia had to shoulder the brunt of the reduction in petroleum exports, while not effecting equally drastic cuts in outlays on services and transfers, its current account shifted into deficit after 1982, averaging $14.4 billion in 1984-1986. The resulting deficit for the group of only $3 billion was due to the ability of both Kuwait and the United Arab Emirates to maintain significant surpluses.

The external accounts of the <u>non-oil diversified economies and the least developed countries</u>, while strongly interlinked with those of the GCC countries, are markedly different both with respect to magnitude (being much smaller) and outcome (see Tables 25 and 26). These countries rely heavily on private transfers (workers' remittances) and official transfers, largely originating in the GCC countries and Iraq, to finance their persistent deficits on goods and services. In addition, their external position is strongly influenced by impulses originating in these countries in the form of payments for tourism, transit and imports of goods and other services.

Receipts from these sources have come under pressure in the course of the current decade resulting in their decline or stagnation and adversely affecting the external position of the non-oil diversified economies and the two least developed member countries. The aggregate level of exports from these countries (including Lebanon) to the GCC countries fell from an average of $885 million in 1980-1982 to $257 million in 1985-1987.[5/] Net receipts from current transfers accruing to Egypt, Jordan, the Syrian Arab Republic and the two Yemens declined from an average of $8.4 billion in 1980-1982 to $7.5 billion in 1984-1986. This is explained by the drop in official transfers received as the reported value for the five countries concerned of workers' remittances appear to have increased slightly by about $0.3 billion to average $5.8 billion in 1984-1986, whereas official transfers fell by $1.3 billion.

The increased pressure on the balance of payments of the non-oil diversified economies and the two least developed member countries is evident in the widening of their combined current account deficit from an average of $2.3 billion in 1980-1982 to $3.4 billion in 1984-1986, notwithstanding the compression of imports by some $1.3 billion, on average, between the two intervals.[6/] But while the trade deficit remained virtually unchanged, on average, net outlays on services increased by about $0.4 billion. Thus, the deterioration in the current account appears as a result of the small rise in the deficit on services and the decline by about $0.9 billion in receipts from transfers - the items traditionally relied upon to offset the deficit on goods and services.

Net capital inflows and other balancing items were insufficient to offset the current account deficit making it necessary to resort to reserves in the amount of $1.4 billion during the period 1981-1985. An increase in international reserves holdings was recorded in 1986 and 1987 for both the non-oil diversified economies and the least developed countries, reflecting a somewhat lower current account deficit coupled with some improvement in net capital flows and the contribution of other offsetting items (see Table 25 and Annex Table VII.1).

5/ Exports to Iraq, however, increased from $159 million to $183 million over the same period due to increased trade with Egypt following the resumption of trade and economic relations between the two countries.

6/ Available indicators point to the continuation of pressure on the balance of payments of these countries throughout 1987 and 1988.

International Reserves[7/]

The aggregate level of international reserves of the ESCWA region (excluding Iraq) fell sharply after 1982 from an average of $44.9 billion in 1980-1982 to $38.6 billion in 1985-1987, notwithstanding the apparent and partial recovery recorded in some years. Incomplete returns for 1988 show that the overall level of reserves fell by $5.4 billion back to almost its level in 1986 (see Annex Table VII.2).

The pressure on reserves, which intensified with the persistence of unfavourable export trends after 1982, wiped out the substantial gains ($10.9 billion realized in 1981); by 1987-1988, the region's reserves were, on average, about $1.1 billion below their level in 1980. Further deterioration during the eighties was checked as the authorities took measures to compress imports and to curb outlays on services, expatriate labour and official transfers.

In addition to the nominal drop in the level of international reserves held by the countries of the region, their real value must have been considerably eroded as a result of the depreciation of the United States dollar - the currency in which a significant portion of reserves and foreign assets is held vis-a-vis other major currencies.[8/]

Over three-fifths of the fall in reserves noted above was recorded in the GCC countries (see Table 27). More specifically, this loss was entirely due to the drawing down of reserves by Saudi Arabia as the other five member countries, notably the United Arab Emirates, managed to make additions to

7/ Defined to include end of period data on gold (national valuation) and foreign exchange reserves holdings by monetary authorities, reserve position in the Fund (IMF) plus Special Drawing Rights (SDRs) where applicable. Annual changes, however, may differ from those reported in balance of payments statistics due to differences in coverage, timing and valuation.

8/ The rate of conversion between the United States dollar and the Special Drawing Right (SDR) moved against the dollar by as much as 40 per cent between end March 1985 and end November 1988, falling from 1.03771 SDRs to 0.73714 SDRs per dollar.

Table 27. Contribution to Changes[1/] in International Reserves

	$ million	Per cent
ESCWA region (excl. Iraq)	-6264	100
GCC countries	-3955	63
Bahrain	88	-1.4
Kuwait	400	-6.4
Oman	431	-6.9
Qatar	193	-3.1
Saudi Arabia	-6392	102.0
United Arab Emirates	1324	-21.0
Other ESCWA countries	-2309	37
Democratic Yemen	-118	1.9
Egypt	365	-5.8
Jordan	-623	9.9
Lebanon	-1261	20.1
Syrian Arab Republic	-164	2.6
Yemen	-510	8.1

For source and notes, see Annex Table VII.2.

1/ Changes in reserves relate to the difference between the average of the period 1985-1987 and 1980-1982.

reserves in varying degrees. However, in view of the sizeable reserves maintained by these countries at the outset of the period reviewed, the decline experienced represented on average only 10 per cent of the total in 1980-1982. The inclusion of the partial data available for 1988 in the end of period coverage, raises the percentage loss in reserves for the group as a whole to 16 per cent.[9/]

In contrast, the depletion of reserves in the other ESCWA countries between 1980-1982 and 1985-1987 represented over 36 per cent of their aggregate reserves holdings in the base period. Moreover, reserves losses were generalized. With the exception of Egypt where reserves increased by an average of $365 million, the remaining five countries experienced losses; the largest being that recorded by Lebanon, followed by a distance by Jordan and Yemen.

As for the GCC countries, the reserves of the other ESCWA countries appear to have come under further pressure in 1988, except for Lebanon where a sizable replenishment is apparent.

The pressure on international reserves, beginning in 1982, has tended to increase the external exposure and vulnerability of the countries of Western Asia. But as the overall level of imports[10/] fell more proportionately than that of reserves, the reserves/imports coverage - in terms of current imports - apparently recorded a small improvement rising from 6.4 months of imports in 1982 to 7.5 months in 1987 (see Table 28). For the GCC group of countries, the corresponding change was from 7.4 months of imports to 10 months. In contrast, the remaining ESCWA countries recorded a retreat, from 3.5 to 2.4 months of imports.

9/ Data for 1988 indicate a sharp deterioration in the reserves of all GCC countries, except Bahrain, with Kuwait and Saudi Arabia each experiencing losses exceeding $2 billion.

10/ The level of aggregate merchandise imports into the region (excluding Iraq) was reduced by 28.5 per cent between 1982 and 1987. The corresponding cut in the GCC countries amounted to 36 per cent. The remaining ESCWA countries, recorded the smallest decline (13 per cent) between 1983 and 1987, imports into this group having started to drop after 1983.

Table 28. ESCWA Region: Reserves/Imports Coverage, 1980-1987
(months of imports)

	1980	1981	1982	1983	1984	1985	1986	1987
ESCWA region[a]								
1980 imports	6.5	8.4	8.2	7.4	6.7	7.1	5.9	6.8
Current imports	6.5	7.0	6.4	6.0	5.9	7.7	7.2	7.5
GCC countries								
1980 imports	7.3	9.8	9.4	8.7	8.0	8.6	7.1	8.1
Current imports	7.3	8.6	7.4	7.3	7.6	10.2	10.1	10.0
Other ESCWA countries								
1980 imports	4.3	4.2	4.4	3.8	2.7	2.7	2.5	2.9
Current imports	4.3	3.1	3.5	2.7	2.0	2.3	2.1	2.4

For source and notes, see Annex Tables VII.3 and VII.4.
a/ Excludes Iraq

In terms of months of 1980 imports, however, the reserves/import coverage falls from 8.2 months in 1982 to 6.8 months in 1987 for the region as a whole; from 9.4 months to 8.1 months for the GCC countries; and from 4.4 months to 2.9 months for the other ESCWA countries.

Whether reserves are related to current imports or to imports in the year 1980, the reserves/imports coverage remains relatively much more adequate in the GCC countries as compared to the remaining countries. In the latter, reserves have barely been sufficient to cover more than 2.4 month of imports in recent years. In particular, the Syrian Arab Republic and Egypt appear to have been at a disadvantage in this respect (see Annex Tables VII.3 and VII.4).

ANNEX TABLES

Table I.1 Annual Changes in World Trade Volumes and Prices
(in per cent; in U S dollar terms)

		1980	1981	1982	1983	1984	1985	1986	1987	P 1988	F 1989
World Trade1/											
Volume		1.3	1.1	-2.0	3.0	8.7	2.8	4.5	5.8	7.5	5.6
Unit Value		20.0	-1.5	-4.4	-4.8	-2.4	-1.8	4.8	10.0	4.7	1.6
(in SDR terms)		(19.1)	(8.7)	(2.1)	(-1.7)	(1.8)	(-0.9)	(-9.3)	(-0.2)	(1.7)	(3.6)
Industrial Countries											
Volume	Exports	4.2	3.8	-2.1	3.0	9.9	4.7	2.6	5.3	7.7	5.1
	Imports	-1.5	-1.7	-0.6	4.7	12.5	4.6	8.3	6.9	8.0	5.4
Unit Value	Exports	12.7	-4.4	-3.9	-4.0	-3.0	-1.3	13.5	10.8	5.1	0.6
(in SDR terms)		(11.9)	(5.5)	(2.7)	(-0.8)	(1.2)	(-0.4)	(-1.7)	(0.5)	(2.0)	(2.6)
	Imports	21.6	-2.8	-5.6	-5.3	-3.2	-1.8	4.3	10.2	3.9	0.5
(in SDR terms)		(20.7)	(7.3)	(0.8)	(-2.2)	(0.9)	(-0.8)	(-9.7)	-	(0.9)	(2.5)
Terms of Trade		-7.3	-1.7	1.9	1.5	0.2	0.5	8.8	0.5	1.2	0.1
Developing Countries											
Volume	Exports	-4.1	-5.9	-7.7	3.0	7.1	0.6	10.5	8.6	7.7	6.8
	Imports	7.4	8.0	-3.3	-2.4	2.7	-0.9	-4.5	4.4	8.0	8.0
Unit Value	Exports	37.5	4.5	-4.3	-7.5	-0.6	-4.7	-15.6	11.5	3.9	4.1
(in SDR terms)		(36.5)	(15.3)	(2.2)	(-4.4)	(3.6)	(-3.8)	(-27.0)	(1.1)	(0.9)	(6.1)
	Imports	18.0	0.8	-4.2	-4.2	-2.3	-2.6	5.0	8.1	6.3	4.1
(in SDR terms)		(17.1)	(11.3)	(2.4)	(-1.0)	(1.9)	(-1.7)	(-9.1)	(-1.9)	(3.3)	(6.2)
Terms of Trade		16.6	3.6	-0.2	-3.4	1.7	-2.2	-19.6	3.1	-2.3	-0.1
Fuel Exporters											
Volume	Exports	-13.2	-14.9	-16.6	-3.7	0.8	-5.7	13.8	-0.5	4.5	3.8
	Imports	13.4	19.1	-1.3	-10.3	-6.1	-11.0	-21.9	-11.1	1.4	3.8
Unit Value	Exports	63.2	11.4	-2.9	-11.5	-1.6	-4.5	-42.1	22.3	-8.3	4.5
(in SDR terms)		(62.0)	(22.9)	(3.7)	(-8.6)	(2.6)	(-3.6)	(-49.9)	(11.0)	(-10.9)	6.6
	Imports	13.0	-	-3.6	-3.2	-2.3	-1.9	12.8	8.9	6.9	2.8
(in SDR terms)		(12.1)	(10.4)	(3.0)	(-)	(1.9)	(-1.0)	(-2.4)	(-1.2)	(3.8)	(4.8)
Terms of Trade		44.4	11.4	0.7	-8.6	0.7	-2.6	-48.6	12.3	-14.2	1.7
Purchasing Power Exports2/		25.3	-5.3	-16.0	-11.9	1.4	-8.1	-41.6	11.8	-10.3	5.5
Middle East3/											
Volume	Exports	-15.2	-17.7	-20.1	-9.4	-4.5	-9.4	18.5	-1.3	4.9	2.9
	Imports	9.1	16.9	5.9	-2.5	-6.1	-13.8	-21.7	-8.7	-1.8	2.6
Unit Value	Exports	63.2	13.5	-1.8	-12.0	-2.1	-2.2	-42.3	22.5	-10.0	4.4
	Imports	15.4	-0.3	-4.5	-3.7	-2.3	-2.3	12.2	9.8	6.6	2.6
Terms of Trade		41.5	13.8	2.9	-8.5	0.2	0.1	-48.6	11.6	-15.6	1.8
World Trade Prices											
Manufactures4/ 10.4		-3.9	-2.1	-2.8	-3.0	1.0	17.7	12.0	8.1	3.7	
Oil5/		63.5	9.9	-4.3	-11.9	-2.1	-5.0	-50.2	28.4	-14.3	3.7
Non-oil primary commodities6/		5.5	-13.5	-9.9	6.9	4.2	-12.9	-1.2	3.4	15.7	-3.8

Table I.1. (cont'd.)

Source: International Monetary Fund (IMF), World Economic Outlook, October 1988.

Notes: Percentage change over previous year.

Symbols: P : Preliminary; F : Forecasts

1/ Averages based on data for industrial and developing countries' trade and estimates for the socialist countries of Eastern Europe. Estimates for the growth of world trade are uncertain and appear especially so in 1986 and 1988. The GATT secretariat estimates that world trade rose by only 3.5 per cent in 1986 and by 8.5 per cent in 1988, significantly different from the Fund staff's estimate of about 4.5 and 7.5 per cent, respectively. This difference results mainly from the choice of data used for the United States and non-member countries.
2/ Export earnings deflated by import prices.
3/ Includes, in addition to the ESCWA member countries, Iran, Israel and the Libyan Arab Jamahiriya.
4/ Export unit value index for the manufactures of industrial countries.
5/ Export unit value index of the oil-exporting countries.
6/ Index of market quotations for non-oil primary commodities exported by developing countries.

Table II.1. ESCWA Region: Overall Trade Flows
(millions of US dollars)

	1980	1981	1982	1983	1984	1985	1986	1987
Imports (c.i.f.)								
ESCWA Region	83795	104344	110958	98970	89848	75633	67818	71294
Major Oil Exporters	66099	80524	88037	74313	66107	54484	46780	49859
Iraq	13942	20735	21534	12166	11078	10556	10190	7415
GCC countries	52157	59789	66503	62147	55029	43928	36590	42444
Bahrain	3484	4124	3520	3262	3479	3107	2427	2613
Kuwait	6531	6969	8283	7375	6901	6115	5729	5299
Oman	1732	2288	2682	2492	2748	3153	2384	1823
Qatar	1447	1518	1945	1456	1162	1139	1099	1138
Saudi Arabia	30211	35244	40654	39206	33696	23623	19113	24345
United Arab Emirates	8752	9646	9419	8356	7043	6791	5838	7226
Other ESCWA countries	17696	23820	22921	24657	23741	21149	21038	21435
Democratic Yemen	652	1419	1599	1483	1543	1290	1150	1200
Egypt	4860	8839	9078	10274	10766	9962	11502	11941
Jordan	2394	3149	3241	3030	2784	2656	2432	2703
Lebanon	3813	3615	3467	3735	2993	2151	2126	1930
Syrian Arab Republic	4124	5040	4015	4542	4116	3967	2728	2481
Yemen	1853	1758	1521	1593	1539	1123	1100	1180
For reference:								
Least Developed Countries	2505	3177	3120	3076	3082	2413	2250	2380
Exports (f.o.b.)								
ESCWA Region	197662	191355	138620	100358	92296	81490	57833	71821
Major Oil Exporters	190264	183747	131160	93249	85309	74047	51831	64265
Iraq	26278	10530	10230	9785	9220	10537	7536	9014
GCC Countries	163986	173217	120930	83464	76089	63690	44295	55251
Bahrain	3598	4347	3695	3119	3204	2897	2344	2244
Kuwait	19854	16298	10959	11574	12275	10479	7221	8357
Oman	3748	4696	4421	4248	4422	4972	2526	3432
Qatar	5711	5844	4507	3297	3364	3098	1849	1985
Saudi Arabia	109111	120240	79124	45835	36834	27480	20085	26975
United Arab Emirates	21964	21792	18224	15391	15990	14764	10270	12258
Other ESCWA Countries	7398	7608	7460	7109	6987	7443	6002	7556
Democratic Yemen	779	607	795	674	645	690	500	490
Egypt	3046	3233	3120	3215	3140	3714	2934	4352
Jordan	574	732	753	579	752	838	647	734
Lebanon	868	886	727	691	582	551	588	599
Syrian Arab Republic	2108	2103	2026	1923	1853	1637	1325	1350
Yemen	23	47	39	27	15	13	8	31
For reference:								
Least Developed Countries	802	654	834	701	660	703	508	521

Source: Compiled by the ESCWA secretariat on the basis of data given in national and international sources.

Table II.2. ESCWA Region: Export/Import Ratios
(in terms of current imports)

	1975	1980	1981	1982	1983	1984	1985	1986	1987
ESCWA Region	2.51	2.36	1.83	1.25	1.01	1.03	1.08	0.85	1.01
Major Oil Exporters	3.70	2.88	2.28	1.49	1.25	1.29	1.36	1.11	1.29
Iraq	1.97	1.88	0.51	0.48	0.80	0.83	0.98	0.74	1.22
GCC Countries	4.33	3.14	2.90	1.82	1.34	1.38	1.45	1.21	1.30
Bahrain	0.99	1.03	1.05	1.05	0.96	0.92	0.93	0.97	0.86
Kuwait	3.85	3.04	2.34	1.32	1.57	1.78	1.71	1.26	1.58
Oman	1.85	2.16	2.05	1.65	1.70	1.61	1.58	1.06	1.88
Qatar	4.41	3.95	3.85	2.32	2.26	2.90	2.72	1.68	1.74
Saudi Arabia	7.04	3.61	3.41	1.95	1.17	1.09	1.16	1.05	1.11
United Arab Emirates	2.61	2.51	2.26	1.93	1.84	2.27	2.17	1.76	1.70
Other ESCWA Countries	0.42	0.42	0.32	0.33	0.29	0.29	0.35	0.28	0.35
Democratic Yemen	0.53	1.19	0.43	0.50	0.45	0.42	0.53	0.43	0.40
Egypt	0.36	0.63	0.37	0.34	0.31	0.29	0.37	0.26	0.36
Jordan	0.21	0.24	0.23	0.23	0.19	0.27	0.32	0.27	0.27
Lebanon	0.55	0.23	0.24	0.21	0.19	0.19	0.26	0.28	0.31
Syrian Arab Republic	0.55	0.51	0.42	0.50	0.42	0.45	0.41	0.49	0.54
Yemen	0.04	0.01	0.03	0.03	0.02	0.01	0.01	0.01	0.03

Source: Computed by the ESCWA secretariat on the basis of data given in Annex Table II.1.

Table II.3. ESCWA Region: Export/Import Ratios

(in terms of 1980 imports)

	1975	1980	1981	1982	1983	1984	1985	1986	1987
ESCWA Region	0.74	2.36	2.28	1.65	1.20	1.10	0.97	0.69	0.86
Major Oil Exporters	0.88	2.88	2.78	1.98	1.41	1.29	1.12	0.78	0.97
Iraq	0.60	1.88	0.76	0.73	0.70	0.66	0.74	0.54	0.65
GCC Countries	0.96	3.14	3.32	2.32	1.60	1.46	1.22	0.85	1.06
Bahrain	0.33	1.03	1.25	1.06	0.90	0.92	0.83	0.67	0.64
Kuwait	1.41	3.04	2.50	1.68	1.77	1.88	1.60	1.11	1.28
Oman	0.82	2.16	2.71	2.55	2.45	2.55	2.87	1.45	1.98
Qatar	1.25	3.95	4.03	3.12	2.28	2.32	2.14	1.28	1.37
Saudi Arabia	0.98	3.61	3.98	2.62	1.52	1.22	0.91	0.66	0.89
United Arab Emirates	0.80	2.51	2.49	2.08	1.76	1.83	1.69	1.17	1.40
Other ESCWA Countries	0.21	0.42	0.43	0.42	0.40	0.39	0.42	0.34	0.43
Democratic Yemen	0.26	1.19	0.93	1.22	1.03	0.99	1.06	0.77	0.75
Egypt	0.29	0.63	0.66	0.64	0.66	0.65	0.76	0.60	0.90
Jordan	0.06	0.24	0.31	0.31	0.24	0.31	0.35	0.27	0.31
Lebanon	0.29	0.23	0.23	0.19	0.18	0.15	0.14	0.15	0.16
Syrian Arab Republic	0.23	0.51	0.51	0.49	0.47	0.45	0.40	0.32	0.33
Yemen	0.01	0.01	0.03	0.02	0.02	0.01	0.01	0.00	0.02

Source: Computed by the ESCWA secretariat on the basis of data given in Annex Table II.1.

Table III.1 ESCWA Region: Commodity Structure of Trade

Imports by Major Categories (in per cent of total)

SITC	Total 0 to 9	Food items 0+1+22 +4	Agricul-tural raw materials 2 less (22+27+28)	Ores and metals 27+28 +67+68	Fuels 3	Chemicals 5	Machinery and equipment 7	Other manufactured goods 6 + 8 less (67+68)
ESCWA REGION								
1975	100.00	19.35	2.43	8.96	5.93	6.80	35.73	20.43
1980	100.00	15.39	1.59	7.31	6.69	5.13	36.62	26.66
1985	100.00	16.11	1.93	7.05	2.39	7.54	37.26	26.53
1986	100.00	18.98	1.73	6.20	1.96	8.02	35.61	25.59
1987	100.00	19.32	2.14	5.62	2.01	9.98	34.57	24.56
MAJOR OIL EXPORTERS								
1975	100.00	14.37	1.52	9.45	5.42	4.63	41.02	23.17
1980	100.00	13.44	1.27	7.23	5.34	4.49	39.15	28.43
1985	100.00	12.46	0.81	6.22	0.80	6.71	42.45	29.11
1986	100.00	14.92	0.78	4.99	0.69	7.17	40.41	28.72
1987	100.00	15.27	0.72	4.61	0.48	8.74	39.10	28.43
IRAQ								
1975	100.00	17.51	2.84	17.07	0.28	5.88	41.01	15.33
1980	100.00	14.06	1.40	8.29	0.25	5.99	50.14	19.23
1985	100.00	15.21	1.42	7.67	0.30	9.87	44.01	20.10
1986	100.00	15.16	1.05	7.06	0.29	9.20	41.46	21.85
1987	100.00	24.98	1.50	7.92	0.14	13.41	32.14	18.74
GULF CO-OPERATION COUNCIL								
1975	100.00	13.18	1.02	6.55	7.37	4.16	41.03	26.15
1980	100.00	13.30	1.24	6.98	6.54	4.14	36.56	30.60
1985	100.00	11.97	0.70	5.96	...	6.14	42.17	30.74
1986	100.00	14.86	0.72	4.56	...	6.75	40.20	30.12
1987	100.00	13.73	0.60	4.08	...	8.00	40.21	29.97
BAHRAIN								
1975	100.00	6.43	0.53	3.40	50.82	3.68	18.77	16.35
1980	100.00	6.91	0.56	3.26	58.33	3.82	15.02	11.98
1985	100.00	11.93	0.80	4.19	...	6.62	...	...
1986	100.00	13.88	1.01	3.70	...	6.75	...	...
1987	100.00	11.03	0.34	3.00	...	6.56	...	...
KUWAIT								
1975	100.00	17.07	0.72	4.86	0.59	3.87	45.62	26.64
1980	100.00	14.80	0.97	6.20	0.76	4.21	36.15	36.31
1985	100.00	10.97	0.43	5.19	0.38	5.18	48.01	28.67
1986	100.00	12.68	0.41	5.63	0.25	4.95	47.46	27.34
1987	100.00	14.07	0.55	3.68	0.28	6.55	44.28	29.66
OMAN								
1975	100.00	13.28	2.21	6.64	4.67	3.89	41.42	27.88
1980	100.00	15.21	1.47	4.08	10.79	3.48	39.40	19.74
1985	100.00	13.46	1.07	6.80	1.75	4.01	41.45	28.86
1986	100.00	16.27	0.95	5.95	2.80	4.72	40.76	25.68
1987	100.00	11.79	0.64	2.41	0.39	5.45	52.71	22.44
QATAR								
1975	100.00	13.51	1.22	8.18	0.92	4.42	51.69	20.05
1980	100.00	14.96	1.13	7.24	1.22	5.33	43.34	26.79
1985	100.00	11.26	0.77	4.42	0.57	5.16	46.48	29.79
1986	100.00	14.02	0.80	5.16	0.60	5.39	44.29	28.42
1987	100.00	12.88	0.51	3.84	0.52	5.99	45.96	28.72

Exports by Major Categories (in per cent of total)

SITC	Total 0 to 9	Food items 0+1+22 +4	Agricul-tural raw materials 2 less (22+27+28)	Ores and metals 27+28 +67+68	Fuels 3	Chemicals 5	Machinery and equipment 7	Other manufactured goods 6 + 8 less (67+68)
ESCWA REGION								
1975	100.00	1.19	1.26	0.58	92.89	1.11	1.02	1.92
1980	100.00	0.52	0.35	0.66	96.09	0.69	0.75	0.89
1985	100.00	0.94	0.97	1.41	91.78	1.19	1.58	1.64
1986	100.00	1.28	1.21	2.03	88.44	2.68	1.62	2.10
1987	100.00	1.23	1.05	2.00	87.92	2.66	1.44	3.19
MAJOR OIL EXPORTERS								
1975	100.00	0.29	0.06	0.35	97.23	0.85	0.64	0.56
1980	100.00	0.21	0.03	0.50	97.37	0.65	0.70	0.52
1985	100.00	0.41	0.05	0.80	94.62	1.02	1.68	0.86
1986	100.00	0.58	0.12	1.24	92.38	2.52	1.68	0.86
1987	100.00	0.22	0.15	0.96	93.56	2.42	1.51	0.65
IRAQ								
1975	100.00	0.57	0.18	0.03	98.98	0.18	0.01	0.05
1980	100.00	0.16	0.07	0.21	99.12	0.29	0.08	0.04
1985	100.00	0.13	0.08	0.24	97.98	0.24	0.96	0.05
1986	100.00	0.37	0.16	0.51	97.01	0.37	0.74	0.46
1987	100.00	0.15	0.24	0.18	97.42	0.46	0.88	0.22
GULF CO-OPERATION COUNCIL								
1975	100.00	0.25	0.04	0.40	96.96	0.95	0.74	0.64
1980	100.00	0.22	0.03	0.55	97.06	0.71	0.81	0.60
1985	100.00	0.45	0.05	0.88	94.15	1.13	1.78	0.98
1986	100.00	0.62	0.11	1.37	91.57	2.89	1.84	0.93
1987	100.00	0.23	0.14	1.11	92.84	2.78	1.62	0.73
BAHRAIN								
1975	100.00	1.51	0.06	8.79	81.45	0.26	2.88	5.03
1980	100.00	0.58	0.01	2.99	93.62	0.10	1.43	1.25
1985	100.00	0.16	0.05	13.30	74.81	2.12	6.92	1.67
1986	100.00	0.08	0.02	22.81	61.64	7.63	4.62	1.75
1987	100.00	0.17	0.04	16.12	65.35	3.88	8.34	5.70
KUWAIT								
1975	100.00	0.36	0.08	0.37	91.52	4.56	2.01	1.09
1980	100.00	0.50	0.10	0.36	88.85	4.60	2.68	2.90
1985	100.00	0.12	0.06	0.45	97.48	0.16	1.26	0.28
1986	100.00	0.16	0.13	0.59	96.56	0.84	0.87	0.49
1987	100.00	0.10	0.18	0.58	96.48	0.68	1.12	0.34
OMAN								
1975	100.00	0.22	0.00	0.00	99.78	0.00	0.00	0.00
1980	100.00	0.82	0.00	0.06	96.16	0.01	2.53	0.31
1985	100.00	1.44	0.01	0.68	91.95	0.06	4.47	0.41
1986	100.00	2.13	0.03	1.11	89.23	0.17	5.78	0.72
1987	100.00	0.31	0.00	0.26	97.51	0.13	1.22	0.32
QATAR								
1975	100.00	0.10	0.01	0.03	97.19	2.06	0.48	0.04
1980	100.00	0.03	0.01	2.22	95.99	1.29	0.29	0.12
1985	100.00	0.00	0.01	0.68	97.06	1.40	0.29	0.47
1986	100.00	0.02	0.10	0.54	93.59	4.42	0.52	0.58
1987	100.00	0.02	0.14	0.00	94.44	4.02	0.84	0.16

Imports by Major Categories (in per cent of total)

SITC	Total 0 to 9	Food items 0+1+22 +4	Agricul-tural raw materials 2 less (22+27+28)	Ores and metals 27+28 +67+68	Fuels 3	Chemicals 5	Machinery and equipment 7	Other manufactured goods 6 + 8 less (67+68)
				SAUDI ARABIA				
1975	100.00	15.64	1.44	5.42	0.68	4.86	41.05	30.76
1980	100.00	14.12	1.32	7.34	0.64	4.00	38.86	33.34
1985	100.00	12.26	0.76	6.13	0.50	6.41	41.68	30.92
1986	100.00	16.06	0.76	3.94	0.27	7.47	39.43	30.11
1987	100.00	14.85	0.73	4.49	0.32	9.05	38.02	29.76
				UNITED ARAB EMIRATES				
1975	100.00	8.05	0.41	11.59	6.47	3.50	45.43	22.84
1980	100.00	11.12	1.37	8.46	10.80	4.67	35.87	26.85
1985	100.00	11.03	0.44	6.09	1.44	7.31	39.50	32.89
1986	100.00	12.42	0.70	5.17	1.84	6.99	37.29	33.96
1987	100.00	11.02	0.28	3.73	1.15	6.88	41.52	33.64
				OTHER ESCWA COUNTRIES				
1975	100.00	28.24	4.05	8.09	6.86	10.66	26.26	15.52
1980	100.00	22.70	2.82	7.62	11.76	7.51	27.10	20.01
1985	100.00	24.88	4.64	9.04	6.22	9.53	24.78	20.31
1986	100.00	27.63	3.75	8.78	4.66	9.82	25.40	18.94
1987	100.00	25.60	4.32	7.20	4.39	11.90	27.54	18.55
				DEMOCRATIC YEMEN				
1975	100.00	22.95	1.07	2.01	26.58	4.70	25.36	16.99
1980	100.00	14.42	1.24	1.53	56.70	3.17	13.73	8.90
1985	100.00	37.82	0.70	4.72	...	8.53	24.32	16.62
1986	100.00	36.25	1.15	3.62	...	11.10	22.70	14.14
1987	100.00	38.07	0.34	2.69	...	8.51	28.99	17.08
				EGYPT				
1975	100.00	35.92	5.48	8.48	6.92	13.18	20.46	9.54
1980	100.00	32.39	6.18	9.18	1.08	9.44	27.33	14.34
1985	100.00	27.08	6.83	10.16	3.78	9.14	25.01	17.97
1986	100.00	30.02	4.87	9.60	3.41	9.41	25.41	17.25
1987	100.00	27.33	5.38	7.53	2.77	12.16	28.18	16.64
				JORDAN				
1975	100.00	22.40	1.99	5.57	10.64	5.21	31.76	21.06
1980	100.00	18.16	1.53	7.14	17.06	5.48	27.93	22.20
1985	100.00	18.81	1.93	6.19	21.89	6.65	20.22	21.93
1986	100.00	21.78	2.00	6.90	14.34	8.90	20.81	20.45
1987	100.00	18.99	2.20	7.58	17.26	10.05	20.70	21.01
				LEBANON				
1975	100.00	17.66	3.52	6.30	4.09	7.69	36.34	23.68
1980	100.00	17.24	1.50	6.87	14.65	7.90	24.59	26.74
1985	100.00	20.73	0.98	7.27	3.79	10.91	21.14	34.46
1986	100.00	24.11	2.19	6.99	2.47	10.28	21.31	32.20
1987	100.00	20.87	1.20	4.63	1.97	10.92	24.90	35.02
				SYRIAN ARAB REPUBLIC				
1975	100.00	21.38	3.10	11.58	6.51	11.69	28.79	16.74
1980	100.00	16.92	2.16	8.94	8.34	8.53	32.60	21.45
1985	100.00	17.35	2.02	9.89	1.63	14.59	31.73	21.74
1986	100.00	18.63	1.49	6.87	2.89	13.08	37.52	17.06
1987	100.00	16.57	1.51	6.33	2.29	14.91	34.89	21.26
				YEMEN				
1975	100.00	45.49	0.11	3.03	5.05	5.59	15.62	25.11
1980	100.00	28.36	0.16	6.67	7.20	5.11	27.73	24.26
1985	100.00	33.21	0.92	7.80	1.10	10.46	27.30	18.59
1986	100.00	33.12	1.89	11.86	0.80	10.18	22.78	18.18
1987	100.00	31.88	0.71	6.14	1.28	10.60	29.05	18.68

Exports by Major categories (in per cent of total)

SITC	Total 0 to 9	Food items 0+1+22 +4	Agricul-tural raw materials 2 less (22+27+28)	Ores and metals 27+28 +67+68	Fuels 3	Chemicals 5	Machinery and equipment 7	Other manufactured goods 6 + 8 less (67+68)
				SAUDI ARABIA				
1975	100.00	0.08	0.00	0.02	99.32	0.02	0.23	0.33
1980	100.00	0.10	0.01	0.07	99.19	0.10	0.42	0.12
1985	100.00	0.06	0.07	0.42	94.91	2.09	1.29	0.38
1986	100.00	0.27	0.13	0.48	91.88	4.24	1.72	0.54
1987	100.00	0.28	0.19	0.53	91.53	4.60	1.90	0.49
				UNITED ARAB EMIRATES				
1975	100.00	0.66	0.14	0.88	95.95	0.18	1.14	0.94
1980	100.00	0.44	0.06	2.48	95.01	0.18	0.71	0.96
1985	100.00	1.06	0.03	1.23	92.45	0.29	2.02	2.55
1986	100.00	1.56	0.09	2.32	90.68	0.78	1.68	2.32
1987	100.00	0.20	0.04	2.18	93.32	0.82	1.01	1.47
				OTHER ESCWA COUNTRIES				
1975	100.00	14.45	19.22	3.99	28.44	5.05	6.59	22.08
1980	100.00	10.00	9.95	5.69	57.72	2.08	2.30	12.12
1985	100.00	6.32	10.26	7.62	62.75	2.84	0.54	9.54
1986	100.00	9.22	13.63	11.07	43.52	4.54	0.97	16.17
1987	100.00	10.55	9.28	11.53	36.03	4.95	0.81	26.54
				DEMOCRATIC YEMEN				
1975	100.00	2.52	1.03	0.34	93.19	0.11	0.96	1.80
1980	100.00	5.71	1.67	0.17	89.77	0.08	1.61	0.74
1985	100.00	6.83	0.93	0.07	91.14	0.01	0.79	0.10
1986	100.00	26.90	2.72	1.21	58.37	0.81	6.68	2.09
1987	100.00	28.49	4.07	0.15	60.72	0.15	2.44	2.63
				EGYPT				
1975	100.00	17.41	38.54	2.39	9.45	4.43	1.05	26.71
1980	100.00	6.78	15.55	3.01	64.25	0.62	0.10	9.68
1985	100.00	5.60	12.09	4.12	68.14	0.78	0.07	9.16
1986	100.00	6.82	16.10	6.32	51.23	1.45	0.12	17.93
1987	100.00	11.37	10.41	9.09	35.73	2.09	0.13	31.16
				JORDAN				
1975	100.00	28.95	0.52	49.90	0.70	4.85	1.16	13.90
1980	100.00	24.95	0.51	41.79	0.25	9.10	1.99	21.41
1985	100.00	17.89	0.45	38.46	0.00	19.96	0.79	22.45
1986	100.00	19.87	0.52	43.22	0.04	24.16	0.62	11.58
1987	100.00	14.81	0.73	36.94	0.00	28.39	1.02	18.10
				LEBANON				
1975	100.00	19.31	4.83	3.71	6.04	10.88	19.84	34.79
1980	100.00	26.95	2.65	11.61	0.43	8.82	11.62	37.53
1985	100.00	10.98	25.16	12.87	0.07	1.82	7.36	40.27
1986	100.00	14.27	12.62	6.34	0.09	2.26	8.06	43.84
1987	100.00	8.97	17.23	6.48	0.00	2.22	8.47	55.20
				SYRIAN ARAB REPUBLIC				
1975	100.00	5.25	15.00	1.67	70.31	0.22	1.04	6.50
1980	100.00	4.30	7.92	0.27	81.37	0.13	1.54	4.31
1985	100.00	0.52	10.24	1.47	86.12	0.10	0.70	0.57
1986	100.00	5.54	16.89	3.12	69.36	0.27	1.30	2.58
1987	100.00	0.45	8.51	3.31	83.11	0.02	1.46	1.40
				YEMEN				
1975	100.00	26.26	66.47	0.45	0.00	1.83	0.30	4.69
1980	100.00	44.98	3.92	4.39	0.14	2.81	25.13	14.69
1985	100.00	3.13	10.85	4.32	63.74	0.31	12.35	2.87
1986	100.00	12.26	19.18	6.51	37.05	0.39	14.15	8.47
1987	100.00	21.01	23.40	11.67	13.76	0.47	18.91	5.89

Source: Compiled and computed by the ESCWA secretariat based on data provided by the United Nations Statistical Office, COMTRADE DATABASE. Details may not

Table III.2. ESCWA Region: Commodity Structure of Imports by Origin
(per cent)

SITC Section		ESCWA Region	Other Developing Regions: Total	Other Developing Regions: Asia	EEC(9)	EFTA	USA	Japan	Eastern Europe	China	Rest of World	World	For Reference: LAS	For Reference: EEC(12)
Food items (0+1+22+4)	1975	8.51	25.90	13.07	20.01	1.56	22.01	1.49	4.85	1.60	14.08	100.00	9.19	20.87
	1980	6.42	26.56	16.61	29.49	1.55	14.88	1.96	3.19	1.06	14.89	100.00	8.45	31.65
	1985	3.16	12.44	8.54	37.50	1.88	19.87	1.42	2.10	0.30	21.33	100.00	4.77	41.17
	1986	4.27	20.66	16.41	32.56	1.48	21.24	0.97	2.33	0.33	16.16	100.00	5.41	35.02
	1987	2.11	14.28	11.53	36.40	2.17	25.61	0.54	2.38	0.41	16.10	100.00	2.86	38.66
Agricultural raw materials (2-22-27-28)	1975	14.58	23.12	16.36	10.22	10.28	6.85	2.74	21.71	0.28	10.22	100.00	15.39	10.61
	1980	3.32	26.49	18.94	10.07	26.77	6.48	2.03	9.69	0.39	14.77	100.00	3.52	11.24
	1985	1.19	12.18	9.74	9.84	40.81	12.13	1.07	14.08	0.18	8.52	100.00	1.71	10.58
	1986	1.78	22.40	16.97	10.61	25.83	9.45	2.11	20.49	0.17	7.16	100.00	2.56	11.45
	1987	1.32	11.08	8.28	12.63	38.80	9.38	1.10	15.40	0.25	10.02	100.00	1.56	13.54
Ores and metals (27+28+67+68)	1975	4.80	7.01	5.82	29.82	1.15	8.58	33.31	10.04	0.80	4.48	100.00	5.05	31.34
	1980	5.83	11.78	10.13	31.78	3.46	6.68	26.28	4.01	1.03	9.14	100.00	5.85	37.57
	1985	2.87	8.20	7.22	34.66	2.90	3.58	27.08	8.30	0.04	12.37	100.00	2.87	44.06
	1986	2.87	16.98	13.89	28.67	2.94	3.28	23.20	12.57	0.16	9.34	100.00	2.98	34.31
	1987	2.43	19.60	16.33	34.02	4.59	5.17	16.20	10.49	0.20	7.30	100.00	2.53	37.69
Fuels (3)	1975	75.21	6.50	5.89	8.46	0.24	2.72	0.04	5.61	0.06	1.16	100.00	75.56	9.12
	1980	78.65	8.60	4.87	8.39	0.09	2.38	0.14	0.34	0.03	1.39	100.00	82.23	9.01
	1985	50.82	6.46	6.22	21.96	0.27	5.66	0.73	4.22	0.00	9.88	100.00	51.06	26.56
	1986	39.79	7.35	4.42	24.00	0.45	9.34	0.72	5.79	0.02	12.53	100.00	42.73	29.79
	1987	46.11	3.59	3.57	16.06	0.16	10.57	0.34	9.12	0.01	14.05	100.00	46.11	21.28
Chemicals (5)	1975	7.33	3.08	2.23	56.30	7.76	8.07	3.51	8.34	1.52	4.09	100.00	7.61	57.96
	1980	4.42	4.86	3.81	58.82	7.81	10.92	2.99	2.01	0.60	7.57	100.00	4.68	63.28
	1985	1.71	2.05	1.97	67.61	8.11	9.41	2.68	2.15	0.35	5.93	100.00	1.74	70.54
	1986	3.48	3.60	3.20	62.82	9.45	8.05	2.17	2.26	0.45	7.72	100.00	3.82	65.80
	1987	2.15	6.48	5.86	60.10	10.08	8.35	2.24	2.59	0.69	7.33	100.00	2.64	62.89
Machinery & Transport Equipment (7)	1975	6.55	2.27	2.01	46.28	3.95	19.27	13.61	4.50	0.24	3.33	100.00	6.57	48.30
	1980	2.40	3.07	2.74	41.42	5.21	20.54	22.41	1.96	0.14	2.86	100.00	2.41	42.50
	1985	1.75	2.90	2.87	41.53	4.65	17.69	26.91	1.16	0.04	3.36	100.00	1.75	42.55
	1986	1.36	3.50	3.45	44.51	5.25	16.92	22.52	2.99	0.03	2.91	100.00	1.37	45.26
	1987	0.69	5.72	5.67	42.85	6.20	16.09	23.44	1.77	0.15	3.10	100.00	0.69	43.95
Other manufactured goods (6+8-67-68)	1975	12.40	12.14	11.64	31.97	7.32	6.88	16.78	4.77	3.28	4.46	100.00	12.54	34.52
	1980	4.70	16.53	15.82	33.90	5.34	9.17	17.77	2.28	2.21	8.10	100.00	4.79	39.25
	1985	2.46	13.05	12.85	41.78	7.81	6.58	17.84	1.90	0.20	8.37	100.00	2.48	47.87
	1986	2.51	20.21	19.50	38.46	7.10	5.45	15.41	3.28	0.23	7.36	100.00	2.98	43.38
	1987	1.50	19.51	19.23	37.58	8.27	5.63	15.63	3.05	0.49	8.33	100.00	1.58	43.11
All Commodities (0 to 9)	1975	12.27	10.09	7.05	34.40	4.10	14.27	11.87	5.86	1.25	5.87	100.00	12.52	36.11
	1980	9.10	11.78	9.40	35.20	4.67	13.59	15.39	2.41	0.92	6.93	100.00	9.70	38.08
	1985	8.08	14.61	11.15	33.14	4.64	10.78	14.58	3.93	0.95	9.31	100.00	9.07	36.00
	1986	7.60	13.90	10.78	34.38	4.47	11.78	12.83	4.65	1.19	9.19	100.00	8.37	36.73
	1987	7.33	15.05	12.75	35.39	5.40	12.04	11.03	3.66	1.48	8.61	100.00	7.71	37.62

For sources, see Annex Tables III.1 and IV.2.
Details may not add up due to rounding.

Table III.3. Gulf Co-operation Council (GCC): Commodity Structure of Imports by Origin
(per cent)

SITC Section		ESCWA Region	Other Developing Regions Total	Other Developing Regions Asia	EEC(9)	EFTA	USA	Japan	Eastern Europe	China	Rest of World	World	For Reference LAS	For Reference EEC(12)
Food items (0+1+22+4)	1975	18.07	22.61	17.82	21.89	0.80	13.54	2.43	3.38	1.23	16.06	100.00	19.23	22.70
	1980	7.41	27.86	19.93	28.38	1.64	11.15	2.96	3.07	1.23	16.30	100.00	10.31	30.23
	1985	5.87	11.19	10.90	38.84	1.53	16.49	2.52	0.78	0.06	22.73	100.00	5.88	42.87
	1986	6.23	22.85	20.89	37.09	1.49	13.67	1.53	0.75	0.03	16.35	100.00	6.65	40.51
	1987	2.44	12.87	12.44	44.54	2.10	18.89	1.03	0.66	0.00	17.47	100.00	2.61	47.66
Agricultural raw materials (2-22-27-28)	1975	34.85	25.05	22.81	6.09	14.52	3.73	0.87	7.22	0.49	7.20	100.00	35.39	6.24
	1980	3.16	40.02	27.94	5.24	17.77	7.22	0.79	13.58	0.60	11.61	100.00	3.32	6.65
	1985	2.30	31.91	29.92	13.37	27.06	14.67	0.93	0.00	0.05	9.71	100.00	2.30	14.93
	1986	2.63	44.89	36.98	13.20	15.11	18.07	0.84	0.00	0.03	5.23	100.00	2.66	14.45
	1987	1.45	22.27	22.17	18.38	28.72	18.21	1.06	0.21	0.00	9.71	100.00	1.47	20.24
Ores and metals (27+28+67+68)	1975	9.54	10.83	10.51	25.14	0.57	14.65	35.37	0.46	1.06	2.38	100.00	9.57	25.45
	1980	7.28	14.51	13.25	26.82	2.61	8.47	30.56	0.92	1.21	7.61	100.00	7.28	30.16
	1985	2.89	11.32	11.18	33.28	2.08	3.45	41.81	0.10	0.00	5.06	100.00	2.89	37.05
	1986	3.08	18.21	16.91	31.81	2.82	4.57	34.62	1.28	0.02	3.60	100.00	3.30	34.48
	1987	1.86	16.56	16.56	38.60	3.19	5.61	30.62	0.36	0.00	3.20	100.00	1.86	40.26
Fuels (3)	1975	86.65	4.31	4.07	5.94	0.06	2.73	0.06	0.00	0.01	0.23	100.00	86.89	5.97
	1980	84.34	6.25	6.25	5.05	0.09	3.17	0.15	0.03	0.01	0.90	100.00	84.34	5.10
	1985	11.39	20.03	20.03	42.41	0.51	12.40	1.99	0.00	0.00	11.26	100.00	11.39	42.51
	1986	22.91	11.37	11.36	40.54	0.56	16.45	2.65	0.01	0.01	5.50	100.00	22.92	45.94
	1987	0.00	20.85	20.85	44.97	0.34	23.03	1.87	0.02	0.00	8.92	100.00	0.00	47.08
Chemicals (5)	1975	14.77	5.39	5.24	53.25	4.45	13.62	3.24	0.39	0.35	4.54	100.00	14.81	53.96
	1980	5.45	6.15	5.64	56.56	5.68	16.29	3.04	0.35	0.54	5.94	100.00	5.46	58.78
	1985	1.78	2.75	2.75	68.57	7.28	13.45	3.32	0.04	0.03	2.78	100.00	1.78	70.42
	1986	2.97	2.73	2.52	67.67	9.75	11.64	2.58	0.07	0.02	2.63	100.00	3.17	69.28
	1987	0.56	3.26	3.12	68.67	10.28	11.51	2.99	0.02	0.00	2.71	100.00	0.70	70.67
Machinery & Transport Equipment (7)	1975	10.04	2.78	2.46	39.39	3.01	24.63	16.74	0.38	0.10	2.93	100.00	10.04	41.09
	1980	1.07	3.35	3.22	36.33	4.12	27.58	24.98	0.37	0.15	2.06	100.00	1.07	37.31
	1985	1.97	3.36	3.35	36.16	4.24	22.17	30.28	0.11	0.00	1.71	100.00	1.97	36.83
	1986	1.28	3.86	3.83	41.78	4.57	21.88	24.67	0.22	0.01	1.73	100.00	1.29	42.38
	1987	0.00	5.35	5.35	39.01	4.93	20.18	28.59	0.12	0.00	1.81	100.00	0.00	39.80
Other manufactured goods (6+8-67-68)	1975	16.10	14.73	14.73	29.18	6.24	6.77	19.54	1.45	2.48	3.50	100.00	16.15	30.38
	1980	4.33	18.04	17.48	32.06	4.42	10.90	19.15	1.31	2.62	7.17	100.00	4.44	36.89
	1985	2.72	14.39	14.37	42.47	7.49	7.80	19.57	0.13	0.07	5.36	100.00	2.72	47.19
	1986	2.12	21.91	21.63	39.15	7.35	6.36	17.83	0.34	0.07	4.87	100.00	2.37	43.37
	1987	0.10	19.28	19.25	39.68	8.86	6.74	19.53	0.20	0.00	5.61	100.00	0.13	44.49
All Commodities (0 to 9)	1975	18.69	9.49	8.56	31.44	3.35	15.53	14.77	1.10	0.94	4.69	100.00	18.88	32.61
	1980	9.00	12.70	11.17	31.88	3.73	16.49	17.69	1.22	1.14	6.16	100.00	9.43	34.31
	1985	8.51	13.39	11.38	32.74	4.14	12.67	19.15	0.56	0.86	7.98	100.00	8.98	34.72
	1986	8.10	14.08	12.22	34.40	4.07	13.21	16.07	0.54	1.12	8.40	100.00	8.50	36.22
	1987	7.24	15.69	14.20	36.32	4.64	12.43	14.56	0.39	1.24	7.49	100.00	7.56	38.08

For sources, see Annex Tables III.1 and IV.2.
Details may not add up due to roundings.

Table III.4 ESCWA Region: Commodity Structure of Exports by Destination
(per cent)

SITC Section		ESCWA Region	Other Developing Regions Total	Other Developing Regions Asia	EEC(9)	EFTA	USA	Japan	Eastern Europe	China	Rest of World	World	For Reference LAS	For Reference EEC(12)
Food items (0+1+22+4)	1975	47.50	15.63	7.79	5.22	0.51	3.73	1.14	22.18	1.01	3.26	100.00	53.92	5.61
	1980	68.37	7.05	3.88	8.46	1.05	2.70	1.88	5.67	0.01	4.81	100.00	70.07	9.28
	1985	63.34	4.34	3.24	9.19	0.24	3.94	3.77	13.82	0.00	1.35	100.00	64.34	9.86
	1986	63.31	10.50	7.86	12.90	0.74	3.31	2.28	5.70	0.00	1.27	100.00	65.72	13.91
	1987	31.86	6.02	3.51	20.18	4.54	4.13	1.05	29.33	0.00	2.90	100.00	32.85	24.12
Agricultural raw materials (2-22-27-28)	1975	10.45	1.48	1.00	10.76	1.56	0.39	1.71	58.11	10.10	5.44	100.00	10.69	12.76
	1980	7.73	5.78	2.05	27.61	5.92	0.95	10.43	20.87	7.33	13.37	100.00	11.34	33.43
	1985	1.75	3.57	3.02	39.51	7.78	0.62	12.96	22.52	0.00	11.30	100.00	2.30	48.87
	1986	2.68	9.58	7.93	31.22	3.46	1.02	11.67	24.61	0.00	15.75	100.00	4.34	38.45
	1987	1.74	12.27	12.06	33.80	3.26	1.57	11.85	23.10	1.32	11.08	100.00	1.92	39.96
Ores and metals (27+28+67+68)	1975	27.05	17.88	11.71	6.93	10.73	0.98	13.75	14.92	4.71	3.05	100.00	29.02	7.16
	1980	24.83	18.24	16.38	36.11	11.91	0.24	3.25	2.61	0.81	1.99	100.00	26.32	36.22
	1985	9.99	26.67	25.08	25.53	0.79	10.00	18.42	4.75	0.20	3.65	100.00	10.19	26.76
	1986	8.86	27.73	22.56	24.30	1.55	12.58	15.44	3.52	1.30	4.73	100.00	12.80	25.81
	1987	4.20	22.14	18.34	31.56	1.94	10.77	20.21	3.45	1.49	4.25	100.00	7.30	33.58
Fuels (3)	1975	2.09	19.73	10.70	38.10	2.63	4.38	19.03	0.60	0.00	13.43	100.00	2.46	43.52
	1980	2.66	20.30	13.98	32.32	3.64	10.56	20.61	0.38	0.05	9.47	100.00	3.28	37.68
	1985	0.26	11.30	11.02	24.93	2.24	5.53	44.65	0.70	0.00	10.38	100.00	0.26	32.15
	1986	0.96	20.84	15.44	24.43	1.65	10.09	31.85	0.66	0.00	9.51	100.00	1.74	30.54
	1987	0.15	20.08	13.97	23.54	1.70	12.88	33.36	0.24	0.00	8.04	100.00	0.27	28.83
Chemicals (5)	1975	15.57	43.49	30.84	7.08	0.82	3.45	15.70	8.09	0.87	4.94	100.00	21.85	7.24
	1980	13.61	25.27	23.87	25.50	0.07	0.18	28.03	0.44	2.34	4.56	100.00	14.75	25.61
	1985	14.05	20.67	20.20	30.83	2.66	10.03	15.75	1.19	0.57	4.24	100.00	14.46	34.18
	1986	10.45	29.55	26.54	23.32	2.95	8.64	19.82	1.04	0.57	3.66	100.00	12.76	25.84
	1987	11.10	23.52	20.51	21.55	4.02	6.24	24.33	2.66	0.66	5.92	100.00	13.75	25.48
Machinery & Transport Equipment (7)	1975	70.93	17.48	12.86	8.86	0.17	1.02	0.03	0.68	0.00	0.83	100.00	74.39	8.88
	1980	63.75	15.90	11.23	10.34	0.42	3.48	0.33	0.16	0.01	5.61	100.00	67.91	10.48
	1985	35.98	14.25	14.02	44.24	1.24	3.52	0.05	0.04	0.00	0.68	100.00	36.16	44.42
	1986	30.17	15.23	14.51	49.16	0.77	1.90	0.22	0.58	0.00	1.97	100.00	30.62	49.48
	1987	13.51	14.59	13.85	68.44	1.13	0.77	0.08	0.13	0.00	1.35	100.00	14.23	69.48
Other manufactured goods (6+8-67-68)	1975	45.87	14.62	5.34	5.04	1.80	3.42	0.02	28.35	0.02	0.87	100.00	53.72	5.11
	1980	64.83	10.15	6.88	9.05	2.28	2.24	0.05	7.21	0.28	3.92	100.00	67.71	9.51
	1985	46.00	5.11	3.27	17.63	12.02	4.80	0.26	13.15	0.00	1.03	100.00	47.51	17.83
	1986	31.16	9.49	5.02	20.76	11.94	9.20	0.24	15.09	0.00	2.13	100.00	35.44	21.72
	1987	10.33	10.89	4.98	29.23	14.74	9.82	0.60	20.42	0.00	3.97	100.00	15.96	31.32
All Commodities (0 to 9)	1975	4.57	19.58	10.69	35.90	2.57	4.26	17.97	2.28	0.18	12.69	100.00	5.26	40.97
	1980	4.26	20.08	13.89	31.79	3.63	10.22	20.07	0.55	0.10	9.30	100.00	4.96	36.97
	1985	7.12	21.44	15.00	17.75	1.70	3.97	29.18	2.09	0.14	16.60	100.00	8.47	22.39
	1986	7.59	21.19	15.20	19.68	1.59	7.80	23.39	2.28	0.21	16.24	100.00	8.72	24.03
	1987	6.98	22.64	15.75	19.35	1.73	9.18	22.28	2.07	0.31	15.46	100.00	8.27	23.11

For sources, see Annex Tables III.1 and IV.1.
Details may not add up due to rounding.

Table III.4 ESCWA Region: Commodity Structure of Exports by Destination
(per cent)

SITC Section	Year	ESCWA Region	Other Developing Regions Total	Other Developing Regions Asia	EEC(9)	EFTA	USA	Japan	Eastern Europe	China	Rest of World	World	For Reference LAS	For Reference EEC(12)
Food items (0+1+22+4)	1975	47.50	15.63	7.79	5.22	0.51	3.73	1.14	22.18	1.01	3.26	100.00	53.92	5.61
	1980	68.37	7.05	3.88	8.46	1.05	2.70	1.88	5.67	0.01	4.81	100.00	70.07	9.28
	1985	63.34	4.34	3.24	9.19	0.24	3.94	3.77	13.82	0.00	1.35	100.00	64.34	9.86
	1986	63.31	10.50	7.86	12.90	0.74	3.31	2.28	5.70	0.00	1.27	100.00	65.72	13.91
	1987	31.86	6.02	3.51	20.18	4.54	4.13	1.05	29.33	0.00	2.90	100.00	32.85	24.12
Agricultural raw materials (2-22-27-28)	1975	10.45	1.48	1.00	10.76	1.56	0.39	1.71	58.11	10.10	5.44	100.00	10.69	12.76
	1980	7.73	5.78	2.05	27.61	5.92	0.95	10.43	20.87	7.33	13.37	100.00	11.34	33.43
	1985	1.75	3.57	3.02	39.51	7.78	0.62	12.96	22.52	0.00	11.30	100.00	2.30	48.87
	1986	2.68	9.58	7.93	31.22	3.46	1.02	11.67	24.61	0.00	15.75	100.00	4.34	38.45
	1987	1.74	12.27	12.06	33.80	3.26	1.57	11.85	23.10	1.32	11.08	100.00	1.92	39.96
Ores and metals (27+28+67+68)	1975	27.05	17.88	11.71	6.93	10.73	0.98	13.75	14.92	4.71	3.05	100.00	29.02	7.16
	1980	24.83	18.24	16.38	36.11	11.91	0.24	3.25	2.61	0.81	1.99	100.00	26.32	36.22
	1985	9.99	26.67	25.08	25.53	0.79	10.00	18.42	4.75	0.20	3.65	100.00	10.19	26.76
	1986	8.86	27.73	22.56	24.30	1.55	12.58	15.44	3.52	1.30	4.73	100.00	12.80	25.81
	1987	4.20	22.14	18.34	31.56	1.94	10.77	20.21	3.45	1.49	4.25	100.00	7.30	33.58
Fuels (3)	1975	2.09	19.73	10.70	38.10	2.63	4.38	19.03	0.60	0.00	13.43	100.00	2.46	43.52
	1980	2.66	20.30	13.98	32.32	3.64	10.56	20.61	0.38	0.05	9.47	100.00	3.28	37.68
	1985	0.26	11.30	11.02	24.93	2.24	5.53	44.65	0.70	0.00	10.38	100.00	0.26	32.15
	1986	0.96	20.84	15.44	24.43	1.65	10.09	31.85	0.66	0.00	9.51	100.00	1.74	30.54
	1987	0.15	20.08	13.97	23.54	1.70	12.88	33.36	0.24	0.00	8.04	100.00	0.27	28.83
Chemicals (5)	1975	15.57	43.49	30.84	7.08	0.82	3.45	15.70	8.09	0.87	4.94	100.00	21.85	7.24
	1980	13.61	25.27	23.87	25.50	0.07	0.18	28.03	0.44	2.34	4.56	100.00	14.75	25.61
	1985	14.05	20.67	20.20	30.83	2.66	10.03	15.75	1.19	0.57	4.24	100.00	14.46	34.18
	1986	10.45	29.55	26.54	23.32	2.95	8.64	19.82	1.04	0.57	3.66	100.00	12.76	25.84
	1987	11.10	23.52	20.51	21.55	4.02	6.24	24.33	2.66	0.66	5.92	100.00	13.75	25.48
Machinery & Transport Equipment (7)	1975	70.93	17.48	12.86	8.86	0.17	1.02	0.03	0.68	0.00	0.83	100.00	74.39	8.88
	1980	63.75	15.90	11.23	10.34	0.42	3.48	0.33	0.16	0.01	5.61	100.00	67.91	10.48
	1985	35.98	14.25	14.02	44.24	1.24	3.52	0.05	0.04	0.00	0.68	100.00	36.16	44.42
	1986	30.17	15.23	14.51	49.16	0.77	1.90	0.22	0.58	0.00	1.97	100.00	30.62	49.48
	1987	13.51	14.59	13.85	68.44	1.13	0.77	0.08	0.13	0.00	1.35	100.00	14.23	69.48
Other manufactured goods (6+8-67-68)	1975	45.87	14.62	5.34	5.04	1.80	3.42	0.02	28.35	0.02	0.87	100.00	53.72	5.11
	1980	64.83	10.15	6.88	9.05	2.28	2.24	0.05	7.21	0.28	3.92	100.00	67.71	9.51
	1985	46.00	5.11	3.27	17.63	12.02	4.80	0.26	13.15	0.00	1.03	100.00	47.51	17.83
	1986	31.16	9.49	5.02	20.76	11.94	9.20	0.24	15.09	0.00	2.13	100.00	35.44	21.72
	1987	10.33	10.89	4.98	29.23	14.74	9.82	0.60	20.42	0.00	3.97	100.00	15.96	31.32
All Commodities (0 to 9)	1975	4.57	19.58	10.69	35.90	2.57	4.26	17.97	2.28	0.18	12.69	100.00	5.26	40.97
	1980	4.26	20.08	13.89	31.79	3.63	10.22	20.07	0.55	0.10	9.30	100.00	4.96	36.97
	1985	7.12	21.44	15.00	17.75	1.70	3.97	29.18	2.09	0.14	16.60	100.00	8.47	22.39
	1986	7.59	21.19	15.20	19.68	1.59	7.80	23.39	2.28	0.21	16.24	100.00	8.72	24.03
	1987	6.98	22.64	15.75	19.35	1.73	9.18	22.28	2.07	0.31	15.46	100.00	8.27	23.11

For sources, see Annex Tables III.1 and IV.1.
Details may not add up due to rounding.

Table III.5. Gulf Co-operation Council (GCC): Commodity Structure of Exports by Destination
(per cent)

SITC Section		ESCWA Region	Other Developing Regions		EEC(9)	EFTA	USA	Japan	Eastern Europe	China	Rest of World	World	For Reference	
			Total	Asia									LAS	EEC(12)
Food items (0+1+22+4)	1975	80.55	12.14	9.05	0.08	0.01	1.63	3.18	0.06	0.00	2.34	100.00	81.82	0.84
	1980	79.51	6.52	3.95	1.12	0.04	2.15	0.59	0.02	0.01	10.03	100.00	81.29	1.14
	1985	80.43	6.29	6.29	4.71	0.04	4.89	2.91	0.00	0.00	0.74	100.00	80.43	5.42
	1986	74.54	14.36	14.28	5.20	0.99	2.80	1.55	0.00	0.00	0.56	100.00	74.54	6.48
	1987	12.68	23.72	13.35	19.00	24.36	11.18	3.62	0.00	0.00	5.43	100.00	12.68	41.19
Agricultural raw materials (2-22-27-28)	1975	79.71	18.84	18.39	0.98	0.10	0.05	0.03	0.09	0.00	0.20	100.00	79.81	0.99
	1980	77.00	11.82	10.60	3.93	0.65	0.80	0.06	0.00	0.00	5.75	100.00	77.74	4.86
	1985	14.14	6.94	6.94	41.54	0.66	0.14	1.52	0.12	0.00	34.94	100.00	14.14	61.54
	1986	10.20	49.14	48.59	21.45	0.59	0.74	0.33	0.11	0.00	17.42	100.00	10.75	33.47
	1987	0.44	52.26	51.23	29.61	0.63	1.45	0.50	0.20	0.00	14.92	100.00	1.32	40.66
Ores and metals (27+28+67+68)	1975	28.32	14.74	8.00	6.16	18.53	1.76	21.63	0.00	7.49	1.37	100.00	29.39	6.16
	1980	28.83	10.14	10.13	41.91	14.27	0.04	3.19	0.00	0.26	1.36	100.0	28.84	41.96
	1985	12.33	17.60	17.60	13.61	1.23	19.95	33.32	0.04	0.00	1.91	100.00	12.33	14.58
	1986	7.07	25.13	18.89	14.16	2.13	23.84	26.44	0.00	0.00	1.23	100.00	13.32	14.94
	1987	0.74	17.89	13.97	9.81	2.52	23.64	43.83	0.03	0.00	1.55	100.00	4.65	10.77
Fuels (3)	1975	2.31	19.38	11.17	36.82	2.01	5.15	21.67	0.31	0.00	12.35	100.00	2.33	41.37
	1980	2.92	19.37	14.90	30.61	3.18	12.33	22.08	0.13	0.07	9.31	100.00	3.43	35.45
	1985	0.28	13.28	13.01	20.20	1.99	5.71	53.01	0.00	0.00	5.54	100.00	0.28	24.58
	1986	0.65	20.22	16.66	23.79	1.67	11.25	36.92	0.00	0.00	5.51	100.00	1.32	28.05
	1987	0.19	18.27	14.37	19.74	1.54	14.36	39.97	0.00	0.00	5.93	100.00	0.32	24.16
Chemicals (5)	1975	5.96	50.05	34.94	9.01	0.47	4.47	21.99	0.00	1.24	6.81	100.00	13.79	9.24
	1980	7.02	21.70	20.31	29.72	0.01	0.11	33.26	0.00	2.77	5.40	100.00	8.14	29.84
	1985	5.36	15.57	15.56	36.65	3.43	12.97	20.57	0.00	0.00	5.45	100.00	5.36	40.97
	1986	4.86	30.30	28.28	23.86	3.41	9.94	23.47	0.00	0.00	4.11	100.00	6.70	26.74
	1987	3.51	23.70	22.01	22.95	5.05	7.68	30.25	0.00	0.00	6.86	100.00	5.03	27.49
Machinery & Transport Equipment (7)	1975	63.76	22.95	20.04	10.12	0.04	1.71	0.02	0.03	0.00	1.36	100.00	65.60	10.13
	1980	65.05	17.46	12.48	7.78	0.45	2.75	0.31	0.03	0.01	6.17	100.00	69.69	7.93
	1985	39.15	15.55	15.48	39.47	1.35	3.77	0.06	0.01	0.00	0.65	100.00	39.17	39.65
	1986	32.39	16.64	16.07	45.80	0.82	1.99	0.25	0.03	0.00	2.07	100.00	32.72	46.06
	1987	13.89	16.12	15.93	67.57	0.84	0.69	0.09	0.15	0.00	0.66	100.00	14.06	67.97
Other manufactured goods (6+8-67-68)	1975	61.35	16.89	15.82	7.04	4.17	9.16	0.02	0.00	0.01	1.37	100.00	62.16	7.07
	1980	75.21	12.90	11.58	4.93	1.09	0.24	0.06	0.00	0.01	5.56	100.00	76.21	5.16
	1985	57.32	5.44	4.82	14.09	17.89	4.81	0.23	0.05	0.00	0.18	100.00	57.32	14.16
	1986	48.99	10.79	10.19	15.07	16.41	7.90	0.41	0.00	0.00	0.43	100.00	49.55	15.29
	1987	5.50	13.69	13.51	36.31	36.93	6.72	0.23	0.00	0.00	0.61	100.00	5.64	36.67
All Commodities (0 to 9)	1975	3.50	19.64	11.47	35.93	2.06	5.13	21.31	0.30	0.04	12.08	100.00	3.63	40.35
	1980	4.22	19.25	14.85	30.25	3.18	12.01	21.70	0.12	0.09	9.19	100.00	4.76	34.96
	1985	7.09	21.02	16.24	14.47	1.54	4.25	35.64	0.05	0.16	15.77	100.00	8.42	17.38
	1986	7.10	21.32	16.50	18.53	1.43	8.74	27.44	0.04	0.21	15.19	100.00	8.04	21.56
	1987	6.57	22.86	17.61	15.44	1.45	10.19	27.16	0.04	0.32	15.96	100.00	7.45	18.71

For sources, see Annex Tables III.1 and IV.1.
Details may not add up due to rounding.

Table IV.1 ESCWA Region : Geographical Distribution of Exports (f.o.b)
(percentage shares)

Year	ESCWA	Other Developing Regions				EEC(9)	EFTA	USA	Japan	Eastern Europe	China	Rest of World	World	For Reference	
		Total	Asia (-ESCWA)	America	Africa (-Egypt)									LAS	EEC(12)
							ESCWA REGION								
1975	4.57	19.58	10.69	7.09	1.48	35.90	2.57	4.26	17.97	2.28	0.18	12.69	100.00	5.26	40.97
1980	4.26	20.08	13.89	4.67	1.46	31.79	3.63	10.22	20.07	0.55	0.10	9.30	100.00	4.96	36.97
1985	7.12	21.44	15.00	4.08	2.30	17.75	1.70	3.97	29.18	2.09	0.14	16.60	100.00	8.47	22.39
1986	7.59	21.19	15.20	3.82	2.10	19.68	1.59	7.80	23.39	2.28	0.21	16.24	100.00	8.72	24.03
1987	6.98	22.64	15.75	4.57	2.23	19.35	1.73	9.18	22.28	2.07	0.31	15.46	100.00	8.27	23.11
							MAJOR OIL EXPORTERS								
1975	3.20	20.28	11.16	7.55	1.23	37.12	2.69	4.47	19.13	0.50	0.05	12.55	100.00	3.65	42.31
1980	3.60	20.54	14.26	4.80	1.43	31.39	3.63	10.39	20.69	0.35	0.07	9.34	100.00	4.27	36.63
1985	6.62	22.62	15.82	4.38	2.33	16.26	1.71	4.26	31.58	0.26	0.15	16.54	100.00	7.95	20.95
1986	6.82	22.27	16.02	4.16	2.01	19.19	1.48	8.35	25.43	0.24	0.19	16.03	100.00	7.82	23.58
1987	6.33	23.93	16.70	5.04	2.10	17.93	1.60	9.53	24.43	0.24	0.28	15.73	100.00	7.42	21.89
							IRAQ								
1975	1.23	24.41	9.17	12.04	3.21	44.77	6.78	0.22	5.12	1.78	0.09	15.58	100.00	3.76	54.93
1980	0.09	27.85	10.92	14.83	2.09	37.80	6.19	1.28	15.01	1.64	0.00	10.14	100.00	1.50	46.04
1985	3.60	32.87	13.14	17.56	1.56	27.76	2.78	4.31	5.49	1.62	0.06	21.51	100.00	4.93	43.82
1986	4.91	28.76	12.71	13.88	1.60	23.69	1.80	5.70	11.71	1.55	0.07	21.80	100.00	6.29	37.38
1987	4.78	30.81	10.86	16.74	2.66	33.90	2.54	5.30	6.88	1.50	0.01	14.29	100.00	7.23	42.25
							GULF CO-OPERATION COUNCIL								
1975	3.50	19.64	11.47	6.85	0.93	35.93	2.06	5.13	21.31	0.30	0.04	12.08	100.00	3.63	40.35
1980	4.22	19.25	14.85	3.03	1.31	30.25	3.18	12.01	21.70	0.12	0.09	9.19	100.00	4.76	34.96
1985	7.09	21.02	16.24	2.33	2.45	14.47	1.54	4.25	35.64	0.05	0.16	15.77	100.00	8.42	17.38
1986	7.10	21.32	16.50	2.74	2.06	18.53	1.43	8.74	27.44	0.04	0.21	15.19	100.00	8.04	21.56
1987	6.57	22.86	17.61	3.21	2.01	15.44	1.45	10.19	27.16	0.04	0.32	15.96	100.00	7.45	18.71
							BAHRAIN								
1975	15.40	23.92	18.12	1.44	1.19	4.30	1.49	24.11	13.32	0.00	1.31	16.16	100.00	15.40	4.30
1980	23.66	25.66	15.05	0.00	7.74	0.46	0.00	0.00	12.04	0.00	0.00	38.18	100.00	23.88	0.46
1985	28.00	25.59	18.76	0.00	6.82	3.88	0.29	3.09	10.08	0.00	0.65	28.42	100.00	28.95	4.11
1986	22.67	30.92	23.50	0.00	7.42	3.53	0.48	3.04	10.25	0.00	0.11	28.98	100.00	23.89	3.71
1987	19.39	32.91	25.31	0.00	7.60	4.95	1.33	2.28	10.05	0.00	0.13	28.96	100.00	20.63	5.08
							KUWAIT								
1975	4.22	29.25	22.56	6.04	0.65	30.40	0.42	0.86	25.49	1.44	0.04	7.88	100.00	4.67	31.72
1980	8.25	37.95	33.08	3.97	0.90	24.64	0.03	1.18	20.06	0.72	0.65	6.53	100.00	8.68	25.99
1985	7.25	23.96	22.65	...	1.30	31.70	0.32	1.85	10.94	0.16	0.18	23.63	100.00	7.87	33.59
1986	7.63	29.83	27.57	...	2.22	25.26	0.25	3.62	13.82	0.14	0.31	19.13	100.00	9.32	26.61
1987	6.01	25.79	21.93	1.45	2.24	24.50	0.07	5.27	16.81	0.13	0.38	21.03	100.00	7.78	27.41

Geographical Distribution of Exports (cont'd.)

Year	ESCWA	Other Developing Regions: Total	Asia (-ESCWA)	America	Africa (-Egypt)	EEC(9)	EFTA	USA	Japan	Eastern Europe	China	Rest of World	World	For Reference: LAS	EEC(12)
								OMAN							
1975	0.01	16.79	6.13	10.67	0.00	35.02	1.20	0.96	37.42	...	...	8.60	100.00	0.01	35.02
1980	3.32	17.35	14.54	2.79	0.02	21.29	3.94	2.88	48.49	...	...	2.63	100.00	3.33	22.25
1985	0.39	23.81	23.81	...	...	3.09	0.03	1.06	64.52	...	...	7.10	100.00	0.39	3.09
1986	0.56	23.99	23.99	...	...	5.43	0.02	1.44	55.51	...	0.00	13.04	100.00	0.56	5.45
1987	0.49	27.15	23.72	3.43	...	8.14	0.02	6.61	41.06	...	0.00	16.53	100.00	0.49	8.14
								QATAR							
1975	0.65	14.41	7.54	1.64	2.83	50.71	5.07	16.97	0.34	...	0.14	11.70	100.00	0.70	51.22
1980	2.50	18.96	12.66	4.21	2.08	34.98	1.20	4.32	31.15	...	0.00	6.89	100.00	2.50	40.76
1985	4.94	11.15	7.33	2.64	1.18	15.30	0.02	0.50	60.50	...	0.98	6.62	100.00	4.97	15.81
1986	7.26	17.17	13.06	2.73	1.38	14.24	1.67	3.01	48.65	...	1.16	6.83	100.00	7.32	16.43
1987	7.83	32.68	23.37	7.81	1.50	10.37	0.02	0.17	38.48	...	0.91	9.52	100.00	7.84	11.23
								SAUDI ARABIA							
1975	3.41	20.53	10.21	8.83	1.11	36.06	1.51	4.06	19.62	0.06	0.00	14.74	100.00	3.49	42.20
1980	3.25	17.84	13.30	3.26	1.28	32.66	3.62	15.47	17.44	0.05	0.01	9.66	100.00	3.91	37.95
1985	7.22	23.80	16.43	3.90	3.47	16.51	2.74	6.38	32.43	0.05	0.07	10.80	100.00	9.71	21.24
1986	5.69	20.19	13.86	4.46	1.87	26.80	2.15	14.93	19.43	0.04	0.19	10.56	100.00	6.73	31.65
1987	5.87	21.59	15.75	4.04	1.80	17.49	2.34	16.56	25.04	0.04	0.36	10.69	100.00	6.79	22.57
								UNITED ARAB EMIRATES							
1975	2.40	3.73	2.87	0.66	0.11	44.64	6.19	10.22	26.67	0.00	0.00	6.15	100.00	2.40	48.39
1980	2.39	7.22	5.45	1.11	0.67	28.81	5.01	10.42	40.36	0.00	0.00	5.79	100.00	2.73	35.06
1985	5.71	15.29	11.78	1.89	1.61	5.80	1.09	3.75	46.67	0.01	0.11	21.58	100.00	6.14	7.87
1986	7.73	16.10	12.16	2.16	1.77	3.74	1.18	3.04	46.81	0.01	0.08	21.31	100.00	8.30	5.52
1987	6.97	18.50	14.14	2.72	1.64	9.27	1.26	5.01	37.72	0.01	0.20	21.07	100.00	7.36	10.96
								OTHER ESCWA COUNTRIES							
1975	25.00	9.18	3.71	0.38	5.09	17.71	0.77	1.08	0.71	28.70	2.08	14.76	100.00	29.20	21.08
1980	24.14	6.16	2.85	0.81	2.49	43.79	3.65	4.95	1.66	6.51	1.01	8.13	100.00	25.47	47.16
1985	12.69	8.42	5.86	0.71	1.86	34.23	1.60	0.77	2.61	22.33	0.12	17.19	100.00	14.23	38.36
1986	15.57	10.10	6.71	0.32	3.08	24.75	2.78	2.06	2.29	23.53	0.43	18.48	100.00	18.08	28.75
1987	13.14	10.47	6.82	0.20	3.45	32.70	2.94	5.86	2.03	19.31	0.65	12.91	100.00	16.26	34.66
								DEMOCRATIC YEMEN							
1975	6.62	3.30	2.14	0.00	1.16	3.24	0.10	0.22	2.90	...	...	83.63	100.00	6.62	3.24
1980	45.82	15.76	2.29	0.00	13.44	26.48	0.30	4.50	4.09	...	...	3.06	100.00	45.83	29.46
1985	13.38	17.72	8.38	...	9.34	53.94	0.14	0.28	11.39	...	0.58	2.57	100.00	22.25	54.09
1986	31.53	31.48	8.95	0.01	22.51	12.61	0.09	0.13	21.55	...	...	2.61	100.00	52.67	12.89
1987	35.67	33.38	10.31	0.01	23.06	13.19	0.02	0.85	13.70	...	0.50	2.69	100.00	57.35	13.35
								EGYPT							
1975	4.35	6.83	1.00	0.87	4.96	11.85	0.94	0.14	0.77	67.88	3.75	3.49	100.00	8.72	12.93
1980	11.08	3.62	0.91	1.69	1.02	42.72	5.42	7.68	2.35	11.23	1.83	14.06	100.00	11.82	47.40
1985	4.53	5.24	3.39	1.03	0.82	37.90	2.27	0.90	3.06	20.70	0.01	25.85	100.00	5.33	43.90
1986	5.96	6.96	4.24	0.21	2.53	29.74	1.55	2.94	2.71	23.37	0.06	26.70	100.00	8.33	35.47
1987	4.98	8.81	5.02	0.08	3.71	35.27	3.36	7.73	2.18	21.97	0.20	15.50	100.00	8.61	37.85

Table IV.1 Geographical Distribution of Exports (cont'd.)

Year	ESCWA	Other Developing Regions Total	Asia (-ESCWA)	America	Africa (-Egypt)	EEC(9)	EFTA	USA	Japan	Eastern Europe	China	Rest of World	World	For Reference LAS	EEC(12)
JORDAN															
1975	42.05	32.14	30.30	0.00	2.11	4.93	0.00	0.07	4.75	14.66	0.00	1.39	100.00	42.27	5.06
1980	60.44	21.90	20.91	0.00	0.99	1.74	0.00	0.00	3.29	8.43	1.76	2.43	100.00	60.71	1.74
1985	51.15	32.58	30.26	1.76	0.57	3.71	0.14	0.03	2.28	6.42	0.89	2.80	100.00	51.51	4.46
1986	43.68	31.45	26.93	1.69	2.83	7.66	0.34	0.14	2.52	6.06	3.36	4.80	100.00	45.23	8.35
1987	50.71	26.07	23.42	1.46	1.20	6.56	0.09	0.38	3.01	5.78	4.06	3.34	100.00	51.90	6.93
LEBANON															
1975	65.61	17.47	7.07	0.16	10.24	5.44	1.10	2.90	0.15	1.45	...	5.88	100.00	74.05	10.79
1980	73.95	6.53	2.36	0.03	4.14	8.58	4.57	4.01	0.05	1.77	...	0.54	100.00	77.50	8.84
1985	46.00	6.34	0.82	0.02	5.50	10.82	3.87	3.27	0.22	0.53	...	28.95	100.00	48.15	11.13
1986	40.05	6.98	2.28	0.02	4.68	10.43	8.54	4.77	0.15	0.56	...	28.51	100.00	41.79	10.83
1987	33.07	6.83	2.25	0.02	4.56	14.83	8.44	5.19	0.28	0.62	0.02	30.72	100.00	34.70	15.18
SYRIAN ARAB REPUBLIC															
1975	9.02	1.10	0.55	0.08	0.47	47.48	0.43	0.65	0.13	13.69	2.45	25.07	100.00	9.48	53.31
1980	7.95	4.35	2.44	...	1.90	78.69	1.72	1.67	0.17	1.55	0.00	0.00	100.00	9.85	82.18
1985	3.40	5.26	3.14	...	2.12	42.37	0.27	0.01	0.11	44.86	0.03	3.69	100.00	5.52	45.77
1986	8.72	5.59	3.69	0.07	1.83	30.05	4.50	0.03	0.18	46.13	0.05	4.74	100.00	10.55	33.92
1987	4.89	6.20	5.13	...	1.07	51.20	0.88	3.38	0.22	30.58	0.51	2.15	100.00	5.96	52.96
YEMEN															
1975	16.84	4.33	0.71	1.38	2.24	22.48	0.17	0.00	2.81	1.06	52.32	0.00	100.00	16.84	22.48
1980	49.79	5.16	3.16	0.00	2.00	24.51	0.03	8.82	1.41	0.00	9.26	1.02	100.00	49.91	24.57
1985	42.92	3.28	2.68	...	0.60	28.61	...	0.89	19.67	...	0.15	4.47	100.00	43.07	28.76
1986	57.33	16.31	15.49	...	0.82	16.64	0.16	2.31	1.81	...	...	5.44	100.00	57.50	17.46
1987	57.93	6.34	5.51	...	0.83	20.03	...	6.84	3.50	...	0.17	5.18	100.00	58.10	21.04

Source: Compiled and computed by the ESCWA secretariat on the basis of data provided by the United Nations Statistical Office, COMTRADE DATABASE and the International Monetary Fund (IMF), Direction of Trade Statistics Yearbook, 1988.

Definition of markets:

Eastern Europe : European members of the Council for Mutual Economic Assistance comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania and the Union of Soviet Socialist Republics (USSR).

EEC (9) : European Economic Community comprises Belgium, Denmark, France, Germany (Fed. Rep. of), Ireland, Italy, Luxembourg, Netherlands, and the United Kingdom.

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

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

ESCWA : Economic and Social Commission for Western Asia comprises Bahrain, Democratic Yemen, Egypt, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, the Syrian Arab Republic, the United Arab Emirates and Yemen.

Major Oil Exporters are Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Other ESCWA Countries are Democratic Yemen, Egypt, Jordan, Lebanon, the Syrian Arab Republic and Yemen.

GCC : Gulf Co-operation Council comprises Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

LAS : League of Arab States comprises the ESCWA member countries, the other North African Arab countries (Algeria, Libyan Arab Jamahiriya, Mauritania, Morocco, Somalia, Sudan and Tunisia) and Djibouti.

Other Developing Regions are defined to include developing countries in Asia (excluding ESCWA), America, Africa (excluding Egypt) and Oceania.

... = not available.
0.00 = nil or negligible.
Details may not add up to totals due to rounding.

Table IV.2. ESCWA Region: Geographical Distribution of Imports (c.i.f.) (percentage shares)

Year	ESCWA	Other Developing Regions Total	Asia (-ESCWA)	America	Africa (-Egypt)	EEC(9)	EFTA	USA	Japan	Eastern Europe	China	Rest of World	World	For Reference LAS	EEC(12)
							ESCWA REGION								
1975	12.27	10.09	7.05	2.05	0.98	34.40	4.10	14.27	11.87	5.86	1.25	5.87	100.00	12.52	36.11
1980	9.10	11.78	9.40	1.50	0.87	35.20	4.67	13.59	15.39	2.41	0.92	6.93	100.00	9.70	38.08
1985	8.08	14.61	11.15	2.17	1.28	33.14	4.64	10.78	14.56	3.93	0.95	9.31	100.00	9.07	36.00
1986	7.60	13.90	10.78	1.96	1.16	34.38	4.47	11.78	12.83	4.65	1.19	9.19	100.00	8.37	36.73
1987	7.33	15.05	12.75	1.53	0.77	35.39	5.40	12.04	11.03	3.66	1.48	8.61	100.00	7.71	37.62
							MAJOR OIL EXPORTERS								
1975	14.22	10.39	8.03	1.90	0.45	33.41	3.72	13.68	15.71	2.87	1.13	4.86	100.00	14.38	34.72
1980	8.17	11.93	9.95	1.43	0.53	34.16	4.56	14.49	17.74	1.55	0.92	6.49	100.00	8.51	36.59
1985	7.96	14.68	11.67	2.34	0.66	32.81	4.35	11.12	18.15	2.19	0.95	7.79	100.00	8.44	34.74
1986	7.68	14.24	11.71	1.86	0.67	34.16	4.21	12.01	15.97	2.01	1.27	8.45	100.00	8.14	35.94
1987	7.29	16.71	14.64	1.57	0.50	35.04	4.78	12.19	13.41	1.62	1.23	7.72	100.00	7.62	36.70
							IRAQ								
1975	2.46	12.78	6.63	5.81	0.34	38.60	4.70	8.81	18.18	7.54	1.62	5.30	100.00	2.51	40.27
1980	4.64	8.65	4.78	3.82	0.05	43.83	8.06	5.96	17.97	3.00	0.00	7.89	100.00	4.66	46.28
1985	5.58	20.18	12.90	6.64	0.64	33.11	5.25	4.50	13.88	9.13	1.35	7.02	100.00	6.14	34.79
1986	5.82	14.96	9.46	4.76	0.75	33.09	4.80	6.70	15.54	8.51	1.92	8.67	100.00	6.56	34.74
1987	7.63	23.05	17.40	5.29	0.36	27.10	5.67	10.72	6.19	9.28	1.15	9.21	100.00	7.97	28.08
							GULF CO-OPERATION COUNCIL								
1975	18.69	9.49	8.56	0.42	0.49	31.44	3.35	15.53	14.77	1.10	0.94	4.69	100.00	18.88	32.61
1980	9.00	12.70	11.17	0.87	0.64	31.88	3.73	16.49	17.69	1.22	1.14	6.16	100.00	9.43	34.31
1985	8.51	13.39	11.38	1.34	0.66	32.74	4.14	12.67	19.15	0.56	0.86	7.98	100.00	8.98	34.72
1986	8.10	14.08	12.22	1.20	0.66	34.40	4.07	13.21	16.07	0.54	1.12	8.40	100.00	8.50	36.22
1987	7.24	15.69	14.20	0.98	0.52	36.32	4.64	12.43	14.56	0.39	1.24	7.49	100.00	7.56	38.08
							BAHRAIN								
1975	52.95	6.57	6.04	0.28	0.15	18.81	1.68	7.93	5.97	0.36	3.15	2.57	100.00	52.95	19.18
1980	60.14	8.62	7.56	0.70	0.11	13.30	0.88	5.44	7.03	0.07	0.35	4.17	100.00	60.15	13.73
1985	50.66	6.12	5.49	0.57	0.06	20.25	2.47	4.06	7.33	-	0.26	8.83	100.00	50.72	20.77
1986	43.19	7.01	6.25	0.73	0.03	22.82	3.10	8.92	5.58	-	0.38	9.00	100.00	43.21	23.39
1987	44.18	6.92	6.19	0.71	0.02	24.05	3.08	8.36	4.82	-	0.40	8.17	100.00	44.19	24.53
							KUWAIT								
1975	3.96	12.07	10.57	1.21	0.29	33.83	3.23	18.02	16.21	3.34	2.07	7.27	100.00	4.05	37.23
1980	3.60	16.63	15.40	1.04	0.20	30.75	3.11	14.49	21.00	1.82	2.24	6.35	100.00	3.69	32.93
1985	3.68	14.55	13.33	1.03	0.17	32.19	3.26	9.48	26.65	1.03	1.27	7.89	100.00	3.74	33.80
1986	3.73	13.58	12.40	0.97	0.20	33.75	3.30	12.32	23.07	1.02	1.36	7.85	100.00	3.83	35.17
1987	4.14	18.30	16.97	1.10	0.23	32.84	4.33	10.68	18.31	1.04	2.00	8.37	100.00	4.25	34.44

Table IV.2 Geographical Distribution of Imports (cont'd.)

Year	ESCWA	Other Developing Regions Total	Asia (-ESCWA)	America	Africa (-Egypt)	EEC(9)	EFTA	USA	Japan	Eastern Europe	China	Rest of World	World	For Reference LAS	EEC(12)
							OMAN								
1975	21.22	11.52	11.03	0.06	0.43	41.84	3.32	9.64	7.90	0.85	1.15	2.55	100.00	21.22	41.95
1980	22.47	11.37	10.02	0.63	0.72	33.13	1.99	5.70	19.66	1.16	1.04	3.49	100.00	22.47	33.52
1985	22.91	8.67	7.91	0.72	0.04	36.01	2.84	5.68	20.16	0.02	0.35	3.37	100.00	22.92	36.74
1986	24.38	8.46	7.59	0.84	0.04	41.50	4.08	6.27	11.42	0.01	0.39	3.50	100.00	24.39	42.26
1987	28.46	7.86	6.93	0.88	0.05	36.65	3.01	7.86	12.15	0.02	0.35	3.64	100.00	28.49	37.38
							QATAR								
1975	12.99	6.31	6.11	0.02	0.18	42.63	4.03	12.29	15.28	0.67	1.42	4.39	100.00	12.99	43.08
1980	7.51	10.75	8.19	2.19	0.38	40.21	4.70	11.31	18.33	0.52	1.54	5.12	100.00	7.71	42.27
1985	5.44	7.00	5.43	1.57	...	43.32	3.71	6.53	18.20	...	0.53	15.27	100.00	5.44	43.32
1986	5.92	7.93	5.95	1.97	...	42.06	3.77	5.91	17.00	...	0.56	16.85	100.00	5.92	42.06
1987	5.84	9.76	7.80	1.91	0.06	41.81	4.09	7.25	14.75	...	0.98	15.52	100.00	5.84	42.63
							SAUDI ARABIA								
1975	23.57	8.41	7.16	0.27	0.96	25.35	3.59	17.43	15.57	0.67	0.11	5.30	100.00	23.98	25.92
1980	3.27	11.33	9.66	0.75	0.91	33.25	4.48	20.14	18.07	1.37	0.83	7.24	100.00	3.96	36.49
1985	3.34	13.23	10.45	1.72	1.06	32.51	4.90	16.98	18.96	0.64	0.87	8.57	100.00	4.14	35.21
1986	3.45	14.46	11.85	1.52	1.08	33.50	4.44	17.46	15.73	0.65	1.17	9.15	100.00	4.14	35.96
1987	2.56	15.67	13.81	1.09	0.78	37.84	5.39	15.16	14.69	0.38	1.11	7.19	100.00	3.06	39.96
							UNITED ARAB EMIRATES								
1975	8.27	10.18	9.96	0.12	0.11	41.21	3.76	15.63	18.17	0.09	0.00	2.68	100.00	8.37	41.98
1980	9.97	16.94	15.60	1.06	0.27	33.98	2.91	12.58	17.64	0.75	1.64	3.58	100.00	9.99	35.00
1985	7.02	18.78	17.46	0.90	0.42	35.83	3.74	8.95	17.61	0.46	0.95	6.64	100.00	7.20	37.25
1986	6.25	19.12	17.97	0.70	0.44	37.34	4.09	7.77	16.41	0.39	1.42	7.21	100.00	6.48	38.85
1987	4.98	20.28	19.43	0.56	0.29	37.17	3.60	8.63	15.72	0.30	1.72	7.60	100.00	5.11	38.81
							OTHER ESCWA COUNTRIES								
1975	8.78	9.56	5.31	2.31	1.93	36.18	4.78	15.33	5.01	11.21	1.47	7.68	100.00	9.20	38.60
1980	12.59	11.25	7.33	1.75	2.16	39.15	5.09	10.25	6.57	5.63	0.91	8.56	100.00	14.15	43.64
1985	8.41	14.41	9.78	1.72	2.91	34.00	5.39	9.88	5.18	8.49	0.95	13.29	100.00	10.72	39.31
1986	7.41	13.13	8.67	2.19	2.27	34.89	5.06	11.24	5.71	10.66	1.00	10.89	100.00	8.90	38.53
1987	7.41	11.57	8.80	1.43	1.34	36.12	6.71	11.73	6.04	7.93	2.03	10.46	100.00	7.92	39.55
							DEMOCRATIC YEMEN								
1975	27.19	17.60	11.76	1.31	4.53	26.24	3.12	1.80	14.10	2.35	0.00	7.60	100.00	27.40	26.29
1980	44.92	20.48	9.00	0.03	11.46	17.92	0.88	0.56	7.60	0.73	0.00	6.92	100.00	55.21	18.95
1985	26.83	17.73	10.22	0.23	7.29	28.59	1.81	1.38	6.00	0.47	4.32	12.86	100.00	27.30	30.07
1986	27.61	20.08	9.64	0.61	9.83	28.11	1.18	4.19	3.94	0.64	4.06	10.18	100.00	28.24	29.32
1987	29.26	20.80	9.78	0.80	10.22	27.67	2.16	2.67	5.84	0.65	4.57	6.38	100.00	30.08	28.57
							EGYPT								
1975	6.69	7.80	4.52	1.13	2.14	33.83	4.07	19.24	3.30	15.69	0.94	8.44	100.00	7.07	35.26
1980	1.85	8.33	5.11	2.44	0.77	37.49	6.15	19.29	4.68	8.32	0.63	13.26	100.00	2.18	42.19
1985	2.19	9.20	5.19	2.12	1.89	35.68	7.05	13.01	5.17	10.21	0.42	17.07	100.00	3.76	42.25
1986	2.37	9.81	6.31	2.22	1.28	34.29	5.92	15.30	5.42	12.50	0.54	13.86	100.00	3.28	38.29
1987	2.61	9.62	7.17	1.48	0.98	37.58	7.83	13.75	6.39	9.46	0.94	11.82	100.00	3.10	41.16
							JORDAN								
1975	21.66	7.30	6.23	0.38	0.69	32.87	3.45	10.45	7.31	6.69	1.15	9.12	100.00	21.83	36.61
1980	23.80	9.24	6.51	0.87	1.85	36.27	2.65	8.60	7.17	5.01	1.40	5.86	100.00	24.13	40.62
1985	27.29	10.19	8.06	1.28	0.84	28.23	3.87	12.55	6.65	4.90	1.33	4.98	100.00	27.67	30.58
1986	23.69	13.33	10.10	1.37	1.87	32.36	3.62	8.95	7.90	5.26	1.33	3.54	100.00	24.20	34.50

Table IV.2 Geographical Distribution of Imports (cont'd.)

Year	ESCWA	Other Developing Regions: Total	Asia (-ESCWA)	America	Africa (-Egypt)	EEC(9)	EFTA	USA	Japan	Eastern Europe	China	Rest of World	World	For Reference: LAS	EEC(12)
							LEBANON								
1975	5.08	8.73	5.83	1.76	1.14	43.11	6.36	20.61	4.72	2.92	0.00	8.48	100.00	5.43	47.42
1980	14.21	8.58	6.22	1.66	0.70	43.97	7.71	8.91	5.88	4.51	0.00	6.23	100.00	14.64	48.50
1985	13.13	13.31	9.39	2.92	0.99	42.15	3.51	7.20	5.02	5.76	0.89	9.03	100.00	13.60	49.09
1986	10.73	16.97	13.43	2.46	1.06	44.24	4.38	5.50	3.72	5.56	1.13	7.77	100.00	11.24	49.88
1987	12.67	22.12	18.51	2.32	1.29	36.08	5.96	5.50	3.07	5.98	1.11	7.50	100.00	13.27	40.58
							SYRIAN ARAB REPUBLIC								
1975	9.50	12.32	4.16	6.72	1.44	39.45	6.30	6.55	5.24	13.55	2.81	4.27	100.00	10.21	42.22
1980	2.54	13.36	7.65	2.57	3.14	50.69	6.13	7.01	5.82	6.94	0.00	7.51	100.00	5.54	57.01
1985	3.67	29.68	21.08	1.23	7.37	28.57	4.30	6.15	2.80	12.53	0.78	11.50	100.00	11.04	33.91
1986	5.08	21.40	11.30	3.92	6.18	34.76	4.41	4.57	4.75	18.79	1.42	4.82	100.00	11.26	38.30
1987	1.39	8.58	7.72	0.64	0.22	40.84	5.79	5.82	6.76	6.88	15.23	8.71	100.00	1.61	46.09
							YEMEN								
1975	13.69	23.89	13.69	1.78	8.43	20.64	0.38	0.00	17.99	3.58	11.31	8.52	100.00	13.83	20.85
1980	22.54	16.77	14.61	0.75	1.41	30.29	1.44	2.82	12.71	1.84	4.83	6.76	100.00	22.97	33.02
1985	13.42	15.78	13.30	0.29	2.19	37.80	4.45	2.84	8.51	1.09	2.59	13.52	100.00	14.27	39.63
1986	12.05	15.97	13.00	0.43	2.54	32.92	4.25	6.20	9.72	1.33	1.97	15.59	100.00	12.94	34.37
1987	15.28	16.14	12.63	0.52	2.99	30.53	3.14	9.89	5.25	1.60	1.45	16.71	100.00	16.33	32.98

Source: Compiled and computed by the ESCWA secretariat on the basis of data provided by the United Nations Statistical Office, COMTRADE DATABASE and the International Monetary Fund (IMF), Direction of Trade Statistics Yearbook, 1988.

Definition of markets:

Eastern Europe : European members of the Council for Mutual Economic Assistance comprises Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania and the Union of Soviet Socialist Republics (USSR).

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Major Oil Exporters are Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

Other ESCWA Countries are Democratic Yemen, Egypt, Jordan, Lebanon, the Syrian Arab Republic and Yemen.

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Other Developing Regions are defined to include developing countries in Asia (excluding ESCWA), America, Africa (excluding Egypt) and Oceania.

... = not available.

0.00 = nil or negligible.

Details may not add up to totals due to rounding.

Table V.1 Leading* Partners in Intraregional Trade, 1987
(per cent of respective total trade)

Country	Imports	Exports
Bahrain	Saudi Arabia (95.50)	United Arab Emirates (71.74), Saudi Arabia (9.60), Democratic Yemen (7.25), Lebanon (5.22)
Democratic Yemen	U.A.E. (36.79), Bahrain (24.54), Qatar (15.43), Yemen (12.76), Saudi Arabia (7.15)	Yemen (85.08), Jordan (10.85)
Egypt	Saudi Arabia (37.65), Jordan (23.92), Kuwait (21.84), Lebanon (26.50)	Saudi Arabia (56.90), Jordan (13.06), Iraq (11.08), Kuwait (6.74)
Iraq	Kuwait (44.48), Jordan (31.78), United Arab Emirates (8.97), Saudi Arabia (6.54), Egypt (5.79)	Jordan (59.4), Lebanon (24.59), Kuwait (6.96)
Jordan	Iraq (40.40), Saudi Arabia (32.81) Kuwait (8.38), Lebanon (5.58)	Iraq (47.08), Saudi Arabia (20.63), Egypt (10.72), Kuwait (6.78), Syrian Arab Republic (5.75)
Kuwait	United Arab Emirates (20.46), Lebanon (16.74), Iraq (14.88), Saudi Arabia (14.88), Jordan (13.02), Qatar (11.16)	Iraq (36.61), Saudi Arabia (16.95), United Arab Emirates (13.22), Egypt (11.02), Jordan (8.30), Lebanon (6.44)
Lebanon	Saudi Arabia (35.70), Kuwait (17.06) Iraq (17.01), Bahrain (12.68), Egypt (11.70)	Saudi Arabia (26.23), Jordan (18.08), Kuwait (16.21), United Arab Emirates (11.78), Iraq (5.34), Bahrain (5.24), Egypt (5.18)
Oman	United Arab Emirates (92.80)	Saudi Arabia (52.60), U.A.E. (22.08) Bahrain (14.29), Kuwait (5.19)
Qatar	United Arab Emirates (50.00), Syrian Arab Republic (17.47), Lebanon (12.50), Jordan (11.14), Kuwait (6.63)	Saudi Arabia (37.42), Democratic Yem (15.01), Kuwait (13.43), Oman (12.88) United Arab Emirates (11.85), Jordan (7.17)
Saudi Arabia	United Arab Emirates (22.20), Kuwait (17.57), Qatar (10.86), Jordan (10.54), Lebanon (9.10), Bahrain (9.10), Egypt (8.47)	Bahrain (65.54), Jordan (11.86), Yem (6.53), Lebanon (5.01)
Syrian Arab Republic	Kuwait (38.57), Jordan (24.76) Lebanon (21.90), Saudi Arabia (12.38)	Jordan (43.12), Saudi Arabia (34.12) Qatar (7.64), Lebanon (6.11)
United Arab Emirates	Bahrain (63.36), Saudi Arabia (11.20), Kuwait (9.67), Lebanon (6.62), Qatar (5.60)	Oman (62.84), Saudi Arabia (13.88), Democratic Yemen (6.45)
Yemen	Saudi Arabia (57.21), Democratic Yemen (25.14), Kuwait (6.68)	Democratic Yemen (58.79), Saudi Arab (40.30)

Source: IMF, Direction of Trade Statistics Yearbook, 1988.

*Accounting for 5 per cent or more of exports or imports.

Table V.2 ESCWA Region: Intraregional Exports Matrix
(per cent of respective total)

o	Year	World	Bahrain	Dem. Yemen	Egypt	Iraq	Jordan	Kuwait	Lebanon	Oman	Qatar	Saudi Arabia	Syria	UAE	Yemen	ESCWA Region	Ref. LAS
ain	1980	100.00		0.87	0.05	0.54	0.04	0.36	0.00	2.41	0.68	1.12	0.27	17.25	0.05	23.66	23.88
	1985	100.00		1.28	0.16	-	0.10	0.44	0.92	0.49	0.07	4.02	...	20.36	0.17	28.00	28.95
	1986	100.00		1.37	0.17	-	0.35	0.36	0.98	0.40	0.06	2.22	0.01	16.57	0.18	22.67	23.89
	1987	100.00		1.41	0.17	-	0.16	0.30	1.01	0.33	0.05	1.86	...	13.91	0.18	19.39	20.62
Yemen	1980	100.00	0.02		0.00	-	0.00	0.00	0.00	0.00	0.00	0.51	0.00	44.12	1.16	45.82	45.83
	1985	100.00	...		0.47	-	...	...	-	-	...	0.33	0.14	0.02	12.41	13.38	22.25
	1986	100.00	...		0.01	-	...	...	-	-	...	1.57	0.30	0.04	29.60	31.53	52.67
	1987	100.00	...		0.01	-	3.87	...	-	-	...	1.32	0.09	0.03	30.35	35.67	57.35
:	1980	100.00	0.01	8.17		0.00	0.00	0.13	0.59	0.13	0.02	1.82	0.03	0.00	0.17	11.08	11.82
	1985	100.00	0.03	0.00		1.06	0.25	0.29	0.61	0.14	0.07	2.01	...	...	0.08	4.53	5.33
	1986	100.00	0.05	0.00		0.73	0.42	0.40	0.23	1.21	0.11	2.73	0.00	...	0.09	5.96	8.33
	1987	100.00	0.02	0.00		0.55	0.65	0.33	0.24	0.16	0.09	2.83	...	...	0.09	4.98	8.61
	1980	100.00	0.00	0.00	0.01		0.03	0.02	0.00	0.00	0.01	0.01	0.00	0.01	0.01	0.09	1.50
	1985	100.00	-	-	0.16		1.67	0.30	1.27	...	-	0.14	...	0.03	0.02	3.60	4.93
	1986	100.00	-	-	0.16		2.80	0.40	1.22	...	-	0.28	...	0.04	0.01	4.91	6.29
	1987	100.00	-	-	0.16		2.84	0.33	1.18	...	-	0.23	...	0.03	0.01	4.78	7.23
n	1980	100.00	0.11	0.22	0.00	23.60		4.45	1.82	0.25	0.61	16.64	11.34	1.42	0.22	60.44	60.71
	1985	100.00	0.42	0.34	1.19	25.79		3.02	0.71	0.14	0.68	15.30	1.53	1.53	0.51	51.15	51.51
	1986	100.00	0.82	0.32	1.77	18.82		3.89	0.46	0.08	0.65	12.32	2.03	2.12	0.39	43.68	45.23
	1987	100.00	0.77	0.16	5.44	23.88		3.44	0.34	0.14	0.52	10.46	2.92	1.89	0.77	50.71	51.90
t	1980	100.00	0.02	0.70	0.19	2.05	0.09		0.09	0.02	0.12	2.47	0.09	2.01	0.40	8.25	8.68
	1985	100.00	0.13	0.05	0.82	2.33	0.24		0.48	0.06	0.04	1.34	0.76	0.84	0.15	7.25	7.87
	1986	100.00	0.12	0.04	0.73	2.81	0.23		0.43	0.08	0.05	1.30	0.70	1.01	0.13	7.63	9.32
	1987	100.00	0.11	0.04	0.66	2.20	0.50		0.39	0.06	0.04	1.02	0.07	0.80	0.12	6.02	7.78
on	1980	100.00	0.27	0.00	3.02	0.00	8.74	8.99		0.37	1.62	44.32	9.14	0.00	0.70	73.95	77.50
	1985	100.00	1.63	1.25	1.62	2.67	4.58	8.12		0.24	1.51	12.22	5.79	5.90	0.47	46.00	48.15
	1986	100.00	1.62	1.24	1.60	1.99	8.83	6.09		0.19	1.36	9.86	2.38	4.43	0.46	40.05	41.79
	1987	100.00	1.73	1.33	1.72	1.76	5.98	5.36		0.15	1.26	8.67	0.70	3.90	0.50	33.07	34.70
	1980	100.00	0.02	0.00	0.01	0.11	0.00	0.02	0.00		0.07	0.47	0.01	2.02	0.59	3.32	3.33
	1985	100.00	0.06	-	0.01	0.02	0.02	0.02	...		...	0.18	...	0.08	...	0.39	0.39
	1986	100.00	0.07	-	0.01	0.03	...	0.03	...		...	0.30	...	0.13	...	0.56	0.56
	1987	100.00	0.07	-	0.01	0.02	...	0.02	...		...	0.26	...	0.11	...	0.49	0.49
	1980	100.00	0.14	0.00	0.00	0.00	0.00	0.38	0.00	0.02		1.10	0.00	0.86	0.00	2.50	2.50
	1985	100.00	0.10	0.92	0.04	...	0.18	0.70	...	0.68		1.70	0.00	0.62	...	4.94	4.97
	1986	100.00	0.11	1.00	0.04	...	0.29	1.03	...	0.99		2.88	...	0.91	...	7.26	7.32
	1987	100.00	0.12	1.18	0.05	...	0.56	1.05	...	1.01		2.93	0.00	0.93	...	7.83	7.84
Arabia	1980	100.00	1.97	0.06	0.04	0.02	0.38	0.05	0.38	0.01	0.02		0.01	0.03	0.28	3.25	3.91
	1985	100.00	4.44	0.05	0.22	0.12	1.30	0.11	0.34	0.03	...		0.01	0.15	0.44	7.22	9.71
	1986	100.00	3.64	0.04	0.19	0.13	0.66	0.12	0.28	0.03	...		0.09	0.16	0.36	5.69	6.73
	1987	100.00	3.85	0.04	0.20	0.12	0.70	0.11	0.29	0.03	...		0.01	0.15	0.38	5.87	6.79
	1980	100.00	0.01	0.00	0.39	0.00	2.42	0.62	0.00	0.00	0.50	3.57		0.38	0.03	7.95	9.85
	1985	100.00	0.01	0.01	...	...	0.78	0.22	0.24	-	0.57	1.20		0.36	0.02	3.40	5.52
	1986	100.00	0.04	...	...	...	3.23	0.24	1.06	-	0.79	2.34		1.00	0.02	8.72	10.55
	1987	100.00	0.01	...	...	...	2.11	0.23	0.30	-	0.37	1.67		0.20	...	4.89	5.96
	1980	100.00	0.29	0.00	0.00	0.00	0.00	0.07	0.00	1.48	0.20	0.29	0.00		0.06	2.39	2.73
	1985	100.00	0.16	0.42	0.06	0.26	0.01	0.25	0.05	3.46	0.15	0.87	...		0.02	5.71	6.14
	1986	100.00	0.17	0.44	0.07	0.37	...	0.34	0.05	4.92	0.26	1.09	0.01		0.02	7.73	8.30
	1987	100.00	0.18	0.45	0.07	0.33	...	0.30	0.05	4.38	0.23	0.97	...		0.02	6.97	7.36
	1980	100.00	0.00	45.42	0.03	0.00	0.26	0.00	0.03	0.00	0.00	5.43	0.66	0.96		49.79	49.91
	1985	100.00	...	26.23	0.15	...	...	...	...	...	...	14.75	1.49	0.30		42.92	43.07
	1986	100.00	...	30.48	0.16	...	...	...	...	...	...	25.70	0.66	0.33		57.33	57.50
	1987	100.00	...	34.06	0.17	...	...	...	...	...	...	23.37	...	0.33		57.92	58.10

egional Exports

1980	....	4.26
1985	....	7.12
1986	....	7.59
1987	....	6.98

urces and notes, see Annex Table IV.1.
s may not add up due to rounding.

Table V.3 ESCWA Region: Interregional Imports Matrix
(per cent of respective total)

/From	Year	World	Bahrain	Dem. Yemen	Egypt	Iraq	Jordan	Kuwait	Lebanon	Oman	Qatar	Saudi Arabia	Syria	UAE	Yemen	ESCWA Region
Bahrain	1980	100.00		...	0.05	0.03	0.00	0.22	0.07	0.11	0.22	57.75	0.01	1.68	0.00	60.14
	1985	100.00		...	0.04	-	0.11	0.12	0.34	0.11	0.12	48.74	0.00	1.08	...	50.67
	1986	100.00		...	0.05	-	0.25	0.10	0.43	0.09	0.10	41.23	0.02	0.91	...	43.19
	1987	100.00		...	0.05	-	0.26	0.11	0.43	0.09	0.11	42.19	0.01	0.93	...	44.18
Dem. Yemen	1980	100.00	0.00		22.54	0.00	0.08	12.91	0.00	0.00	5.25	5.82	0.00	0.00	0.87	44.92
	1985	100.00	5.15		0.03	...	0.33	0.73	-	-	4.65	2.16	0.01	11.09	2.68	26.83
	1986	100.00	7.02		0.04	...	0.00	0.66	-	-	4.22	1.96	0.01	10.06	3.65	27.61
	1987	100.00	7.18		0.04	...	0.22	0.71	-	-	4.51	2.09	0.00	10.76	3.73	29.26
Egypt	1980	100.00	0.00	0.00		0.06	0.01	0.06	0.53	0.08	0.00	0.97	0.13	0.00	0.00	1.85
	1985	100.00	0.05	0.00		0.19	0.11	0.89	0.10	0.12	0.01	0.72	0.00	...	0.00	2.19
	1986	100.00	0.05	0.00		0.38	0.20	0.38	0.12	0.10	0.01	1.07	0.05	...	0.00	2.37
	1987	100.00	0.01	0.00		0.11	0.62	0.57	0.16	0.11	0.02	0.98	0.01	...	0.01	2.61
Iraq	1980	100.00	0.00	0.00	0.00		0.93	3.61	0.00	0.02	0.00	0.19	0.53	0.00	0.00	4.64
	1985	100.00	...	...	0.41		1.78	2.39	0.15	0.01	...	0.35	...	0.48	...	5.58
	1986	100.00	...	...	0.40		1.55	2.75	0.15	0.01	...	0.40	...	0.55	...	5.82
	1987	100.00	...	...	0.44		2.42	3.39	0.17	0.01	...	0.50	...	0.68	...	7.63
Jordan	1980	100.00	0.00	0.00	0.67	0.33		0.97	3.09	0.00	0.00	17.03	1.68	0.02	0.00	23.80
	1985	100.00	0.11	...	0.42	7.19		0.96	1.08	0.05	0.23	16.50	0.60	0.14	...	27.29
	1986	100.00	0.43	...	1.10	9.67		0.83	2.37	0.04	0.26	7.38	1.38	0.22	0.00	23.69
	1987	100.00	0.24	0.24	1.06	11.04		2.29	1.52	0.07	0.42	8.96	1.05	0.32	0.12	27.32
Kuwait	1980	100.00	0.31	0.00	0.20	0.10	0.65		1.16	0.11	0.33	0.37	0.16	0.20	0.02	3.60
	1985	100.00	0.12	...	0.19	0.53	0.31		0.77	0.02	0.41	0.53	0.06	0.74	...	3.68
	1986	100.00	0.10	...	0.15	0.54	0.48		0.66	0.02	0.41	0.54	0.07	0.75	...	3.73
	1987	100.00	0.12	...	0.17	0.62	0.54		0.69	0.02	0.46	0.62	0.06	0.85	...	4.14
Lebanon	1980	100.00	0.00	0.00	0.58	0.00	0.40	0.51		0.00	0.00	13.37	0.62	0.00	0.00	15.21
	1985	100.00	1.25	0.02	1.15	2.40	0.23	2.40		...	...	5.04	0.20	0.42	...	13.13
	1986	100.00	1.33	0.03	1.22	1.70	0.15	1.70		...	...	3.57	0.72	0.30	...	10.73
	1987	100.00	1.61	0.03	1.48	2.16	0.12	2.16		...	...	4.52	0.21	0.38	...	12.67
Oman	1980	100.00	4.44	0.00	0.03	0.00	0.02	0.39	0.18		0.07	0.03	0.00	17.30	0.00	22.47
	1985	100.00	0.45	...	0.02	0.00	0.02	0.21	0.04		0.78	0.26	0.01	21.11	...	22.91
	1986	100.00	0.40	...	0.02	0.00	...	0.22	0.04		0.84	0.28	...	22.57	...	24.38
	1987	100.00	0.42	...	0.02	0.00	...	0.26	0.04		0.98	0.32	...	26.41	...	28.46
Qatar	1980	100.00	0.47	0.00	0.12	0.12	0.57	1.01	0.99	0.04		0.69	0.59	2.93	0.00	7.51
	1985	100.00	0.18	...	...	...	0.73	0.40	0.80	...		...	0.70	2.63	...	5.44
	1986	100.00	0.15	...	...	...	0.59	0.37	0.81	...		...	0.91	3.08	...	5.92
	1987	100.00	0.13	...	...	...	0.65	0.39	0.73	...		...	1.02	2.92	...	5.84
Saudi Arabia	1980	100.00	0.03	0.01	0.27	0.01	0.41	0.39	1.25	0.01	0.21		0.20	0.20	0.02	3.27
	1985	100.00	0.50	0.00	0.27	0.07	0.41	0.60	0.31	0.04	0.26		0.10	0.72	0.05	3.34
	1986	100.00	0.33	0.01	0.31	0.12	0.38	0.58	0.33	0.05	0.36		0.16	0.73	0.09	3.45
	1987	100.00	0.23	0.01	0.22	0.09	0.30	0.45	0.23	0.04	0.28		0.11	0.57	0.06	2.56
Syria	1980	100.00	0.30	0.00	0.02	0.00	1.34	0.52	0.00	0.01	0.00	0.34		0.00	0.04	2.54
	1985	100.00	...	0.01	...	...	0.58	2.06	0.88	...	0.00	0.10		0.01	0.03	3.67
	1986	100.00	0.01	0.02	0.00	0.01	1.17	2.28	0.59	...	...	0.96		0.02	0.02	5.08
	1987	100.00	...	0.01	...	...	0.34	0.54	0.30	...	0.01	0.17		0.01	...	1.39
UAE	1980	100.00	5.30	2.34	0.08	0.02	0.16	0.54	0.62	0.00	0.62	0.22	0.08		0.00	9.97
	1985	100.00	4.72	...	0.07	0.04	0.07	0.54	0.49	0.05	0.31	0.64	0.08		...	7.02
	1986	100.00	3.96	...	0.06	0.04	0.01	0.54	0.42	0.06	0.31	0.63	0.21		...	6.25
	1987	100.00	3.15	...	0.05	0.04	...	0.48	0.33	0.05	0.28	0.56	0.04		...	4.98
Yemen	1980	100.00	0.18	0.27	0.37	0.12	0.08	1.03	0.32	0.13	0.01	19.31	0.04	0.69		22.54
	1985	100.00	0.29	2.63	0.19	0.10	0.23	1.00	0.18	...	...	8.58	0.02	0.20		13.42
	1986	100.00	0.36	3.20	0.23	0.08	...	0.81	0.21	...	...	6.97	0.01	0.16		12.05
	1987	100.00	0.43	3.84	0.28	0.11	0.39	1.02	0.26	...	...	8.74	...	0.21		15.28
Intraregional Exports																
	1980															9.10
	1985															8.08
	1986															7.60
	1987															7.33

For sources and notes, see Annex Table IV.2.
Details may not add up due to rounding.

Annex Table VI.1. Gross Earnings from International Transactions in Services by Major Item and Country in Western Asia

(millions of United States dollars)

		1980	1981	1982	1983	1984	1985	1986	1987
A.	Non-factor services	9296.5	11148.1	10990.5	10510.1	10772.7	10468.8	9512.0	5923.0
	Bahrain	231.0	247.4	452.4	411.9	692.8	633.8	584.9	579.5
	Democratic Yemen	88.4	91.1	96.5	95.7	99.7	102.5	88.8	100.2
	Egypt	2391.0	2538.7	2798.8	3133.2	2988.9	3022.7	3357.6	...
	Jordan	1002.3	1162.8	1111.0	1124.2	1134.6	1162.7	1057.6	1292.9
	Kuwait	1224.6	1391.4	940.6	869.1	888.6	1138.2	1052.3	1056.5
	Oman	9.1	8.2	11.0	15.0	14.4	14.2	12.9	...
	Saudi Arabia	3822.7	5066.9	4891.9	4064.3	4234.2	3647.1	2665.4	2765.9
	Syrian Arab Republic	364.4	431.5	482.5	560.2	511.6	588.9	566.6	...
	Yemen	164.0	210.1	205.8	236.5	207.9	158.7	125.9	128.0
A.1.	Shipment	181.9	325.4	235.6	219.4	317.4	458.4	460.4	421.5
	Bahrain1/	5.6	3.2	...	...	...	...	...	...
	Democratic Yemen	2.1	2.0	3.2	4.1	4.1	2.3	2.6	3.2
	Egypt	...	...	...	...	...	...	...	...
	Jordan2/	13.4	82.9	47.7	61.7	79.1	78.9	58.9	50.7
	Kuwait3/	144.5	182.8	139.1	124.0	213.2	346.2	368.4	359.5
	Oman	...	...	...	...	...	...	...	...
	Saudi Arabia	-	-	-	-	-	-	-	-
	Syrian Arab Republic4/	5.2	38.9	36.4	17.1	10.3	20.3	27.0	...
	Yemen	11.1	15.6	9.2	12.5	10.7	10.7	3.5	8.1
A.2.	Other transportation	3906.9	4161.2	3192.7	3020.6	2952.3	3039.7	2892.0	891.9
	Bahrain5/	73.8	57.4	69.4	55.3	58.2	61.1	64.1	64.1
	Democratic Yemen6/	35.7	36.2	38.8	35.8	44.0	44.8	34.7	37.6
	Egypt7/	1253.4	1588.3	1744.4	1827.0	1795.8	1804.3	1925.2	...
	Jordan	256.7	307.4	333.4	299.7	358.3	395.1	260.8	345.5
	Kuwait	562.2	616.7	542.1	476.8	438.7	495.5	391.8	376.3
	Oman8/	9.1	8.2	11.0	15.0	14.4	14.2	12.9	...
	Saudi Arabia	1650.4	1457.5	326.8	203.1	121.9	85.3	59.8	60.8
	Syrian Arab Republic	57.3	76.6	120.3	103.7	113.8	134.0	133.7	...
	Yemen9/	8.3	12.9	6.5	4.2	7.2	5.4	9.0	7.6
A.3.	Travel	3174.9	3387.2	1356.6	1316.1	1334.6	1495.1	1242.5	828.7
	Bahrain	107.4	115.9	128.5	106.4	127.1	116.3	82.7	93.6
	Democratic Yemen	6.1	6.6	7.3	7.8	7.8	8.1	5.8	5.8
	Egypt	592.2	417.4	345.6	285.4	328.0	416.3	280.4	...
	Jordan	520.7	547.7	520.5	504.4	450.8	517.9	532.4	580.3
	Kuwait	377.4	451.6	100.5	79.1	54.3	103.6	85.6	100.9
	Oman	...	...	...	...	...	...	...	...
	Saudi Arabia10/	1343.2	1573.0	...	...	...	...	...	...
	Syrian Arab Republic	156.2	186.3	182.2	197.8	217.3	232.5	208.8	...
	Yemen	71.7	88.7	72.0	135.2	149.3	100.4	46.8	48.1

Table VI.1. Gross Earnings (cont'd.)

		1980	1981	1982	1983	1984	1985	1986	1987
A.4.	Other official goods and services	464.6	494.5	392.0	593.2	527.9	508.0	438.3	263.1
	Bahrain 11/	8.2	12.7	...	...	...	...	...	...
	Democratic Yemen	12.5	14.1	11.0	11.2	10.8	11.7	8.4	11.6
	Egypt 12/	71.6	107.3	101.6	177.4	156.8	105.6	46.9	...
	Jordan 13/	28.5	35.4	29.3	22.3	20.4	7.9	7.7	11.9
	Kuwait 14/	126.2	133.2	149.0	189.2	182.4	192.9	206.5	215.9
	Oman	-	-	-	-	-	-	-	-
	Saudi Arabia 15/	87.2	106.1	...	...	...	...	...	...
	Syrian Arab Republic 16/	113.2	82.5	99.4	175.3	142.5	171.6	143.1	...
	Yemen 17/	17.2	3.2	1.7	17.8	15.0	18.3	25.7	23.7
A.5.	Other private goods and services	1568.2	2779.8	5813.6	5360.8	5640.5	5967.6	4478.8	3517.8
	Bahrain 18/	36.0	58.2	254.5	250.2	507.5	456.4	438.1	421.8
	Democratic Yemen	31.0	32.2	36.2	36.8	33.0	35.6	37.3	42.0
	Egypt	473.8	425.7	607.2	843.4	708.3	696.5	1105.1	...
	Jordan	183.0	189.4	180.1	236.1	226.0	162.9	197.8	304.5
	Kuwait 19/	14.3	7.1	9.9	-	-	-	-	3.9
	Oman	...	...	...	...	...	...	...	...
	Saudi Arabia 20/	741.9	1930.3	4565.1	3861.2	4112.3	3561.8	2605.6	2705.1
	Syrian Arab Republic	32.5	47.2	44.2	66.3	27.7	30.5	54.0	...
	Yemen	55.7	89.7	116.4	66.8	25.7	23.9	40.9	40.5
B.	Factor services	19940.8	25970.8	27946.1	29720.8	27684.4	24784.1	25661.1	18710.1
	Bahrain	314.0	517.9	489.8	269.2	368.9	312.2	277.9	249.2
	Democratic Yemen	386.7	460.6	535.5	536.5	540.1	451.3	310.1	320.3
	Egypt	2964.9	2582.3	2840.7	4102.8	4484.4	3629.9	2913.0	...
	Jordan	920.6	1233.0	1288.2	1283.1	1336.6	1122.2	1284.8	995.6
	Kuwait	5486.0	8403.9	6689.2	5688.2	5802.6	5279.8	8110.2	5849.9
	Oman	131.4	216.9	360.9	350.6	387.4	405.2	633.5	...
	Saudi Arabia	7442.1	10956.8	14059.6	15868.2	13366.1	12417.6	11278.9	10537.2
	Syrian Arab Republic	864.2	529.5	436.1	403.0	351.5	340.1	260.5	...
	Yemen	1430.6	1069.9	1246.1	1219.2	1046.8	825.8	592.2	757.9
B.1.	Direct investment income	23.4	74.3	75.1	119.7	32.8	70.1	54.0	...
	Bahrain	...	...	...	...	...	...	...	...
	Democratic Yemen	-	-	-	-	-	-	-	-
	Egypt 21/	23.4	74.3	75.1	119.7	32.8	70.1	54.0	...
	Jordan	...	...	...	...	...	...	...	...
	Kuwait	-	-	-	-	-	-	-	...
	Oman	...	...	...	...	...	...	...	...
	Saudi Arabia	-	-	-	-	-	-	-	-
	Syrian Arab Republic	...	...	...	...	...	...	...	...
	Yemen	...	...	...	...	...	...	...	...

Table VI.1. Gross Earnings (cont'd.)

		1980	1981	1982	1983	1984	1985	1986	1987
B.2.	Other investment income	14011.5	20870.3	22302.4	22742.6	20570.7	18902.6	20764.5	16754.2
	Bahrain22/	314.0	517.9	489.8	269.2	368.9	312.2	277.9	249.2
	Democratic Yemen	34.7	51.2	61.0	45.7	34.6	22.2	16.0	15.4
	Egypt23/	246.0	326.6	326.8	317.5	488.9	348.3	353.1	...
	Jordan	126.2	200.5	204.2	173.2	101.0	100.4	99.6	58.4
	Kuwait24/	5486.0	8403.9	6689.2	5688.2	5802.6	5279.8	8110.2	5849.9
	Oman	96.3	176.8	317.9	306.8	344.4	361.5	594.8	...
	Saudi Arabia25/	7442.1	10956.8	14059.6	15868.2	13366.1	12417.6	11278.9	10537.2
	Syrian Arab Republic26/	91.1	93.2	25.4	16.0	29.7	26.4	9.4	...
	Yemen	175.1	143.4	128.5	57.8	34.5	34.2	24.6	44.1
B.3.	Workers' remittances	5905.9	5026.2	5568.6	6858.5	7080.9	5811.4	4842.6	1955.9
	Bahrain	-	-	-	-	-	-	-	-
	Democratic Yemen	352.3	409.4	474.5	490.8	505.5	429.1	294.1	304.9
	Egypt	2695.5	2181.4	2438.8	3665.6	3962.7	3211.5	2505.9	...
	Jordan	794.4	1032.5	1084.0	1109.9	1235.6	1021.8	1185.2	937.2
	Kuwait	-	-	-	-	-	-	-	-
	Oman	35.1	40.1	43.0	43.8	43.0	43.7	38.7	...
	Saudi Arabia	-	-	-	-	-	-	-	-
	Syrian Arab Republic27/	773.1	436.3	410.7	387.0	321.8	313.7	251.1	...
	Yemen28/	1255.5	926.5	1117.6	1161.4	1012.3	791.6	567.6	713.8

Source: Based on data from: International Monetary Fund, Balance of Payments Yearbook, 1988.

1/ Freight receipts of Gulf Air.
2/ Includes receipts from pipeline services.
3/ Mainly covers receipts by Kuwaiti shipping companies other than imports.
4/ Includes receipts from pipeline services provided to non-residents. It also includes earnings from other freight services on transit trade provided by resident carriers.
5/ Includes passenger services.
6/ Includes receipts from ships' stores and bunker oil.
7/ Receipts from passenger services are included under "other goods and services".
8/ Covers port dues, value of stevedoring services and demurrage payments.
9/ Includes shipments, bunkers, supplies and earnings of branches of airline companies appropriate to "other goods, services and income".
10/ Includes passenger fees, see also footnote 21/ below.
11/ Receipts from abroad by foreign embassies and their employees.
12/ Covers expenditures in Egypt by the United States Government financed from its holdings of Egyptian pounds and expenditures by other foreign embassies and consulates in Egypt from funds transferred from abroad.
13/ Covers local expenditures by foreign diplomatic missions in Jordan.
14/ Covers estimated expenditures by foreign embassies and international organizations in Kuwait.
15/ Covers estimates of embassy, consular and other expenditures by foreign governments in Saudi Arabia.
16/ Includes data on purchases of foreign exchange from foreign embassies, international agencies in Syria, and United Nations observer forces. Investment income resulting from the Government's participation in Arab enterprises abroad is also included.

Table VI.1. Gross Earnings (cont'd.)

17/ Includes visa and passport fees received from non-residents.
18/ Transactions by offshore banking units (OBUs) with residents.
19/ Covers mainly underwriting fees and charges for other financial services.
20/ From 1982, the entry includes amounts appropriate to "passenger services", "travel" and other foreign official.
21/ Mainly covers remittances from abroad by branches of Egypt Air and Egyptian shipping companies.
22/ Includes amounts appropriate to "other direct investment income".
23/ Includes advertising, commissions and professional and technical services appropriate to item "other goods, services and income".
24/ Covers earnings on government foreign assets and estimated earnings of financial and other private institutions.
25/ Mainly covers earnings on foreign investment by Saudi Arabian Monetary Agency (SAMA).
26/ Investment income received from Arab enterprises abroad is included under "other official goods, services and income" and "other goods, services and income".
27/ The entries may be underestimated as workers' remittances are believed to be a principal source of foreign exchange entering the unregulated foreign exchange market.
28/ The entries may include some private capital flows; it also includes contra-entries for goods brought into the country by Yemenis working abroad.

... = Not available.
\- = Nil or negligible.
Details may not add up to totals because of rounding and minor statistical discrepancies.

Annex Table VI.2. Gross Payments for International Transactions in Services by Major Item and Country in Western Asia

(millions of United States dollars)

		1980	1981	1982	1983	1984	1985	1986	1987
A.	Non-factor services	35279.2	45545.0	45161.1	47406.6	43584.9	36816.9	30878.2	25794.9
	Bahrain	475.9	610.2	715.3	536.5	551.4	446.2	370.3	416.0
	Democratic Yemen	129.9	148.9	189.7	197.9	197.3	206.4	171.2	202.4
	Egypt	2342.8	2488.0	2726.9	2768.7	3096.7	3190.2	3012.7	...
	Jordan	1093.7	1382.0	1373.5	1163.3	1332.8	1279.2	1150.8	1296.7
	Kuwait	3067.7	2905.5	3490.9	3619.6	3704.3	4075.6	3868.0	4295.5
	Oman	516.6	620.2	701.0	687.3	672.4	689.5	700.3	...
	Saudi Arabia	26756.9	36189.7	34853.6	37257.9	32856.7	25822.1	20781.5	19313.3
	Syrian Arab Republic	520.5	814.8	757.2	853.0	906.2	875.3	652.4	...
	Yemen	375.2	385.7	353.1	322.4	267.1	232.4	171.0	271.0
A.1.	Shipment	7498.5	8930.8	9798.9	9408.4	8646.9	6513.9	5161.6	3792.1
	Bahrain	335.5	395.5	337.3	318.7	347.9	310.6	240.7	269.5
	Democratic Yemen	64.0	70.0	75.5	74.4	83.1	71.2	49.5	47.5
	Egypt	757.5	879.6	858.9	834.9	1028.1	927.0	737.9	...
	Jordan	263.8	347.5	356.7	333.3	305.9	299.2	266.5	295.5
	Kuwait1/	925.4	990.5	1166.9	1039.1	972.7	837.7	811.8	746.1
	Oman	196.5	241.7	287.0	261.9	293.2	336.1	253.4	...
	Saudi Arabia	4602.2	5380.5	6199.0	5980.0	5139.4	3258.2	2491.8	2312.0
	Syrian Arab Republic	114.5	386.8	305.8	370.9	334.2	351.3	220.6	...
	Yemen	239.1	238.7	211.8	195.2	142.4	122.6	89.4	121.5
A.2.	Other transportation	1768.9	2071.0	1052.7	1118.3	1122.5	1231.6	1037.6	654.2
	Bahrain2/	4.6	3.2	42.1	33.0	25.0	42.2	46.6	57.4
	Democratic Yemen	13.6	14.5	17.1	17.6	17.7	15.9	10.8	13.9
	Egypt	262.9	228.8	267.2	317.5	315.8	350.3	350.8	...
	Jordan	142.8	191.6	270.5	216.3	302.3	307.6	199.0	255.7
	Kuwait	285.0	265.3	347.8	412.6	347.5	412.2	330.9	327.1
	Oman	...	...	...	...	...	...	...	...
	Saudi Arabia3/	1021.7	1286.5	...	...	...	...	...	...
	Syrian Arab Republic	35.1	71.9	98.2	112.2	108.6	97.5	96.2	...
	Yemen4/	3.2	9.2	9.8	9.1	5.6	5.9	3.3	0.1
A.3.	Travel	4702.5	4840.2	2365.3	2298.5	2543.4	2899.7	2719.4	3063.1
	Bahrain	110.1	144.1	202.4	104.0	121.3	66.0	58.5	66.0
	Democratic Yemen	8.5	11.9	15.0	15.9	16.2	15.3	9.3	10.1
	Egypt	167.9	174.5	178.8	150.7	146.6	105.6	52.8	...
	Jordan	362.5	367.8	372.8	364.7	381.3	421.9	443.0	444.9
	Kuwait5/	1339.3	1097.8	1302.7	1361.9	1540.6	1988.0	1940.4	2504.7
	Oman	31.2	34.2	34.2	43.8	49.2	51.8	46.9	...
	Saudi Arabia6/	2453.4	2761.6	...	...	...	...	...	...
	Syrian Arab Republic7/	177.0	204.0	196.5	186.0	225.5	198.0	150.2	...
	Yemen	52.6	44.3	62.9	71.5	62.7	53.1	18.3	37.4

Table VI.2. Gross Payments (cont'd.)

		1980	1981	1982	1983	1984	1985	1986	1987
A.4.	Other official goods and services	16563.2	20474.0	18837.6	22300.0	20254.7	13638.4	11802.8	10851.1
	Bahrain8/	6.1	3.8	...	...	...	...	...	...
	Democratic Yemen	31.0	41.2	61.0	65.4	60.3	84.6	76.1	110.3
	Egypt9/	157.5	218.1	213.1	258.7	258.3	335.1	274.5	...
	Jordan10/	249.9	419.1	340.6	246.8	304.1	205.9	198.4	208.9
	Kuwait11/	433.4	455.2	569.7	723.7	759.5	771.7	719.2	663.3
	Oman	-	-	-	-	-	-	-	...
	Saudi Arabia12/	15459.6	19183.8	17490.8	20834.8	18656.2	12001.3	10361.4	9831.2
	Syrian Arab Republic13/	186.1	140.3	145.7	156.1	198.9	211.2	153.7	...
	Yemen	39.6	12.5	16.7	14.5	17.4	28.6	19.5	37.4
A.5.	Other private goods and services	4746.1	9229.0	13106.7	12281.4	11017.4	12533.3	10156.8	7434.4
	Bahrain14/	19.6	63.6	133.5	80.8	57.2	27.4	24.5	23.1
	Democratic Yemen	12.8	11.3	21.1	24.6	20.0	19.4	25.5	20.6
	Egypt	997.0	987.0	1208.9	1206.9	1347.9	1472.2	1596.7	...
	Jordan	74.7	56.0	32.9	2.2	39.2	44.6	43.9	91.7
	Kuwait15/	84.6	96.7	103.8	82.3	84.0	66.0	65.7	54.3
	Oman	288.9	344.3	379.8	381.6	330.0	301.6	400.0	...
	Saudi Arabia16/	3220.0	7577.3	11163.8	10443.1	9061.1	10562.6	7928.3	7170.1
	Syrian Arab Republic	7.8	11.8	11.0	27.8	39.0	17.3	31.7	...
	Yemen	40.7	81.0	51.9	32.1	39.0	22.2	40.5	74.6
B.	Factor services	14760.2	19322.1	16571.4	13100.4	13848.9	12555.2	11433.1	8492.4
	Bahrain	516.2	538.1	484.3	359.0	488.1	461.8	873.1	730.2
	Democratic Yemen	10.0	12.0	16.2	18.0	23.0	21.1	17.6	15.9
	Egypt	588.3	897.3	1091.8	1079.6	1091.7	1210.3	1126.2	...
	Jordan	233.3	271.4	289.1	328.4	415.3	425.0	488.2	462.4
	Kuwait	1332.8	1427.9	1629.5	1547.9	1799.9	1708.8	1685.8	1582.7
	Oman	748.4	912.6	1050.0	1212.2	1402.3	1559.6	1521.5	...
	Saudi Arabia	11010.9	14948.2	11556.8	8258.1	8411.2	6954.0	5463.4	5599.0
	Syrian Arab Republic	79.4	110.8	176.6	147.5	127.1	124.9	137.3	...
	Yemen	240.9	203.8	267.1	149.7	90.3	89.7	120.0	102.2
B.1.	Direct investment income	7215.6	9976.7	6621.9	3443.2	3580.4	2253.0	1106.2	664.6
	Bahrain	...	...	...	...	...	...	...	...
	Democratic Yemen	-	-	-	-	-	-	-	-
	Egypt17/	14.3	8.2	9.9	5.3	15.4	14.2	15.2	...
	Jordan	...	...	...	...	...	...	...	...
	Kuwait	-	-	-	-	-	-	-	-
	Oman18/	285.0	369.0	401.9	415.8	437.7	483.3	431.7	...
	Saudi Arabia	6916.3	9599.5	6210.1	3022.1	3127.3	1755.5	659.3	664.6
	Syrian Arab Republic	...	...	...	...	...	...	...	...
	Yemen	...	...	...	...	...	...	...	...

Table VI.2. Gross Payments (cont'd.)

		1980	1981	1982	1983	1984	1985	1986	1987
B.2.	Other investment income	1684.3	2144.9	2377.4	2187.0	2500.9	2411.4	2524.6	993.9
	Bahrain19/	231.0	220.5	172.3	60.6	156.4	59.6	166.7	160.3
	Democratic Yemen	5.0	7.0	11.6	13.6	17.0	17.6	15.8	13.6
	Egypt20/	574.0	889.1	1081.9	1074.3	1076.3	1196.1	1111.0	...
	Jordan	78.9	114.0	112.0	127.9	161.6	189.1	241.2	278.0
	Kuwait	640.4	739.3	754.0	683.1	837.4	665.0	601.8	481.0
	Oman	66.4	46.0	51.9	60.9	104.6	130.0	199.4	...
	Saudi Arabia	-	-	-	-	-	-	-	-
	Syrian Arab Republic21/	79.4	110.8	176.6	147.5	127.1	124.9	137.3	...
	Yemen	9.2	18.2	17.1	19.1	20.5	29.1	51.4	61.0
B.3.	Workers' remittances	5860.3	7200.5	7572.1	7470.2	7767.6	7890.8	7802.3	6833.9
	Bahrain	285.2	317.6	322.0	298.4	331.7	402.2	706.4	569.9
	Democratic Yemen	5.0	5.0	4.6	4.4	6.0	3.5	1.8	2.3
	Egypt	-	-	-	-	-	-	-	-
	Jordan	154.4.	157.4	177.1	200.5	253.7	235.9	247.0	184.4
	Kuwait	692.4	688.6	875.5	864.8	962.5	1043.8	1084.0	1101.7
	Oman	397.0	497.6	596.2	735.5	860.0	946.3	890.4	...
	Saudi Arabia	4094.6	5348.7	5346.7	5236.0	5283.9	5198.5	4804.1	4934.4
	Syrian Arab Republic	...	...	...	...	...	...	...	...
	Yemen	231.7	185.6	250.0	130.6	69.8	60.6	68.6	41.2

Source: Based on data from IMF, Balance of Payments Yearbook 1988.

1/ Covers freight and insurance services on imports provided by non-residents.
2/ Includes passenger services.
3/ Covers expenditure abroad by Saudi Arabian Airline Corporation, see also footnote 16/ below.
4/ Includes shipments, bunkers, supplies and earnings of branches of airline companies appropriate to "other goods, services and income".
5/ Includes government expenditure on international conferences and scholarship from government budget.
6/ Includes passenger fees, see also footnote 16/ below.
7/ Covers expenditures by Syrian tourists and students. Purchases of foreign exchange for this purpose from outside the banks are believed to be substantial but the amounts are unknown.
8/ Remittances to Bahrain's embassies abroad and their employees.
9/ Mainly covers Egypt's embassy and consular expenditures abroad: the item also includes payments for educational and medical expenses of government officials appropriate to the "travel" item.
10/ Covers expenditures by Jordanian diplomatic missions and other expenditures abroad by the government.
11/ Covers mainly foreign consultants' fees on government projects and expenditures of Kuwaiti embassies abroad.
12/ Covers estimates of embassy, consular and other government expenditures abroad, including those for training programmes and the services of consultancy firms.
13/ Includes data on transfers of foreign exchange to Syrian embassies abroad and to Syrian Government institutions; included also are sales of foreign exchange for use by Syrian forces in Lebanon, and payments of foreign exchange for the salaries of foreign experts working in Syrian public enterprises.
14/ Transactions by offshore banking units (OBUs) with residents.

Table VI.2. Gross Payments (cont'd.)

15/ Covers payments by the private sector for financial services.
16/ Covers expenditures abroad by Trans-Arabian Pipeline System (TAPLINE) and by the Arabian American Oil Company (ARAMCO); and from 1982 the entry includes amounts appropriate to "other transportation" and "travel".
17/ Covers profits remitted by direct investment enterprises in Egypt.
18/ Covers remittances of profits by Petroleum Development Oman to its shareholders; estimates of profit of foreign-owned construction enterprises engaged in construction activity in Oman; and estimates of remittances of profits of the Omani enterprises with foreign capital participation.
19/ Includes amounts appropriate to "other direct investment income"
20/ Mainly covers interest paid on foreign loans received mostly by the government.
21/ Investment income paid to Arab enterprises abroad is included under "other official goods, services and income" and "other goods, services and income".

... = Not available.
\- = Nil or negligible.
Details may not add up to total because of rounding and minor statistical discrepancies.

Table VI.3 Structure of International Transactions in Services and Contribution to Foreign Exchange and Uses in Selected Country-Groupings

	Structure (per cent)				Net Earnings/Uses (million US$)	
	Credit		Debit			
	1980	1986	1980	1986	1980	1986
Gulf Co-operation Council (GCC)1/						
Non-Factor Services	28.3	17.5	69.4	72.9	-25529.7	-21404.6
Shipment	0.8	1.5	13.6	10.8	-5909.5	-3429.3
Other transportation	12.3	2.1	3.0	1.1	984.2	151.1
Travel	9.8	0.7	8.9	5.8	-2106.0	-1877.5
Other official goods & services	1.2	0.8	35.8	31.4	-15677.5	-10874.1
Other private goods & services2/	4.2	12.4	8.1	23.9	-2820.9	-5374.8
Factor Services	71.7	82.5	30.6	27.1	-234.8	10756.7
Direct investment income	...	...	16.2	3.1	-7201.3	-1091.0
Other investment income	71.5	82.3	2.1	2.8	12400.6	19293.9
Workers' remittances	0.2	0.2	12.3	21.2	-5434.1	-7446.2
Total Services	100.0	100.0	100.0	100.0	-25764.5	-10647.9
Non-oil diversified economies3/						
Non-Factor Services	44.2	52.8	81.5	73.3	-199.3	165.9
Shipment	0.2	0.9	23.4	18.6	-1117.2	-1139.1
Other transportation	18.4	24.6	9.1	9.8	1126.6	1673.7
Travel	14.9	10.8	14.6	9.8	561.7	375.6
Other official goods & services	2.5	2.1	12.2	9.5	-380.2	-428.9
Other private goods & services	8.1	14.4	22.2	25.5	-390.2	-315.4
Factor Services	55.8	47.2	18.5	26.7	3848.7	2706.6
Direct investment income	0.3	0.6	0.3	0.2	9.1	38.8
Other investment income	5.4	4.9	15.0	22.7	-269.0	-1027.4
Workers' remittances	50.1	41.8	3.2	3.8	4108.6	3695.2
Total Services	100.0	100.0	100.0	100.0	3649.4	2872.5
Least Developed Countries4/						
Non-Factor Services	12.2	19.2	66.8	71.3	-252.7	-127.5
Shipment	0.6	0.6	40.1	28.7	-289.9	-131.8
Other transportation	2.1	3.9	2.2	2.9	27.2	29.6
Travel	3.8	4.7	8.1	5.8	16.7	25.0
Other official goods & services	1.4	3.0	9.3	19.9	-40.9	-61.5
Other private goods & services	4.2	7.0	7.1	13.8	33.2	12.2
Factor Services	87.8	80.8	33.2	28.7	1566.4	764.7
Direct investment income	...	...	...	...	...	...
Other investment income	10.1	3.6	1.9	14.0	195.6	-26.6
Workers' remittances	77.7	77.1	31.3	14.7	1371.1	791.3
Total Services	100.0	100.0	100.0	100.0	1313.7	637.2

For source and notes, see Annex Tables VI.1 and VI.2.

1/ Covers Bahrain, Kuwait, Oman and Saudi Arabia. Qatar and the United Arab Emirates were excluded for lack of comparable data.

2/ For Saudi Arabia, as of 1982, the credit entry includes amounts appropriate to "passenger services", "travel" and "other foreign official". On the debit side, it covers expenditures abroad by Trans-Arabian Pipeline System (PIPELINE) and by Arabian American Oil Company (ARAMCO); and from 1982 includes also amounts appropriate to "other transportation" and "travel".

3/ Covers Egypt, Jordan and the Syrian Arab Republic. Lebanon was excluded for lack of data.

4/ Covers Democratic Yemen and Yemen.

Table VI.4. Payments and Receipts by Major Category of International Services Transactions by Country
(per cent)

	Bahrain	Democratic Yemen	Egypt	Jordan	Kuwait	Oman	Saudi Arabia	Syrian Arab Republic	Yemen	Total (millions US$ = 100%)
Shipment										
Credit										
1980	3.1	1.2	...	7.4	79.4	...	-	2.9	6.1	181.9
1986	...	0.5	...	12.8	80.0	...	-	5.9	0.8	460.4
Debit										
1980	4.5	0.8	10.1	3.5	12.3	2.6	61.4	1.5	3.2	7498.5
1986	4.7	1.0	14.3	5.2	15.7	4.9	48.3	4.3	1.7	5161.6
Other transportation										
Credit										
1980	1.9	0.9	32.1	6.6	14.4	0.2	42.2	1.5	0.2	3906.9
1986	2.2	1.2	66.6	9.0	13.6	0.4	2.1	4.6	0.3	2892.0
Debit										
1980	0.3	0.8	14.9	8.1	16.1	...	57.8	2.0	0.2	1768.9
1986	4.5	1.0	33.8	19.2	31.9	...	...	9.3	0.3	1037.6
Travel										
Credit										
1980	3.4	0.2	18.6	16.4	11.9	...	42.3	4.9	2.3	3174.9
1986	6.7	-0.5	22.6	42.8	6.9	...	...	16.8	3.8	1242.5
Debit										
1980	2.3	0.2	3.6	7.7	28.5	0.7	52.2	3.8	1.1	4702.5
1986	2.2	0.3	1.9	16.3	71.4	1.7	...	5.5	0.7	2719.4
Other official goods and services										
Credit										
1980	1.8	2.7	15.4	6.1	27.2	-	18.8	24.4	3.7	464.6
1986	...	1.9	10.7	1.8	47.1	-	...	32.6	5.9	438.3
Debit										
1980	-	0.2	1.0	1.5	2.6	-	93.3	1.1	0.2	16563.2
1986	...	0.6	2.3	1.7	6.1	-	87.8	1.3	0.2	11802.8
Other private goods and services										
Credit1/										
1980	2.3	2.0	30.2	11.7	0.9	...	47.3	2.1	3.6	1568.2
1986	9.8	0.8	24.7	4.4	-	...	58.2	1.2	0.9	4478.8
Debit2/										
1980	0.4	0.3	21.0	1.6	1.8	6.1	67.8	0.2	0.9	4746.1
1986	0.2	0.3	15.7	0.4	0.6	3.9	78.0	0.3	0.4	10156.8

Table VI.4 (cont'd.)

	Bahrain	Democratic Yemen	Egypt	Jordan	Kuwait	Oman	Saudi Arabia	Syrian Arab Republic	Yemen	Total (millions US$ = 100%)
Direct investment income										
Credit										
1980	...	-	100.0	...	-	...	-	...	...	23.4
1986	...	-	100.0	...	-	...	-	...	...	54.0
Debit										
1980	...	-	0.2	...	-	3.9	95.9	...	...	7215.6
1986	...	-	1.4	...	-	39.0	59.6	...	...	1106.2
Other investment income										
Credit										
1980	2.2	0.2	1.8	0.9	39.2	0.7	53.1	0.7	1.2	14011.5
1986	1.3	0.1	1.7	0.5	39.1	2.9	54.3	0.1	0.1	20764.5
Debit										
1980	13.7	0.3	34.1	4.7	38.0	3.9	-	4.7	0.6	1684.3
1986	6.6	0.6	44.0	9.6	23.8	7.9	-	5.4	2.0	2524.6
Workers' remittances										
Credit										
1980	-	6.0	45.6	13.4	-	0.6	-	13.1	21.3	5905.9
1986	-	6.1	51.8	24.5	-	0.8	-	5.2	11.7	4842.6
Debit										
1980	4.9	0.1	-	2.6	11.8	6.8	69.9	...	4.0	5860.3
1986	9.1	-	-	3.2	13.9	11.4	61.6	...	0.9	7802.3

For source and notes, see Annex Tables VI.1 and VI.2.

Note: The information contained in this table should be interpreted taking into consideration the numerous notes to Annex Tables A-1 and A-2.

a/ For Saudi Arabia, from 1982, the entry includes amounts appropriate to "passenger services", "travel" and "other foreign officials".

b/ For Saudi Arabia, from 1982 the entry includes amounts appropriate to "other transportation" and "travel".

... = Not available.

\- = Nil or negligible.

Table VII.1. ESCWA Region: Major Balance of Payments Flows
(millions of United States dollars)

	Trade Balance a/	Services (net)	Balance on Goods & Services	Unrequited Transfers (net) Private	Unrequited Transfers (net) Official	Balance on Current Account	Capital Flows (net) Long-term	Capital Flows (net) Short-term	Errors and Omissions	Overall Balance	Counterpart Items, Exceptional Financing and Others: Total	Counterpart Items	Exceptional Financing	Others	Total Change in Reserves (- = increase)
Gulf Co-operation Council Countries															
Bahrain															
1980	520	-162	358	-283	181	256	10	-248	418	437	-97	-96	-	-1	-340
1981	618	-65	553	-318	194	430	-3	-357	521	591	-	-	-	-	-591
1982	657	55	712	-331	190	570	-95	24	-503	-4	-6	-6	-	-	9
1983	253	84	337	-300	143	179	41	-207	-120	-107	-2	-2	-	-	108
1984	72	354	426	-346	124	205	151	-187	-126	44	-168	-168	-	-	124
1985	100	440	540	-396	120	265	36	-334	209	177	181	181	-	-	-357
1986	177	326	503	-674	121	-50	-53	-114	1	-216	46	46	-	-	170
1987	-63	252	189	-621	113	-319	-62	-58	-10	-449	108	108	-	-	341
Kuwait															
1980	13877	3004	16881	-692	-888	15302	-37	-11269	-2950	1045	13	13	-	-	-1058
1981	9287	6152	15439	-689	-972	13778	384	-8684	-5191	286	-147	-147	-	-	-139
1982	3008	3387	6395	-875	-646	4873	-244	-2789	137	1978	-132	-132	-	-	-1846
1983	4584	2254	6838	-865	-686	5287	-902	1026	-6398	-988	267	267	-	-	721
1984	5604	2148	7752	-963	-415	6374	-1075	-6377	1046	-32	-570	-570	-	-	602
1985	4712	1676	6388	-1044	-529	4815	-712	-1623	-1936	545	336	336	-	-	-881
1986	1910	4694	6604	-1084	-182	5337	-1975	-5533	2088	-83	114	114	-	-	-30
1987	3545	2128	5673	-1102	-158	4414	86	-4005	-2342	-1847	487	487	-	-	1360
Oman															
1980	1968	-766	1202	-362	102	942	39	-124	-67	790	-492	-492	-	-	-298
1981	2524	-850	1674	-459	145	1360	224	-184	-163	1237	-830	-830	-	-	-406
1982	1840	-825	1015	-556	43	503	252	-62	53	746	-523	-523	-	-	-224
1983	1895	-843	1052	-695	148	506	522	-198	-478	352	-240	-240	-	-	-112
1984	1781	-855	926	-819	211	318	569	-136	-434	317	-37	-37	-	-	-280
1985	1943	-927	1016	-906	-26	84	308	149	-417	124	86	86	-	-	-210
1986	607	-725	-118	-851	-	-969	686	328	-673	-628	122	122	-	-	507
1987	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Qatar															
1980	4245	-1598 b/	2647	...	...	2647	-1929 c/		...	718	-	-	-	-	-718
1981	4326	-1942 b/	2384	...	...	2384	-1481 c/		...	903	-	-	-	-	-903
1982	2560	-1432 b/	1128	...	...	1128	-1890 c/		...	-762	-	-	-	-	762
1983	1842	-1432 b/	410	...	...	410	-1006 c/		...	-596	-	-	-	-	596
1984	2202	-1372 b/	830	...	...	830	-551 c/		...	279	-	-	-	-	-279
1985	1959	-1410 b/	549	...	...	549	-648 c/		...	-100	-	-	-	-	100
1986	750	-939 b/	-189	...	...	-189	-298 c/		...	-487	-	-	-	-	487
1987	886	-1018 b/	-132	...	...	-132	-283 c/		...	-415	-	-	-	-	415
Saudi Arabia															
1980	75155	-22407	52748	-4094	-5901	42754	-27381	-11435 d/	...	3937	217	217	-	-	-4154
1981	81942	-29765	52177	-5348	-5700	41129	-27725	-3808 d/	...	9568	-769	-769	-	-	-8799
1982	39432	-22111	17321	-5347	-4399	7575	-2976	-6910 d/	...	-2308	-379	-379	-	-	2687
1983	12444	-20349	-7905	-5236	-4000	-17142	12473	3130 d/	...	-1508	-753	-753	-	-	2262
1984	8865	-18384	-9519	-5284	-3598	-18401	18256	-1357 d/	...	-1480	-1059	-1059	-	-	2539
1985	7029	-11513	-4484	-5199	-3249	-12932	8903	3327 d/	...	-709	965	965	-	-	-255
1986	3405	-7496	-4091	-4804	-3000	-11895	6125	-1836 d/	...	-7619	939	939	-	-	6680
1987	5340	-6676	-1336	-4935	-3300	-9570	9167	3070 d/	...	2640	1721	1721	-	-	-4361

Table VII.1. Major Balance of Payments Flows (cont'd.)

	Trade Balance a/	Services (net)	Balance on Goods & Services	Unrequited Transfers (net) Private	Unrequited Transfers (net) Official	Balance on Current Account	Capital Flows (net) Long-term	Capital Flows (net) Short-term	Errors and Omissions	Overall Balance	Counterpart Items, Exceptional Financing and Others: Total	Counterpart Items	Exceptional Financing	Others	Total Change in Reserves (- = increase)
United Arab Emirates															
1980	13333	-1537 b/	11796	...	-1726	10070	-620 e/		-4594 f/	4856	-	-	-	-	-4856
1981	11986	-1716 b/	10270	...	-1062	9208	-1725 e/		-3609 f/	3874	-	-	-	-	-3874
1982	8962	-1308 b/	7654	...	-654	7001	-1062 e/		-4304 f/	1634	-	-	-	-	-1634
1983	7110	-1498 b/	5612	...	-354	5257	-951 e/		-2795 f/	1512	-	-	-	-	-1512
1984	9044	-1362 b/	7682	...	-218	7464	-177 e/		-5579 f/	1708	-	-	-	-	-1708
1985	8226	-1090 b/	7136	...	-191	6946	-327 e/		-5900 f/	719	-	-	-	-	-719
1986	3841	-1090 b/	2751	...	-381	2370	-223 e/		-839 f/	1308	-	-	-	-	-1308
1987	5176	-981 b/	4195	...	-109	4086	-136 e/		-2250 f/	1700	-	-	-	-	-1700
Other ESCWA Countries															
Democratic Yemen															
1980	-538	-20	-558	347	79	-133	76	28	66	37	6	-5	11	-	-43
1981	-592	-13	-605	404	122	-79	144	6	-60	11	18	-15	32	-	-29
1982	-653	-44	-697	470	126	-100	146	24	-62	8	10	-16	26	-	-18
1983	-643	-70	-713	486	43	-184	240	3	-57	2	-4	-17	13	-	3
1984	-704	-80	-784	499	31	-253	133	63	37	-20	-12	-24	12	-	32
1985	-581	-99	-680	426	32	-222	74	27	28	-94	33	33	-	-	62
1986	-418	-82	-500	292	32	-176	128	20	-36	-65	24	21	3	-	41
1987	-380	-100	-480	303	56	-122	146	-76	-2	-55	21	20	1	-	34
Egypt															
1980	-2960	-269	-3229	2791	...	-438	951	61	35	609	53	-36	89 g/	-	-662
1981	-3919	-447	-4366	2230	...	-2136	2029	36	124	53	-305	-421	116 g/	-	252
1982	-3715	-618	-4333	2481	...	-1852	1390	83	132	-245	269	-191	460 g/	-	-24
1983	-3822	-277	-4099	3688	...	-411	656	-377	213	81	-3	-77	74 g/	-	-79
1984	-5386	-676	-6062	3981	...	-2081	1241	459	115	-266	235	24	211 g/	-	32
1985	-4503	-958	-5461	3216	...	-2245	1685	-335	664	-231	294	-56	350 g/	-	-63
1986	-4011	-375	-4386	2515	...	-1870	1726	168	-96	-73	121	-249	370 g/	-	-48
1987	-4327	405	-3922	3604	...	-318	1056	-1434	965	268	130	-136	266 g/	-	-398
Jordan															
1980	-1561	-44	-1605	666	1313	374	106	222	-257	445	62	62	-	-	-507
1981	-2082	-139	-2221	922	1260	-39	217	83	-100	161	-183	-183	-	-	22
1982	-2127	-172	-2299	933	1034	-333	320	66	-152	-100	-72	-72	-	-	171
1983	-2120	10	-2110	924	795	-391	433	51	-40	53	-3	-3	-	-	-50
1984	-1721	-260	-1981	1028	688	-265	164	-40	-48	-189	-118	-118	-	-	307
1985	-1638	-208	-1847	846	740	-260	303	-55	-30	-42	142	142	-	-	-100
1986	-1426	-232	-1658	984	634	-40	147	-47	-17	-42	147	147	-	-	-190
1987	-1467	-227	-1694	743	599	-352	226	239	28	141	304	304	-	-	-446
Syrian Arab Republic															
1980	-1898	-145	-2043	774	1520	251	-25	431	-915	-258	15	15	-	-	243
1981	-2193	-400	-2593	436	1848	-308	-151	438	-30	-51	6	6	-	-	45
1982	-1633	-425	-2058	411	1398	-250	179	354	-17	-92	-1	-1	-	-	93
1983	-2106	-426	-2532	387	1302	-844	189	524	-15	-145	-1	-1	-	-	146
1984	-1853	-491	-2344	321	1229	-794	290	745	-25	216	-	-	-	-	-216
1985	-1877	-385	-2262	314	1088	-860	-107	798	-16	-186	-	-	-	-	185
1986	-1326	-214	-1540	251	759	-530	198	381	12	61	-	-	...	...	-61
1987	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...

Table VII.1 Major Balance of Payments Flows (cont'd.)

	Trade Balance a/	Services (net)	Balance on Goods & Services	Unrequited Transfers (net) Private	Unrequited Transfers (net) Official	Balance on Current Account	Capital Flows (net) Long-term	Capital Flows (net) Short-term	Errors and Omissions	Overall Balance	Counterpart Items, Exceptional Financing and Others: Total	Counter-part Items	Excep-tional Financing	Others	Total Change in Reserves (- = increase)
Yemen															
1980	-1855	-45	-1900	1070	146	-685	475	-81	90	-201	56	56	-	-	145
1981	-1714	-51	-1765	777	332	-655	233	14	98	-310	-11	-11	-	-	321
1982	-1921	-37	-1958	911	439	-607	168	-55	68	-425	18	-6	-24	-	408
1983	-1756	-47	-1803	1084	160	-559	157	13	182	-207	8	-9	17	-	199
1984	-1393	-45	-1438	996	142	-301	86	7	112	-95	49	33	16	-	47
1985	-1071	-69	-1140	763	89	-287	98	123	22	-44	21	8	13	-	23
1986	-780	-71	-851	527	198	-125	192	-71	78	73	65	53	12	-	-138
1987	-1141	-160	-1301	708	141	-452	350	133	37	68	46	37	9	-	-114

Source: Compiled by the ESCWA secretariat on the basis of data given in national and international sources.
Notes: Figures were rounded to the nearest million; details, therefore, may not add up to totals.
- = Nil, negligible, or deficit.
...= Not available.
a/ Merchandise trade is valued f.o.b. except imports of Qatar and the United Arab Emirates which are valued c.i.f.
b/ Includes private transfers for Qatar and the United Arab Emirates and official transfers for Qatar.
c/ Private and official capital flows.
d/ Includes errors and omissions and is believed to cover mainly private capital flows.
e/ Official loans.
f/ Includes private capital flows.
g/ Includes official transfers.

Table VII.2. ESCWA Region: International Reserves[a/]
(millions of U S dollars)

	1975	1980	1981	1982	1983	1984	1985	1986	1987	1988[b/]
ESCWA region[c/]	30033.2	38083.9	48984.1	47499.1	43281.1	38807.8	41513.5	34544.3	39716.3	34267.4
GCC countries	26531.5	31725.8	42748.9	41056.0	37706.8	34778.3	37470.2	30830.4	35366.3	30311.1
Bahrain	295.8	960.0	1550.7	1541.4	1433.0	1309.0	1666.3	1496.0	1155.1	1258.3[d/]
Kuwait	1661.1	4045.3	4180.1	6023.0	5300.5	4694.3	5580.4	5609.5	4259.1	2033.3[d/]
Oman	164.2	621.4	814.5	944.3	838.2	976.2	1166.2	1036.2	1470.5	1143.3[d/]
Qatar	104.4	364.6	394.8	421.2	423.1	421.3	487.4	613.2	659.7	596.0
Saudi Arabia[e/]	23319.0	23641.0	32422.0	29726.0	27455.0	24906.0	25181.0	18521.0	22912.0	20769.0
United Arab Emirates[f/]	987.0	2093.5	3386.8	2400.1	2257.0	2471.5	3388.9	3554.5	4909.9	4511.2
Other ESCWA countries	3501.7	6358.1	6235.2	6443.1	5574.3	4029.5	4043.3	3713.9	4350.0	3956.3
Democratic Yemen	54.7	235.3	256.3	288.0	283.4	250.5	188.4	139.8	98.9	81.6[d/]
Egypt	297.0	1149.0	1491.0	1276.0	1528.0	1415.0	1370.0	1451.0	2192.0	2085.0[d/]
Jordan	491.7	1347.0	1300.1	1100.1	1023.7	687.2	612.6	640.6	624.8	249.9
Lebanon	1590.8	1977.6	1905.8	2997.5	2291.9	1061.0	1463.2	877.4	757.3	1326.9
Syrian Arab Republic	730.0	366.0	320.0	227.0	81.0	297.0	112.0	173.0	137.0[d/][g/]	...
Yemen	337.5	1283.0	962.0	554.5	366.3	318.8	297.1	432.1	540.0	212.9

Source: International Monetary Fund, International Financial Statistics (various issues).

a/ End of period data on gold (national valuation) and foreign exchange reserves holdings by monetary authorities; reserve position in the Fund (IMF) plus Special Drawing Rights (SDRs), when applicable. These, however, may differ from those reported as "Reserves (net)" in balance of payments data due to differences in coverage and timing.

b/ End of June data for Qatar and Lebanon; end of August data for Egypt and Jordan; end of October data for Oman and Democratic Yemen; end of November data for United Arab Emirates and Yemen; and, end of December data for Bahrain, Kuwait, and Saudi Arabia.

c/ Excludes Iraq for lack of data.

d/ Assuming same value for gold as last reported.

e/ Beginning April 1986, the foreign exchange component excludes the foreign exchange cover against note issue.

f/ Beginning June 1982, the foreign exchange component excludes foreign assets of the central bank and the accrued interest attributable to the Emirates Government.

g/ End of third quarter data.

... = Not available.

Table VII.3. ESCWA Region: Reserves/Imports Coverage1/
(months of current imports)

	1975	1980	1981	1982	1983	1984	1985	1986	1987
ESCWA region	15.8	6.5	7.0	6.4	6.0	5.9	7.7	7.2	7.5
GCC countries	27.4	7.3	8.6	7.4	7.3	7.6	10.2	10.1	10.0
Bahrain	3.1	3.3	4.5	5.3	5.3	4.5	6.4	7.4	5.3
Kuwait	8.4	7.4	7.2	8.7	8.6	8.1	11.0	11.7	9.6
Oman	2.6	4.3	4.3	4.2	4.0	4.3	4.4	5.2	9.7
Qatar	3.1	3.0	3.1	2.6	3.5	4.4	5.1	6.7	7.0
Saudi Arabia	66.4	9.4	11.0	8.8	8.4	8.9	12.8	11.6	11.3
United Arab Emirates	4.4	2.9	4.2	3.1	3.2	4.2	6.0	7.3	8.2
Other ESCWA countries	4.7	4.3	3.1	3.5	2.7	2.0	2.3	2.1	2.4
Democratic Yemen	2.0	4.3	2.2	2.2	2.3	1.9	1.8	1.5	1.0
Egypt	0.9	2.8	2.0	1.7	1.8	1.6	1.6	1.5	2.2
Jordan	8.1	6.8	5.0	4.1	4.0	3.0	2.8	3.2	2.8
Lebanon	9.3	6.2	6.3	10.3	7.4	4.3	8.2	5.0	4.7
Syrian Arab Republic	5.2	1.1	0.8	0.7	0.2	0.9	0.3	0.8	0.7
Yemen	13.8	8.3	6.6	4.4	2.8	2.5	3.2	4.7	5.5

Source: Compiled by the ESCWA secretariat on the basis of data given in national and international sources.

1/ Computed by dividing end of period international reserves by average current monthly imports; excludes Iraq.

Table VII.4. ESCWA Region: Reserves/Imports Coverage 1/
(months of 1980 imports)

	1975	1980	1981	1982	1983	1984	1985	1986	1987
ESCWA region	5.2	6.5	8.4	8.2	7.4	6.7	7.1	5.9	6.8
GCC countries	6.[illegible]	7.3	9.8	9.4	8.7	8.0	8.6	7.1	8.1
Bahrain	1.0	3.3	5.3	5.3	4.9	4.5	5.7	5.2	4.0
Kuwait	3.1	7.4	7.7	11.1	9.7	8.6	10.2	10.3	7.8
Oman	1.1	4.3	5.6	6.5	5.8	6.8	8.1	7.2	10.2
Qatar	0.9	3.0	3.3	3.5	3.5	3.5	4.0	5.0	5.5
Saudi Arabia	9.3	9.4	12.9	11.8	10.9	9.9	10.0	7.4	9.1
United Arab Emirates	1.4	2.9	4.6	3.3	3.1	3.4	4.6	4.9	6.7
Other ESCWA countries	2.4	4.3	4.2	4.4	3.8	2.7	2.7	2.5	2.9
Democratic Yemen	1.0	4.3	4.7	5.3	5.2	4.6	3.5	2.6	1.8
Egypt	0.7	2.8	3.7	3.2	3.8	3.5	3.4	3.6	5.4
Jordan	2.5	6.8	6.5	5.5	5.1	3.4	3.1	3.2	3.1
Lebanon	5.2	6.2	6.0	9.4	7.2	3.3	4.6	2.8	2.4
Syrian Arab Republic	2.1	1.1	0.9	0.7	0.2	0.9	0.3	0.5	0.4
Yemen	2.2	8.3	6.2	3.6	2.4	2.1	1.9	2.8	3.5

Source: Compiled by the ESCWA secretariat on the basis of data given in national and international sources.

1/ Computed by dividing end of period international reserves by average 1980 monthly imports; excludes Iraq.