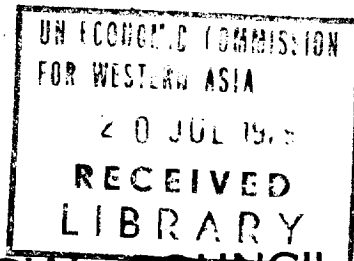


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**FOLLOW-UP TO RESOLUTION 48(IV)**

Economic Survey of the Countries Members  
of the Economic Commission for Western Asia

78-2168

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## I N T R O D U C T I O N

Despite predictions to the contrary, the recovery of the international economy in 1976 and 1977 was slow and uncertain.<sup>1/</sup> Unemployment remained high in most industrialized countries and much of the world's industrial capacity was less than fully utilized. While inflation rates declined, they were still considered unacceptable in most countries.

The slow recovery of industrialized countries has had very adverse implications for developing countries, caught, as they were, between the rising costs of development capital and imported energy, although this has been somewhat offset by the rising export values of the non-oil countries.

Frustration with growing protectionism and price volatility was of special concern to the developing countries and led to the deliberations for establishing buffer stocks during the UNCTAD meetings (Nairobi, 1976) and the North-South dialogue.

A second major consequence of the prolonged recession in the developed countries, which is currently creating concern among the Region's oil exporters, is the trade imbalance created not only between oil exporters and importers but also between the United States and its major trading partners (Europe and Japan). Such an imbalance sent the value of the dollar down by 20 per cent against European currencies during the period reviewed. As oil prices and payments have been denominated in United States dollars, and a

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<sup>1/</sup> Evidence of this is made abundantly clear by the low industrial investment statistics of the United States, Europe and Japan, and the rising public sector spending of the United States which reflected not only government efforts to stimulate the economy but also the continuing conservative mood of the private sector.

The first chapter of the Survey deals with major macro-economic developments and the various national development plans. Sectoral developments in agriculture, mining, quarrying and energy, manufacturing, trade and payments, transport, social developments, labour and employment and science and technology are dealt with in chapter two. The third chapter of the report is concerned with progress in the state of regional cooperation. A summary of problems and prospects is given in chapter four.

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Table 1. Growth of Aggregate Output in 1975-1976  
(Percentage)

	At current prices	At constant prices	1976 output in millions of national currency units
<u>Iraq</u>			
GDP (a)	15.4	7.4	4582.8
GNP (b)	16.6	..	4555.1
<u>Jordan (East Bank)</u>			
GDP (a)	20.9	5.0	325.8
GDP (b)	28.6	11.8	394.2
GNP (b)	42.3	23.6	524.2
<u>Oman</u>			
GDP (b)	8.2	..	799.6
GNP (b)	8.8	..	664.6
<u>Kuwait</u> <sup>1/</sup>			
GDP (b)	-5.0	..	3279.2
GNP (b)	10.5	..	3503.2
<u>Saudi Arabia</u> <sup>2/</sup>			
GDP (a)	..	7.8	..
GDP (b)	15.5	..	155054.0
<u>Syrian Arab Republic</u>			
GDP (a)	22.3	6.2	21062.5
GDP (b)	22.0	8.4	22956.3
<u>Yemen</u> <sup>3/</sup>			
GDP (b)	15.8	3.3	5181.0
GNP (b)	34.8	15.6	7751.0
<u>United Arab Emirates</u>			
GDP (a)	33.0	..	28897.4
GDP (b)	32.7	..	28765.5

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

Note: (a) = At factor cost.  
(b) = At market prices.

<sup>1/</sup> The two years compared are fiscal years 1974/75 (beginning 1 April 1974 and ending 31 March 1975) and fiscal year 1975/76 (beginning 1 April 1975 and ending 30 June 1976).

<sup>2/</sup> Fiscal years ending around the middle of the year.

<sup>3/</sup> Fiscal years ending 30 June.

.../

## B. Sectoral Composition of Output

Available information (see table 2) indicates that the significance of agriculture in total output remained basically unaltered between 1975 and 1976, with the notable exceptions of the Syrian Arab Republic, where close to a 3 percentage point increase occurred, and Yemen, where the share of agriculture fell sharply from 52.2 to 44.5 per cent of total output.

The contribution of mining and quarrying is specially high in the oil producing countries due to the preponderance of the oil sector. Positive developments, however, have been observed in several countries, reflecting the growing importance of phosphates, asphalt, potash, construction materials and salt production. The relative improvement in the position of manufacturing, construction and services, has not significantly altered the dominance of the mining sector in the economy of the Region.

## C. Expenditure on GDP

An examination of the pattern of expenditure on GDP (see table 3) reveals a significant rise in the share of consumption in total output in the oil-exporting countries. A dramatic expansion was recorded in private consumption, especially in Iraq and Saudi Arabia, where private consumption has accelerated with the rise in wages, business incomes and credit expansion. Total consumption, however, for this group of countries is, by international standards, relatively low, ranging between 27 per cent (Abu Dhabi) and 56 per cent (Iraq) of GDP. In contrast, total consumption in the non-oil economies was much higher, ranging from 81 per cent of GDP in

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Table 3. Shares of Expenditures on Gross Domestic Product at Current Market Prices, Selected Years  
(Percentage)

Country	Expenditure components						Exports of goods and services	Imports of goods and services	Domestic saving ratio
	Consumption		Gross domestic capital formation						
	Total	Private	Public	Total	Gross fixed				
<u>Democratic Yemen</u>									
1974	129.2	105.8	23.4	21.3	..	6.8	-57.3	-29.2	
1975	120.2	95.7	24.5	23.9	..	7.5	-51.6	-20.2	
<u>Iraq</u>									
1974	45.1	21.5	23.6	25.2	15.8	61.5	-31.8	54.9	
1975	56.3	33.5	22.8	30.3	18.9	57.9	-44.5	43.7	
<u>Jordan (East Bank)</u>									
1975	133.5	94.0	39.5	31.9	31.5	42.7	-108.1	-33.5	
1976	124.5	90.3	34.2	41.0	37.7	49.7	-115.2	-24.5	
<u>Kuwait</u>									
1974/75	24.0	12.3	11.7	5.3	5.1	86.7	- 16.0	76.0	
1975/76	33.9	18.1	15.8	7.8	7.5	80.8	- 22.5	60.1	
<u>Oman</u>									
1975	54.3	10.6	43.7	30.2	..	66.2 <sup>2/</sup>	- 50.7	45.7	
1976	52.8	..	..	30.9	..	16.3 <sup>2/</sup>	..	47.2	
<u>Saudi Arabia</u>									
1974/75	22.2	10.3	11.9	12.9	..	85.3	- 20.4	77.8	
1975/76	30.4	18.2	12.2	23.2	..	77.6	- 31.2	69.6	
<u>Syrian Arab Republic</u>									
1975	85.3	63.3	22.0	29.3	..	25.8	- 40.4	14.7	
1976	80.6	60.1	20.5	35.3	..	23.4	- 39.3	19.4	
<u>Yemen</u>									
1974/75	97.6	86.0	11.6	24.1	13.1	6.3	- 28.0	2.4	
1975/76	105.8	92.7	13.1	22.6	14.9	7.7	36.1	- 5.8	
<u>United Arab Emirates (Abu Dhabi)</u>									
1975	21.9	..	..	25.9	24.4	106.7	- 54.5	78.7	
1976	27.3	..	..	22.4	20.9	95.7	- 45.4	72.7	

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

Note: See footnotes 1, 2 and 3 of table 1.

1/ Defined as the ratio of the difference between GDP and Consumption to GDP.

2/ Net exports of goods and services.

.../

The investment-savings gap in non-oil exporting countries continued to be large and was covered by substantial financial inflows. By contrast, savings exceeded investment by far in the oil exporting-group. Thus indicating that the absorptive capacity of these countries was still limited relative to the rate at which income was being generated.

#### D. Fiscal Developments

Central government revenues and expenditures in most countries of the region continued to increase in 1976 <sup>1/</sup> (see table 4).

In the oil-producing countries, total central government revenues, which reflect movements in oil receipts, grew at high rates, varying between 10 per cent for Oman and 42 per cent for Bahrain, with Kuwait, Qatar and Abu Dhabi recording growth rates of about 25 per cent each. In Saudi Arabia, however, central government revenues grew by one per cent only as a result of a meagre 0.9 per cent increase in oil revenues.

Taken as a percentage of GNP, at current market prices, total revenues in Oman, Saudi Arabia and Abu Dhabi dropped from an average of 72 per cent to 69 per cent, while oil revenues decreased from an average of 66 to 64 per cent. <sup>2/</sup>

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<sup>1/</sup> Available figures for Democratic Yemen and Iraq could not be compared because, starting 1976, the fiscal year was changed to correspond with the calendar year.

<sup>2/</sup> The ratio of total revenues to GNP in 1976 reached 76 per cent in Oman, 65 per cent in Saudi Arabia and 66 per cent in Abu Dhabi, while the ratio of oil revenues reached 68, 61 and 64 per cent, respectively.

.../



Oil revenues continued to account for about 91 per cent of the combined total government revenues in the oil-producing countries.<sup>1/</sup> Revenues from this source continued to constitute the bulk of tax revenues, with customs duties constituting, on the average, only 4.5 per cent of tax revenues.

In the non-oil economies, central government revenues grew in 1976 by 31 and 49 per cent in Jordan and Yemen, respectively. Budget estimates in the Syrian Arab Republic point to a 4 per cent decrease, mainly as a result of the fall anticipated in the transfer to the budget of surpluses from public enterprises.

In the four non-oil producing countries reviewed, tax revenues, which constitute, on the average, about 73 per cent of total revenues, grew by 48 and 66 per cent in Jordan and Yemen, respectively, and by only 3 per cent in the Syrian Arab Republic. Indirect taxes, mostly customs duties, continued to constitute the highest share of total revenues, while taxes on income and wealth formed a small proportion of total tax revenues in these countries. This indicates that these countries, similar to most developing countries, have a revenue system which still relies on indirect taxes, in general, and on customs duties, in particular, as their main source of revenues. There was some improvement during 1976 in government revenues from taxes as collection was improved and tax laws were revised. Taxes still do not, however, play the role expected of them in mobilizing financial resources for public sector development.

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<sup>1/</sup> This share was only about 81 per cent in each of Bahrain and Iraq.

.../

In spite of substantial government savings <sup>1/</sup> in all the oil producing countries, government budgets in Bahrain, Iraq and Oman have experienced deficits owing to increased development outlays. These deficits were mainly met from reserves and in the latter two countries partly also from external grants and loans and public borrowing.

In Jordan, the Syrian Arab Republic and Yemen, the increase in total government expenditures in 1976 resulted in budgetary deficits in all the three countries. For the latter two countries, this reflected the large increases in development outlays (140 and 34 per cent, respectively). Ordinary expenditures in the three countries mentioned increased in 1976 by 6, 16 and 28 per cent, respectively, as compared with 31, 61 and 46 per cent in 1975. The substantial budgetary deficit experienced in 1976 by the non-oil producing countries was largely met by internal loans and foreign aid, and by increases in the public debt.

#### E. Monetary Developments

Total money supply ( $M_2$ )<sup>2/</sup> rose during 1976 at high rates in all the countries of Western Asia ranging between 21 per cent in Iraq, and 125 per cent in Yemen (see table 5). Taken as a per cent of GNP <sup>3/</sup>,

- 
- <sup>1/</sup> Defined as total current government revenues minus current expenditures
- <sup>2/</sup> Money supply is defined to comprise currency in circulation plus demand deposits ( $M_1$ ), plus private time and savings deposits.
- <sup>3/</sup> For the other countries, no GNP figures are yet available for 1976. As for Saudi Arabia and the Syrian Arab Republic, only GDP figures were available for 1976.

.../

Table 5. Percentage Growth in Money Supply, Net Foreign Assets and Credit to Private and Public Sectors between 1975 and 1976.

	<u>Money Supply <sup>1/</sup> (M<sub>2</sub>)</u>	<u>M<sub>1</sub></u>	<u>Net Foreign Assets</u>	<u>Credit to Private Sector</u>	<u>Credit to Public Sector</u>
<u>Oil-economies</u>					
Bahrain	64.9	64.4	14.2	67.5	-
Iraq	21.2	20.7	67.3	19.9	-9.0
Kuwait	36.9	35.6	-3.2	84.4	-
Oman	52.5	43.4	-31.9	35.5	44.1
Qatar	54.8	57.0	31.4	54.4	38.5
Saudi Arabia	87.8	102.6	48.7	47.8	-
United Arab Emirates	90.7	81.5	54.6	83.2	413.6
<u>Non-oil economies</u>					
Democratic Yemen	43.7	47.1	-26.5	18.3	73.0
Jordan	29.1	20.6	10.4	53.3	26.9
Syrian Arab Republic	24.0	23.5	-99.2	45.1	52.2
Yemen	124.8	116.0	99.5	163.6	-11.2

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

<sup>1/</sup> This is defined to include currency in circulation and demand deposits (M<sub>1</sub>), plus private time and savings deposits.

.../

pressures.<sup>1/</sup> To some extent this moderation in the rate of inflation may be attributed to external factors. The imports of most of the oil-producing countries, which constitute, on the average, about 40 per cent of GNP were relatively cheaper in 1976, as depicted by the export prices of their main trading partners.<sup>2/</sup>

With external factors exerting a moderating effect on the level of prices in the countries of the region, the increase in consumer prices may be attributed to internal factors, mainly increases in the money supply and in credit to private and public sectors, and in public expenditures, particularly from the ordinary budget.

In the non-oil producing countries, namely, Democratic Yemen, Jordan, the Syrian Arab Republic and Yemen, consumer prices followed a declining trend in 1976 over 1975, except in Jordan where the rate of increase accelerated from 12 per cent to 15 per cent, partly as a result of the large inflow of Lebanese emigrants and businesses and the consequent effect on the prices of foodstuffs and rents. In Democratic Yemen, the Syrian Arab Republic and Yemen, the rate

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<sup>1/</sup> These measures included the Central Bank's decision to raise interest rates and impose ceilings on commercial banks' lending to the private sector which resulted in lowering the rate of increase of  $M_1$  to 12 per cent in mid-1977, as against 36 per cent in 1976.

<sup>2/</sup> World export prices increased by only 2.3 per cent in 1976, as against 8.5 per cent in 1975; the export prices of industrial countries - the main trading partners of the countries of Western Asia - increased by only one per cent in 1976, as compared with 11.7 per cent in 1975.

.../

of increase in consumer prices declined from 12, 16 and 24 per cent in 1975 to 3, 15 and 16 per cent, respectively, in 1976. In addition to the external and internal factors mentioned above, improvement in agricultural production in 1976 and in food production also contributed in moderating price increases.

G. Overall financial developments

During the period 1975-1977, the Region witnessed significant developments in the field of finance. This has been particularly pronounced in the oil-producing countries.

The serious shortages of skills and the relatively limited investment opportunities in some of the countries concerned have led financial institutions in the Region to seek investment outlets elsewhere, especially in developed countries' financial markets. In addition to the establishment of commercial banks, a number of consortium banks also started operating in Europe. This was accompanied by the setting up of new investment companies, both outside and inside the Region, mainly in Kuwait and the United Arab Emirates. In the latter country, six new investment companies were set up during 1976. This resulted in the increasing role of the Arab world in underwriting operations on an international level. Between 1974 and the end of May 1977, 266 publicized Eurobonds were issued, of which 49 issues were "lead managed" by financial institutions from the Region and in particular by the 3 leading Kuwaiti investment companies. In 1976, the total amount of both lead and co-managed Eurobonds reached \$2650.7 million, 16.9 per cent more than in 1975, out of which \$423.1 million were "lead managed" by local commercial banks and financial institutions from the Region. Up to May 1977,

.../

## H. Planning <sup>1/</sup>

Development efforts in the ECWA Region have been carried out through successive plans of five and three years' duration or through annual budgetary allocations. Hence, current plans can be viewed as a continuation of national endeavours to build on the foundations and framework of earlier plans.

In virtually all these plans, the emphasis has been on: (a) economic growth and diversification; (b) reduction of unemployment and underemployment, and provision of increased employment opportunities to meet the expected rapid growth of the labour force; (c) more equitable distribution of income among different segments of the population and different regions of the country; and, (d) promotion of self-reliance in carrying out development tasks through the mobilization of natural, human and financial resources.

The annual planned growth target rates in the major oil-exporting countries, ranging between 10 and 17 per cent for GDP<sup>2/</sup> are impressive and reflect the economic means which became available through the increasing value of oil exports. The growth targets of the non-oil economies, varying between 8 and 12 per cent, are no less ambitious, especially when viewed in terms of these countries' relatively limited domestic financial resources, as reflected by the importance given to external sources of financing in their plans.

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1/ All planned growth rates are in real terms.

2/ Except for Oman, where GNP is planned to grow at 33 per cent annually.

.../

The Plan anticipates that GDP and GNP will grow (at constant 1975 prices) at an average annual rate of 16.6 and 17.1 per cent, respectively, whereby GDP will rise from ID 4262.6 million in the base year (1976) to ID 7881.5 million in the final year, and GNP from ID 4155 million to ID 7801.5 million. As a result, per capita income would rise from ID 349 to ID 575, at an annual rate of 13.3 per cent. The achievement of these targets assumes annual growth rates of 17.8 per cent in the commodity producing sectors<sup>1/</sup>, 10.9 per cent in the distribution sectors<sup>2/</sup>, and 10.4 per cent in the services sectors. Sectoral growth is designed to effect structural transformation; the share of the commodity producing sectors in GDP is to rise from 72.0 per cent in the base year to 76 per cent by the end of the Plan period, and that of services to decline from 16.2 to 13 per cent. Agriculture is presumed to maintain its 5 per cent share in total output, and oil to fall to 50.6 per cent from the base year level of 53.5 per cent, while manufacturing is planned to have its share rise from 6.7 to 11.4 per cent during the plan.

As to employment, the Plan envisages a 4.3 per cent growth in the labour force and a rise in the crude participation<sup>3/</sup> rate from 25.7 to 27.0 per cent, with agriculture absorbing less of the labour force, 47.7 per cent in 1980 as compared with 53.0 per cent in 1976.

- 
- 1/ Comprising agriculture, industry, construction, water and electricity. Agriculture & Industry are expected to grow by 7.1, 17.8 per cent, respectively, with manufacturing expanding by 33 per cent and oil by 5 per cent.
- 2/ Comprising trade, transport and banking
- 3/ Defined as the ratio of labour force to total population.

.../

will drop to 8.3 and 5.3 per cent, respectively, from the previous levels of 10.3 and 7.6 per cent.

The Plan also anticipates an increase of 32 per cent in the labour force between 1976 and 1980.

The Five-Year Development Plan (1976-1980) of Oman envisages a total expenditure of RO 2797 million, of which external financing is expected to cover 14.4 per cent. Of total fixed investment equivalent to RO 1356 million (35 per cent of total GDP), the public sector's contribution is estimated at 69 per cent. Social infrastructure is to receive 10 per cent, while economic infrastructure will receive 50.4 per cent. Special emphasis is given to manufacturing and agriculture; the share of the former in fixed investment is estimated to rise from 2.4 per cent in 1976 to 17.9 per cent in 1980, while that of the latter will rise from 1.4 to 9.5 per cent over the same period.

The plan aims at increasing GDP from RO 753 million in 1976 to RO 806 million in 1980, and GNP from RO 623 million to RO 704 million (less than 3 per cent for GNP and about one per cent for GDP) at constant 1976 market prices. These relatively low average annual growth rates are explained by the overall decline projected for the following three major sectors: oil (3.7 per cent), construction (35.5 per cent) transport and communications (24.0 per cent) over the plan period. As a result, the share in GDP of the oil sector will drop from 57 to 57 per cent. Such a decline is to be offset by a rise in most of the other sectors, with increases occurring in the shares of agriculture and manufacturing (from 2.4 to 3.7 per cent and from 0.4 to 3.1 per cent, respectively), between the base and target years.

.../



The Fourth Development Plan (1976-1980) of the Syrian Arab Republic envisages a total spending of SP 54,166 million, of which the public sector's share is 82.7 per cent. Fixed investment over the plan period is estimated to be SP 39,785 million, representing around 30 per cent of total GDP during the Plan. The highest share of investment (24 per cent) is allocated to agriculture, mainly to the Euphrates project (14 per cent), followed by industry (21 per cent) and housing (15 per cent).

GDP is planned to grow at an annual rate of 12 per cent, rising from SP 19,018 million in the base year (1975) to SP 33,510 million in the target year (1980), with per capita income growing at the rate of 7.9 per cent. The commodity-producing sectors are planned to grow at an average rate of 13.1 per cent, implying annual growth rates of 8.0, 15.4 and 16.0 per cent for agriculture, industry and construction, respectively. Although the overall importance of the commodity-producing sectors in total output will change very little over the Plan period (from 45.0 to 46.2 per cent), the share of industry is expected to rise from 22.4 to 26.2 per cent, while that of agriculture will fall (from 16.3 to 13.6 per cent).

Labour force growth is estimated to be at the annual rate of 4.9 per cent, while labour productivity is to increase by 6.8 per cent.

The Five-Year Development Plan (1976/77-1980/81) of Yemen sets total spending at YR 16,550 million. Fixed capital formation is estimated at YR 15,971 million (representing 48.7 per cent of total GDP)<sup>1/</sup>, of which 41.4 per cent is to be financed from

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<sup>1/</sup> This high ratio is explained by the fact that capital intensive projects will be resorted to. Thus, the average capital-output ratio will rise from 2.8:1 in the base year to 8.8:1 in the target year.

.../

The Five-Year Development Plan (1974/75-1978/79) of Democratic Yemen is being implemented through annual budgets that have been adjusted to changing circumstances and availability of funds.

Investment expenditure, mainly dependent on grants and loans, was set at YD 75.4 million. The largest share of expenditure was allocated to agriculture (37 per cent), followed by transport and communication (25 per cent), social services (19 per cent) and industry (18 per cent).

Budgetary allocations in the first two years of the plan were revised upward in the light of changed circumstances to amount to YD 73 million, which is almost equal to the initial investment target for the whole plan. However, actual investment expenditure in 1974/75 and the remaining 9 months of 1975 amounted to YR 39 million, showing a ratio of actual to planned expenditure of 67.2 per cent in 1974/75 and 56.2 per cent in April-December 1975. The reasons behind such discrepancies were mainly manpower shortages, administrative bottlenecks and delays in obtaining foreign finance and supplies.

The Three-Year Development Plan of Abu Dhabi was intended to come into effect in 1977 and to provide for an expenditure of DH 34 billion. It aims at increasing GNP and GDP (at 1975 prices) at annual rates of 13.5 and 15.5 per cent, respectively. Around 39 per cent of investment expenditure will be devoted to the development of infrastructure, 38 per cent to industry, 21 per cent to the public sector and 2 per cent to agriculture.

.../

Table 7. Index Numbers of Total Net Agricultural Production  
in the ECWA Countries, Selected Years

(1961-1965=100)

Country	Indices					Annual percentage change	
	1969	1974	1975	1976	1977 <sup>a/</sup>	1961/65-1976 <sup>b/</sup>	1975-76
Bahrain	111	147	140	142	143	2.7	1.4
Democratic Yemen	118	135	134	133	131	2.8	-0.8
Iraq	127	126	116	136	134	2.5	19.0
Jordan	69	89	53	53	53	-4.8	-
Kuwait	120	134	123	124	133	1.7	0.8
Lebanon	113	157	148	159	162	3.6	7.4
Oman	113	133	134	135	137	2.3	0.8
Qatar	153	197	202	211	219	5.9	4.4
Saudi Arabia	116	136	143	144	146	2.8	0.7
Syrian Arab Republic	108	132	135	153	136	3.3	13.3
Yemen	91	106	120	114	114	1.0	-5.0
ECWA region	110	127	124	137	130	2.5	10.5

Source: United Nations Economic Commission for Western Asia, based on data compiled from international sources.

a/ Preliminary.

b/ Compound annual rates of growth.

.../

Table 8. Index Numbers of Food, Non-food and Total  
Agricultural Production in the ECWA Region,  
Selected Years

(1961-1965=100)

Items	Index numbers			Annual percentage change b/	
	1975	1976	1977 <sup>a/</sup>	1961/65-1976	1976 over 1975
Food production (net)	126	139	132	2.5	10.3
Non-food production (net)	111	118	121	1.3	6.3
Total agricultural production (net)	124	137	130	2.5	10.5

Source: United Nations Economic Commission for Western Asia, based  
on data compiled from international sources.

<sup>a/</sup> Preliminary.

<sup>b/</sup> Compound annual rates of growth.

.../

Table 9. Index Numbers of Crop and Livestock Production  
(Gross) in the ECWA Region, Selected Years  
 (1961-1965=100)

Item	Index numbers			Annual percentage change	
	1975	1976	1977 <u>a/</u>	1961/65-1976 <u>b/</u>	1976 over 1975
Crop production	123	137	124	2.5	11.4
Oil crops	115	117	107	1.2	1.7
Cereals	104	128	95	1.9	23.1
Livestock production	130	137	140	2.5	5.4

Source: United Nations Economic Commission for Western Asia, based on data compiled from international sources.

a/ Preliminary.

b/ Compound annual rates of growth.

Following a period of stagnation in the late sixties, the seventies brought continuous expansion of livestock production in the Region at an average rate of more than 5 per cent annually. It is in the smaller Gulf countries that the expansion of production has been most rigorous; the 1976 output being double that of the 1961-65 average.

#### Agricultural inputs

The achievement of the required expansion of agricultural production in the developing countries greatly depends on adequate and sustained supplies of modern inputs or production resources, such

.../

Table 10. Trade in Agricultural Requisites in the ECWA Region, Selected Years

(thousand of US dollars; percentage )

	1961-65 (average)	1969	1974	1975	Percentage 1961/65-1975 (annual)	change 1975 over 1974
<u>Exports</u>						
Crude fertilizers	5,189	10,038	85,755	76,604	23.0	-10.7
Manufactured fertili- zers	206	15,680	173,252	213,430	..	23.2
Pesticides	44	290	308	295	..	-4.2
Agricultural machinery	177	469	467	198	..	-59.7
Total exports	5,616	9,811	259,782	290,317	38.9	11.8
<u>Imports</u>						
Crude fertilizers	390	2,296	22,905	8,005	28.5	-65.1
Manufactured fertili- zers	7,534	10,645	33,596	92,916	26.0	176.6
Pesticides	4,156	6,959	16,453	34,775	19.4	113.6
Agricultural machinery	13,429	28,045	51,393	75,070	15.4	46.1
Total imports	25,509	47,945	124,352	210,766	19.2	69.5

Source: United Nations Economic Commission for Western Asia, based on data compiled from international sources.

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Table 11. Concentration of Trade in Agricultural Commodities  
among ECWA Countries, 1961-1965 and 1976

(in percentage)

<u>Exports</u>			<u>Imports</u>		
	<u>1961-1965</u>	<u>1976</u>		<u>1961-1965</u>	<u>1976</u>
<u>Non-oil economies</u>	93.8	86.1	<u>Non-oil economies</u>	66.8	56.6
Iraq	12.0	10.5	Iraq	15.7	22.3
Jordan	3.7	6.8	Jordan	7.8	7.6
Lebanon	13.5	22.4	Lebanon	23.3	9.1
Syrian Arab Republic	51.0	43.3	Syrian Arab Republic	9.2	10.5
The two Yemens	13.6	3.1	The two Yemens	10.8	7.1
<u>Oil economies</u>	6.2	13.9	<u>Oil Economies</u>	33.2	43.4
			Kuwait	12.2	11.4
			Saudi Arabia	16.8	23.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>		<b>100.0</b>	<b>100.0</b>

Source: United Nations Economic Commission for Western Asia, based on data compiled from international sources.

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will instead be regarded as a useful tool in resolving environmental problems. Foresters may be called upon to stop dunes, regulate floods, fight erosion and provide windbreaks, much more than to produce wood. This trend is confirmed by the relatively important programmes in this respect in several of the Gulf countries. Also, in Jordan and Lebanon there are considerable efforts to expand tree plantations.

The Region's forestry resource base being small, a relatively sizeable import trade of forestry products has developed. Stable world market conditions disappeared in 1973-1974, as a crisis situation developed for several product categories, the impact of which is still being felt in the market.

B. Mining, Quarrying and Energy

The position of the developing countries in the field of mineral resource development remains unsatisfactory. They possess one half of the world's land area, but their known mineral resources amount to only one third of the world total.

The exploitation of natural resources has been a dynamic factor in the economic and social development of Western Asia. Several countries depend almost entirely on a single commodity (oil). Jordan depends, to a large extent, on revenues derived from phosphate exports in carrying out its development projects. Other countries in the Region are increasingly realizing the potential role of natural resources in the development process and are currently undertaking mineral investigations of their territories.

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A large number of mineral occurrences in Democratic Yemen, Oman and the United Arab Emirates have not yet been studied and evaluated, although preliminary reports indicate possible discoveries of new commercial deposits. Furthermore, most of the ECWA Region still needs to be surveyed before a proper evaluation of its mineral reserves can be undertaken. Priority should, therefore, be given to pre-investment, as opposed to investment activities in mineral resources.

Recognizing the role of mineral resources in the economic and social development of the ECWA Region, and the need for a regional policy-making body in this field, the Third Arab Conference on Mineral Resources (held in Rabat, Morocco, April 1977) adopted a resolution on the establishment of an Arab Organization for Mineral Resources Development.

In the energy field, the Region's total primary energy requirements are estimated at 39 million metric tons of oil equivalent <sup>1/</sup> in 1977, as against 35 and 31 millions in 1976 and 1975, respectively. Oil accounts at present for more than 75 per cent of these requirements, natural gas for 22-23 per cent and primary (hydro) electricity for 2 per cent. In 1960, the corresponding percentages were 82, 17 and one respectively, showing the significant growth in the use of natural gas in the Region, principally for electricity generation and also in final consumption.

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<sup>1/</sup> All primary and derived oil and gas fuels are expressed in terms of the quantity of crude oil which gives the same amount of heat and hydroelectricity in terms of the amount of oil which would be needed to produce the same amount of electricity in existing conventional thermal power plants.

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The increasingly dominant role of the ECWA Region in the international petroleum set-up is clearly shown in the following figures. By the end of 1977, the Region accounted for 47 per cent of world proven reserves of crude oil. More than 85 per cent of the remaining world reserves in supergiant fields <sup>1/</sup> lie in the Region. The cumulative output of the past seven years (1971-1977) exceeded all that the Region had ever produced before (37 billion barrels). The Region's reserves to production ratio declined from 65-66 to one in 1971-1972, to 51 to one in 1976-1977 <sup>2/</sup>.

The five ECWA countries members of the Organization of Petroleum Exporting Countries (OPEC) accounted in 1976-1977 for 54 per cent of OPEC exports, as compared with 42 per cent in 1970<sup>3/</sup>. During the last three years, the ECWA Region provided the world with 46-47 per cent of its crude oil imports, as against less than 38 per cent in 1970. Countries of the Organization for Economic Co-operation and Development (OECD), responsible for some 82 per cent of world crude oil imports, have been absorbing since 1973 four-fifth of the Region's exports (82 per cent in 1971-1972). While ECWA countries' dependency on OECD markets has been decreasing, the OECD members' dependency on the Region's crude has been increasing; the latter accounted for nearly half of the former's crude imports in 1976-1977, as against 40 per cent in 1970. The United States has been the most striking example of this dependency increase; ECWA oil represented in

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- <sup>1/</sup> Super-giant fields are defined as fields with remaining proven reserves of more than 10 billion barrels.
- <sup>2/</sup> The world ratio stood at 29 to one in 1977.
- <sup>3/</sup> OPEC accounted for 85-88 per cent of world crude oil exports in 1970-1977.

.../

and water are the basic industries and have been established over a relatively long period. Manufacturing, where it does exist, has been dominated by petroleum refining and more recently supplemented by rapid growth in building materials, especially cement, and the production of aluminium and fertilizers in certain countries. In the two Yemens, special efforts at industrialization are still needed to create opportunities for gainful employment, to raise income potentials, and to create a modern sector capable of absorbing modern technology.

When considering the share of industry in GDP, exclusive of crude oil extraction so as to facilitate the evaluation of other industrial activities, the ECWA countries have achieved high rates of growth as compared with other developing countries, such as the Phillipines, India and Mexico.

The very limited data available for Abu Dhabi, Kuwait and Oman show that the manufacturing sector is either in an embryonic stage, or dominated by petroleum refining, fertilizers and other non-metallic activities, as in the case of Kuwait. Gross value added in the manufacturing sector of Kuwait grew from \$142.8 to \$351.7 million between 1972 and 1975, but its share in the Region's industrial activity remained low. Employment in this sector increased from 22 thousand to 24.4 thousand in the same period.

In Democratic Yemen and Yemen, manufacturing recorded high growth rates between 1970 and 1975. The share of manufacturing in the GDP rose from 5.1 per cent to 7.4 per cent in the former, and from 4.3 per cent to 5.3 per cent in the latter country. Over the same period, the share of manufacturing in

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D. Trade and payments

Compared with a rise of about 13.5 per cent in the value of world trade in 1976, total exports and imports of the ECWA region (see table 12) increased by 22 and 32 per cent, respectively. For exports, this represented a recovery from the 12.6 per cent decline experienced in the preceding year; while for imports it was a deceleration from the 57 per cent expansion realized in 1975.

Fast export growth was recorded in Jordan (36.6 per cent), followed by Saudi Arabia (30.2 per cent), the United Arab Emirates (24.2 per cent) and Qatar (23.4 per cent). Exports fell by 27 per cent in Yemen and moderate expansion was realized in Iraq, Kuwait and Oman. Incomplete information for 1977 point to a good export performance in Bahrain, Iraq, and Jordan, and a deceleration from the 1976 pattern in the remaining countries for which data were available, particularly Qatar.

Imports into Qatar and Saudi Arabia expanded by 101 and 71 per cent, respectively, in 1976 as compared to 1975. In contrast, Iraq's imports fell by 18 per cent and those of Oman remained at the same level. The remaining countries recorded growth rates varying between 19 per cent in the Syrian Arab Republic to 44 per cent in Bahrain. Partial data for 1977 point to a recovery of imports into Iraq and the maintenance of rapid expansion in Bahrain, Jordan, the Syrian Arab Republic and the United Arab Emirates.

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Oil continues to account for the bulk of the Region's export trade, thus highlighting the urgent need for export diversification. Such efforts at diversification in the economies of the Region are evidenced by the very high proportion of imports to cover the costs of infrastructural and industrial investment, technology, as well as shorter run import-substitution programmes.

Iraqi exports, while dominated by oil, are being increasingly supplemented by exports of trucks, fertilizers and agricultural equipment, usually under bilateral trade agreements. The Syrian Arab Republic, while gradually increasing its earnings from oil exports, has also enjoyed favourable export developments in the volume and prices for its cotton exports.

In all countries, the increase in imports of consumer goods under the impact of rising incomes and the demonstration effect, together with increased availabilities of external financing in the non-oil economies, has created an import pressure that is difficult to control.

Consumer goods imports, however, are primarily constrained by the priority accorded to development needs, estimated export revenues and the anticipated flow of aid and soft loans. The application of such management principles is exemplified by Iraq's application of exchange control which caused imports to be reduced during 1976 and, conversely, to the increased imports of Jordan and Yemen due to rising development aid and loans. Serious problems could develop when needed imports are subject to the uncertainties of economic assistance, as in the case of Jordan and the Syrian Arab Republic, where the momentum of imports has been hard to adjust to the volatility of aid and loan assistance.

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An analysis of the direction of the Region's overall export trade reveals that exports to the leading industrialized countries are dominant, reaching in 1976 as high as 82.7 per cent for Democratic Yemen, but as low as 6.5 and 7.4 per cent for Jordan and Lebanon, respectively.

The percentages are generally higher for the oil exporting countries whose main markets are found in the major industrial states. Japan is the largest importer of oil in the Asian area and constitutes the major export market for Bahrain and Kuwait. Several considerations, including the attraction of hard currency earnings for the non-oil member states, limit interest in the Asian, African and Eastern European markets, although the Syrian Arab Republic and Yemen have developed relatively important export markets in Eastern Europe. The former country and Iraq have also developed large export sales in the nearer South Eastern European states such as Yugoslavia, Turkey and Greece.

During 1976-1977, there was a growing interest in trade development with Latin America, and recent trade negotiations should promote the growing volume of trade in that direction. Current trade developments with Latin America are dominated by the oil exporters, namely, Iraq, Qatar, Saudi Arabia and the United Arab Emirates.

The major industrialized countries are also the major source of regional imports, providing as much as 81 per cent of Saudi Arabia's imports in 1976 and about 70 per cent of those of Iraq, Kuwait, Qatar and the Syrian Arab Republic. Imports from this

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Transfers, mainly from oil-producing members, have continued to be an important means of meeting these trade deficits. In absolute terms, however, net transfers were lower in 1976, as compared with 1975, in each of Jordan and the Syrian Arab Republic, and significantly higher (about twice as much) in Yemen. In the latter country, net transfers were more than sufficient to offset the trade deficit.

As has been expected with the rapid accumulation of petrodollar surpluses, and the gradual development of an investment portfolio, the levels of investment income have been rising, despite the dampening influence of recession in the Western industrialized countries where most investments have been placed. Government investment portfolios have been conservative, however, with heavy reliance on short term government securities. <sup>1/</sup>

International reserves of the ECWA Region (excluding Oman) rose from \$32.3 billion in 1975 to \$39.4 billion in 1976. The upward trend in reserves was maintained in 1977. Non-oil producers' international reserves continued to rise between 1975 and 1976, with the exception of the Syrian Arab Republic, where a decrease in aid in 1976 relative to 1975 required the funding of 1976 development commitments from reserves. Among the oil producers, reserves have grown rapidly between 1975 and 1977, with the exception of the United Arab Emirates, where reserves dropped from \$1928.6 million to \$824.4 million between the end of 1976 and 1977. Iraq's cautious import policy in 1976 (due to concern over possible level of oil exports)

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<sup>1/</sup> See footnote on page 6.

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The post-1973 pressures brought to bear upon the then inadequate transportation infrastructure have now been contained, and in some instances put right. Compared with the mid-1975 period, when there were huge assemblies of 50 to 100 ships outside the port of Jeddah, many of which waited three months or more for an available berth, the current situation shows that most ports of the Region now have virtually no congestion.

Saudi Arabia's \$1.39 billion investment programme for ports development in its 1975-1980 Five-Year Plan centres on projects at Jeddah, Damman, Jubail, Yanbu, Jizan, Tuwwal and Al-Qar. At Jeddah, port expansion underway includes 7 general cargo berths, one roll on/roll off (ro/ro) berth (dredged to 8 metres), and the "Northern" berth for conventional cargo, all of which are expected to be in operation by mid-1978. Work is in progress for establishing a \$1.2 billion industrial and commercial port complex at Jubail. The ports at Tuwwal and Al-Qar are primarily intended for handling bulk cement.

The port development programme in the United Arab Emirates is very ambitious. In Dubai, plans are under-way to construct at Mina Rashid 18 new berths, in addition to the existing 19 deepwater berths at a cost of \$340 million. This will increase the present berth capacity from 5 to 13 million tons per annum. Mina Rashid has, in the past, been an important distributive centre for neighbouring countries and the developments underway point to its growing importance as a trans-shipment centre for containerized cargo.

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Bahrain is expanding Mina Sulman's capacity. Extension of the jetty has recently been completed and has been put into service. Two additional berths are under construction and expected to be completed during 1978.

Kuwait has expanded Mina Suwaikh's capacity which now has 18 cargo berths, one passenger berth and two dolphin berths. Construction of general cargo berths is also underway at Mina Shuaiba.

Iraq's \$30 million port development scheme, for the construction of three new berths at Umm Qasr, is designed both for the sulphur export traffic and for general cargo. At Abu Flus, a special berth with loading conveyors is being completed to handle fertilizer exports of about 2 million tons per year.

Jordan has recently expanded Mina Aqaba's capacity through the installation of two floating pontoon berths.

In the Syrian Arab Republic, two enclosing breakwaters have been completed at Mina Tartous as well as the special pier for loading phosphates (together with machinery and storage silos); a sulphur loading berth is to be completed.

The port of Beirut is slowly recovering from the aftermath of the civil war. Restoration of the war-torn port is underway and includes the construction of 17 sheds (in various phases), equipment modernization and rubble clearance.

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Port projects were based on handling the types of ships serving the Region's trade which have undergone significant changes in the recent past, mainly due to the introduction of container ships and ro/ro vessels. In the majority of cases, the plans catered for handling break-bulk cargo traffic and the facilities so built have become unsuitable for the fast developing container traffic. Fifty to sixty per cent of the traffic is already containerized.

Reassessment of major capital expenditures on port projects has begun with Abu Dhabi's recent decision to hold in abeyance its \$74 million 34-berth outer harbour project. This cut-back in commercial harbour investment, however, does not prejudice the requirements of port facilities for the growing petrochemical industries as Abu Dhabi is going ahead with its scheme for Al-Ruweis' 20-berth port, directly connected to its industrial/petrochemical complex.

During the last few years, the development of railways in the Region has progressed rapidly, particularly in Iraq and the Syrian Arab Republic, to meet national needs and cater for the increasing flow of traffic from neighbouring countries.

The Syrian Arab Republic has accelerated the development and modernization of its network and has phased out, in 1977, its steam locomotives in favour of diesel engines. The main achievements have been the modernization and construction of the new East-West line from Latakia to Deir-ez-zor, via Aleppo and Raqqa, along the Euphrates Valley and in the North of Kamichlieh via Hassake. The gap between

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Iraq has completed the feasibility and design study of this new rail link with the Syrian Arab Republic which runs from Baghdad via Huseibeh to Abu Kamal; the bid offers were presented in 1977. This line, when completed, will constitute a direct and shorter link between the Gulf area and the Mediterranean ports.

During the period under review, large investments were allocated for the construction of new roads and improvement of the existing ones.

In Iraq the progress has been remarkable and the total length of the road network now stands at 3,250 kilometres, most, if not all, of which is of international standard with single and double carriage-ways of 7.5 and 7.3 metres, respectively. The Government of Iraq has a well-advanced plan to build an express double carriage highway of three lanes connecting Baghdad with Kuwait via Basrah; Baghdad to the port of Aqaba in Jordan and **also** Iraq with the Syrian Arab Republic. The total length of these highways is expected to be about 1,200 kilometres. The feasibility and design studies of this project has been completed and completion of the project is scheduled for 1980.

In Jordan some major road links were completed during 1977, such as the Yarmouk - Dead Sea road, the Safi-Aqaba road, the Azrak - Saudi Arabia border road, and the Ma'an-Aqaba road. The Ma'raq-H5 road to the Iraqi border is under construction.

In Lebanon, where the events of 1975-1976 had brought to a stop the construction and improvement of roads, work started in 1977 to complete those sections of the international highway linking Beirut with Damascus via Chtura and Masna' in the East, and Beirut-Tripoli-Syrian border in the North.

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In Democratic Yemen, 460 kilometres of highway have been completed with the aid of China. The road was opened in October, 1977, and joins the coastal towns of Mukalla with Amiene in the southwest and passes through 3 governorates via Al-Mahfad.

F. Social Developments

The countries of the ECWA Region view the expansion of education as an important condition of socio-economic development. The emphasis on education, however, varies from one country to another. Trends in educational development within the Region are marked by a rapid expansion of the systems in all the countries. This is reflected in higher enrolment ratios <sup>1/</sup> at all levels, increased number of teachers, greater differentiation in the types of education and, the emergence of planning.

At the first level of education, school enrolment ratios in most of the countries increased steadily. In 1975, Jordan, Kuwait and the Syrian Arab Republic had nearly attained universal education at the primary level, Saudi Arabia and Yemen had low enrolment ratios at the first level, although these also have been increasing rapidly.

The proportion of female students at the first level in the Region has been increasing, with females constituting about one-third of the enrolments. <sup>2/</sup>

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<sup>1/</sup> The higher enrolment has been achieved at considerable cost, since a number of ECWA countries devote from 6 per cent to as much as 20 per cent of their gross national product to education.

<sup>2/</sup> In Jordan, for example, the ratio of female enrolment reached in 1975 approximately 41 per cent of the total.

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level of higher education, where the rates of growth in a number of countries (Iraq, Jordan, Kuwait, Lebanon and the Syrian Arab Republic) have exceeded the ability to absorb productively the large number of university graduates. One important result of this has been the large-scale emigration.

The striking of a proper balance between quality and quantity in the field of education remains the key issue. Financial limitations and the unavailability of teachers has meant that, in several countries, considerable numbers of children and youth do not receive appropriate education. Unsatisfactory skill balances in education and the poor quality of school-leavers reflect the fact that teachers in the Region are under-trained and under-qualified, and that the curriculum in many countries is not in harmony with local requirements. This is the inevitable result of the rapid expansion in most countries of education since 1973.

The ECWA Region continues to experience a steady trend towards the improvement of health in terms of falling morbidity and infant mortality rates and rising life expectancy. Wide-ranging variations do exist, however, in this regard.

Although more effective communicable disease control has been developed, control of the major infectious diseases like malaria, small pox, tuberculosis and cholera remains a high priority in most countries. In 1977, a cholera epidemic was successfully controlled after breaking out in Jordan, Lebanon and the Syrian Arab Republic.

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Social welfare planning is becoming more comprehensive in such countries as Jordan, Kuwait and Saudi Arabia, where current development plans contain specific targets and a description of policy measures needed to achieve them.

Particular segments of the population (children, youth, widows, the aged and the unemployed) are increasingly made the subject of specific social policies in some countries, such as Democratic Yemen, Jordan and Saudi Arabia. The provision of social welfare services to vulnerable groups have received, throughout the Region, most of the attention, both from public and private sectors. Thus, institutional care for orphans, the physically handicapped, the mentally retarded and delinquents form the bulk of social welfare programmes. Other social welfare programmes - like vocational training, community education, health and nutrition programmes, and school social work - have been initiated in some countries of the Region (vocational preparation centres in Jordan, guidance units for women and girls in the Syrian Arab Republic, school social work in Kuwait and community education centres in Saudi Arabia).

Wide variations exist with respect to the situation of social welfare personnel in the Region, but, on the whole, it remains deficient. Increased interest in the social welfare sector is manifested in the establishment of training institutions in several countries (Iraq, Jordan and Lebanon).

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women at every level, and the improved ratios of female to male students are encouraging in this respect. Nevertheless, illiteracy among women remains a major problem.

Job opportunities for women in the Region are also increasing and greater numbers of women are finding paid employment.<sup>1/</sup> Female participation rates, for the Region as a whole, continue to be low.

The growing interest in the advancement of women in the Region can be seen in the establishment of government bodies in several member countries (Democratic Yemen, Iraq, Jordan and Saudi Arabia) to deal with women's affairs.

All countries in the Region are experiencing a rise in the ratio of urban to total population. This ratio ranges from 11 per cent in Yemen to 80 per cent in some of the Gulf States. The socio-economic circumstances and combination of forces behind urbanization in the Region - and consequently its developmental implications - differ from one country to another. However, certain sub-regional patterns can be distinguished. In Bahrain, Kuwait, Qatar and the United Arab Emirates, urban growth has been mainly the result of inter- and intra-regional migration, although some movement from the country side has taken place. A totally different situation exists in Iraq, Jordan and the Syrian Arab Republic, where over 50 per cent of the population live in rural areas. Urbanization in these countries has been characterized by large-scale rural to urban migration and concentration of urban populations in a few centres.

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<sup>1/</sup> For example, in the last five years, the percentage of Bahraini women in the labour force has risen from 5 to 10 per cent.

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Only a few countries (Iraq, Jordan, Saudi Arabia and the Syrian Arab Republic) have realized the importance of regional planning and have consequently established regional planning departments within their respective administrative organizations. Although factors contributing to rapid urbanization vary from one country to another, the problems emanating from this development are similar. The results are frequently the slow deterioration of urban settlements. In general, most ECWA countries lack an explicit national **urbanization** policy to cope with such problems. Rural settlement planning has been undertaken and implemented in only a few countries in the Region. Provision of services, land reform measures and the distribution of settlements must all be considered and integrated into rural settlement plans. In some countries in the Region, large **scale** schemes are being undertaken to settle nomadic populations, often by the provision of housing.

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than 20 percent, and the indigenous labour force is not adequately utilized.

Notwithstanding the foregoing, some significant changes have been taking place. First, there has been the dramatic rise in the participation of women in economic activity. Available data show that between 1970 and 1975 female participation rates increased from 2.6 to 4.1 per cent (East Bank of Jordan), from 1.2 to 3.2 per cent for the Kuwaitis <sup>1/</sup>, and from 5.5 to 10.5 per cent in the Syrian Arab Republic.

The ratio of females in the Syrian labour force rose from 10.7 per cent in 1970 to 21 per cent in 1975. Evidence from the Syrian data for 1970 shows that the higher the level of education and technical training attained by women, the higher their activity rates, reaching 93.2 per cent for women having obtained vocational and technical diplomas, 84.6 per cent for those having a university degree, and 90 per cent for those with a doctoral degree.<sup>2/</sup> Such evidence confirms the assumption that the extension of education among the female population will enhance women's demand for employment, thus putting pressure for more job creation in the future. While up-to-date information for other ECWA countries is lacking, it is believed that a similar evolution is taking place, particularly in such countries as Iraq and Lebanon.

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<sup>1/</sup> For Kuwaitis and non-Kuwaitis the increase over the same period in the participation rate of females was from 5.2 to 7.8 per cent.

<sup>2/</sup> The activity rates were 4.2 per cent for women with primary education, 8.4 per cent for those having completed their intermediate education and 26.4 per cent for secondary education graduates.

the past two years, in limiting the number of students going to general secondary education and universities. As a result, a good proportion of those finishing the intermediate level of education was directed to vocational training centres and colleges. The Syrian Government seems to be so determined in the implementation of this policy that it has set up as an objective in its fourth five year plan of directing 50 per cent of the students at the intermediate level of education toward vocational training and the labour market. Such a policy will certainly contribute to correct the structural imbalances existing between labour supply and demand. The extent of success of this policy, however, will depend on the ability of the Government to provide enough employment opportunities, both to those leaving the schools immediately after their graduation from the intermediate level of education and those graduating from vocational schools and centres.

A third significant change, which could gradually modify prevailing attitudes towards general and university education, and thus exert a correcting effect on the labour supply structure, is seen in the sharp rise in the wages of skilled manual labour over the past three years. Although this relatively new development in the Region could turn out to be transitional, it is likely that continuing inflation, over-supply of graduates with general training in the past, shortages in the supply of manual skills, the reluctance of the indigenous population in the oil-producing countries to engage in manual work and the continuing economic boom in these countries, particularly in the construction sector, will exert a stabilizing effect on this development and, thus, positively affect, in the long run, the attitude toward manual work, at least in the relatively labour surplus countries of the Region.

Many of the prevailing and often acute employment and manpower problems in the Region are not essentially structural in nature; they

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home, a new transfer of manpower from the Syrian Arab Republic to Jordan developed in the past 15 months. According to some estimates, no less than 50,000 Syrian workers are now working in Jordan.<sup>1/</sup> This country's emerging absorptive capacity for foreign manpower resulted from the migration of a substantial part of its own labour force - up to a quarter according to some estimates - to the oil rich countries. Higher wages in this country contributed to attract the Syrian workers. Other expatriate workers are also flowing into Jordan although still in small numbers, mainly from Pakistan and Egypt.

Another significant development in the Region is the relative reverse transfer of manpower which started in 1977 between Yemen and Saudi Arabia. Many observers in Saudi Arabia noted a partial return of the Yemeni workers to their country. It seems that the slowing down in construction activities in 1977 in Saudi Arabia, the efforts of the Yemeni Government to implement the first five-year plan, aided by the flow of external funds and the resulting sharp rise in wages, were at the origin of this partial return. Many well established contractors in Saudi Arabia are now complaining of the shortages of skilled and semi-skilled Yemeni workers. The fact that the Yemenis are exempted from work permits in Saudi Arabia makes it difficult, if not impossible, to ascertain the magnitude of this trend. To meet the growing demand for labour, both the public and private sectors in Saudi Arabia have been importing labour from places as far as South Korea and the Philippines. According to rough estimates, more than 75,000 South Koreans are now employed in Saudi Arabia and perhaps as much as 25,000 in other States of the Gulf.

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<sup>1/</sup> It is not possible to ascertain the exact number of Syrians working in Jordan as they are exempted from work permits.

introduction of new crops and techniques. In the other sectors, especially industry, efforts to build up indigenous adaptive capabilities are still minimal and reliance is mainly on imported technology packages.

The purchase of "packaged" technology has been costly and has generally been unaccompanied by a process of technology absorption. The selection and adaptation of appropriate technologies remain as underdeveloped as the generation of indigenous technology itself. The growing 'felt needs' in this field of the Arab World and the ECWA Region, in particular, has stimulated new efforts for the establishment of institutional mechanisms to promote and regulate the transfer and development of technology.

It is agreed that the choice and development of appropriate technologies for the ECWA Region should take place in the context of a carefully designed science and technology policy. Hence, it becomes important to quantify the human resources available for scientific and technological development. Most recent estimates put the number of scientists and engineers per 100,000 population (1976) at 523 (Oman excluded) for the ECWA Region as compared to 800 for the Arab World as a whole, 1,000 for Latin America, 80 for Africa and 2,875 for the developed countries (see table 14).

The relatively high figures for Qatar and Kuwait can be attributed to the presence of non-national scientists and engineers, Iraq, Jordan and the Syrian Arab Republic, with a relatively diversified scientific and technological infrastructure, have not yet reached an adequate scientific and technological base which is estimated to require an average stock of 1000 scientists/engineers per 100,000 population.<sup>1/</sup> Countries like Yemen and Democratic Yemen still

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<sup>1/</sup> See: United Nations Economic Commission for Western Asia, The Status of Science and Technology in the Western Asia Region, (September 1977)

Table 14. Total Number of Scientists, Engineers and Technicians in the Countries of the ECWA Region

Country	Year	Scientists & Engineers		Technicians	
		Total Number	Number per 100,000 of Population	Total Number	Number per 100,000 of Population
Bahrain	1971	928	395	8154	3470
Democratic Yemen	1973	305	19	..	..
Iraq	1972	43645	432	24639	244
Jordan	1973	4288	170	1029	43
Kuwait	1973	10754	1139	2930	310
Lebanon	1973	37000	1163	3000	250
Oman	..	..	..	..	..
Qatar	1974	1352	1572	577	671
Saudi Arabia	1974	33376	395	..	..
Syrian Arab Republic	1973	8713	128	..	..
United Arab Emirates	1973	664	319	..	..
Yemen	1975	1394	22	680	11

Source: Conference of Ministers of Arab States Responsible for the Application of Science and Technology to Development, Rabat 16-25 August 1976. SC-76/CASTARAB/1. Page 3.

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some of this burden has come from both the industrialized and the developing countries. Given the limitations imposed by staff and experience in relation to the intricate tasks involved in the evaluation and administration of aid programmes, the response of the oil-supplying countries to this need during the recent period has been remarkable, making them major contributors to the international aid-giving effort.

Financial flows from ECWA countries members of OPEC (see Table 15) rose from \$1.28 billion in 1973 to \$6.21 billion in 1976 on a disbursement basis. In terms of GNP, these flows represented 0.75, 11.50, 10.37, 7.04, and 11.45 per cent for Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates, respectively.

The concessional component of assistance provided by the same group of countries increased from \$1.04 billion in 1973 to \$4.14 billion in 1976 (see table 16), with Saudi Arabia being responsible for 56 per cent of the total, followed by the United Arab Emirates (24.7 per cent) and Kuwait (12.7 per cent). Consequently, the three countries have come to occupy the second, sixth and twelfth positions in the list of world donors of concessional assistance in absolute terms.

The share of bilateral flows in total concessional assistance declined from 91 per cent in 1975 to about 87 per cent in 1976, reflecting mainly the increase in multilateral flows from Kuwait (see table 17).

Another feature worth noting, in connexion with concessional assistance provided by the five countries concerned, is the increased share of this assistance that was directed to non-Arab countries (see table 18). This group of developing countries received 23.5 per cent of the total in 1976, as compared with 10.3 per cent in 1975. At the same time, the share of ECWA countries (excluding Egypt) rose from 28.2 to 36.6 per cent.

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Table 16. Concessional Assistance by ECWA Countries Members of the Organization of Petroleum Exporting Countries (OPEC), 1973-1976

	Commitments				Net Disbursements							
	US\$ (Millions)				As percent of GNP							
	1973	1974	1975	1976	1973	1974	1975	1976				
Iraq	115.7	497.7	370.0	131.3	11.1	422.9	(215.4)	(96.7)	0.21	3.99	(1.53)	(0.60)
Kuwait	370.0	939.9	1190.0	755.5	345.3	621.5	975.1	526.9	5.76	5.70	6.52	3.23
Qatar	93.1	227.7	369.1	130.3	93.7	185.2	333.9	175.1	15.62	9.26	15.62	7.40
Saudi Arabia	538.2	1287.6	2790.1	2002.6	304.9	1029.1	1997.4	2315.0	3.75	4.56	6.01	5.77
United Arab Emirates	310.1	676.6	1123.6	1181.4	288.6	510.6	1046.1	1021.9	12.03	6.56	11.79	(10.23)
Total	1473.9	3523.5	5843.6	5059.1	1043.6	2769.3	4572.9	4136.4				

Source: Organization for Economic Cooperation and Development (OECD), Development Cooperation 1977 Review.

Note: All figures in parentheses are estimates.

Table 10. Geographic Distribution of Bilateral Concessional Assistance Disbursements by ECWA Countries Members of the Organization of Petroleum Exporting Countries (OPEC)  
1975 and 1976

	1975		1976	
	\$ Million	Percent	\$ Million	Percent
Arab Countries <u>a/</u>	3731.9	89.7	2762.2	76.5
ECWA (excluding Egypt)	1173.1	28.2	1321.8	36.6
Other Countries	427.9	10.3	349.6	23.5
Total	4159.8	100.0	3611.8	100.0

Source: Organization for Economic Cooperation and Development, Development Cooperation 1977 Review.

a/ Egypt's share amounted to \$1372.8 and 1020.2 million in 1975 and 1976, respectively.



especially when political-economic philosophies are similar.

The joint venture form of investment has been especially useful in revealing and gradually overcoming barriers which have in the past limited trade and investment growth between the ECWA States. This is perhaps best illustrated by the joint Jordan-Syrian companies covering "Land Transport" (\$24 million), a joint "Maritime company" (\$30 million), a joint "Industrial company" (\$60 million) and a "Free Zone Area" company at the border (\$16.5 million). These companies were established in 1976 and received rapid commitments of funds during 1977.

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as the labour force and, even in some instances, the indigenous population becomes outnumbered by foreigners.

The Region's exploitable but non-renewable mineral resources are still not fully determined. Awareness of this problem requires the formulation of a rational system of exploitation based on the projection of prices and economic absorptive capacity, with due regard to the development of alternative sources of income.

Conservation of the environment needs to receive increased attention, especially by those countries which are able to afford the required research and the institution of preventive measures for environmental protection during rapid mining, industrial and urban growth. This challenge also involves basic and applied research within the Region to restrain desertification and indeed to reverse the declining land productivity in the vast stretches of dry areas.

A continuing need for each country, as well as for the Region, is the development of a clearer picture of future economic forces and the efficient use of scarce resources in order to attain optimality in the achievement of the economic and social goals. To this end, there is a continuing need to (a) improve the collection, processing and analysis of statistics; (b) improve the planning process at the country and if possible regional levels; and, (c) continue the dialogue of cooperative action by member states and to commit resources to cooperative and coordinated activities based on a longer run view of national welfare.

Also, of important concern to the Region are three issues that link the ECWA countries to the world. First, there is the challenge of transforming the economic structure of a number of member states from that of almost exclusively oil-exporters to that of an economically more balanced one. Second, there is the responsibility to assist developing countries outside the Region.

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This challenge is being met by the oil-producing countries largely through financial assistance. Third, there is the challenge of effective participation in world financial affairs. This new direction is gaining momentum as member countries' influence grows in international financial institutions, as offshore banking develops in the Gulf, and as private and public Arab banks of the ECWA Region handle an increasing share of recycled oil earnings, as well as actively co-manage issues on behalf of foreign states in the euro-currency markets.

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## IV. PROBLEMS AND PROSPECTS

Perhaps the most obvious challenge to all member states is that of achieving greater industrialization; this being true for non-oil as well as oil producers. This challenge has so many aspects - economic diversification, increasing employment opportunities, upgrading manpower and absorption of improved technology - that the current search for and creation of industrial enterprises is often very ambitious. This is especially true when industrial investment projects are based on oil and gas extraction. The challenge to create an Arab industrial revolution, in competition with an existing industrial world and heavily dependent on expatriate labour and imported plant and technology, will increasingly necessitate the elaboration of an industrial development policy that better coordinates the areas and scale of industrial development between ECWA members.

Emphasis on industrialization, however, should not be at the expense of agriculture. Past and on-going development strategies in the ECWA Region have given agriculture the handmaiden role of industry. Agriculture was considered a major source for capital formation for subsequent transfer to the development of other sectors, particularly industry. This policy has led to the sector's stagnation and even deterioration. Growth of agriculture production has not kept pace with population increase. The result has been a widening gap between domestic supply and demand and increased dependence on foreign supplies particularly for food products. Countries such as the Syrian Arab Republic are now reconsidering their policies, whereby agriculture is given high priority in development plans.

Recent developments have accentuated the growing importance of population problems, especially for those States that are highly dependent on imported manpower. The limitations imposed by the socio-political circumstances of many of these member States on the import of labour, relative to their financial abilities to pay for accelerated growth, raises important questions concerning social development, habitat and cultural integration as

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An important element of cooperation between the ECWA Region and the industrialized world continues to be the provision of adequate oil supplies and the recycling of surplus petro-dollars, without which the economic health of the industrialized countries would be jeopardized, with adverse implications for growth in the developing world.

Financial aid administered through the various national and multi-national Funds continues to emphasize infrastructural development. In 1976, about two-thirds of the loans extended by the Arab Fund for Economic and Social Development were allocated for these purposes (transport and communications, electricity, water and sewers). Infrastructural facilities received about 57 per cent of the loans extended by the Kuwait Fund for Arab Economic Development in the period 1 April 1975 to 30 June 1976. Loans for infrastructure extended by the Abu Dhabi Fund for Arab economic development, up to the end of 1975, represented about 55 per cent of all loans.

An increasing load on the "Funds" for regional cooperative efforts has been in the evaluation of project proposals, both because the number of requests has been rising and because the governments are increasingly turning to the "Funds" for evaluation of even government to government requests. The "Funds", being aware of the shortage of qualified manpower to construct good project applications, have increased their technical assistance grants. This has brought an indirect benefit to the Region, in that such personnel have often been recruited from the non-oil but labour supplying countries ( Jordan, The Syrian Arab Republic and Lebanon).

Positive steps towards greater regional economic cooperation grew during 1976-1977 by the accelerated development of joint ventures, both bilaterally and through multinational ownership. The former is most commonly found between countries with adjacent borders e.g., Jordan-Syria, Saudi Arabia-Yemen<sup>1/</sup>, Saudi Arabia-Bahrain, but it also leaps across the Region<sup>2/</sup>

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<sup>1/</sup> A joint Saudi Arabian-North Yemen airline is to takeover the running of Yemen Airways with 51 per cent of ownership retained by Yemen.

<sup>2/</sup> Joint ventures are frequent between financial centres and more labour abundant states, e.g., Kuwait-Yemen (4 joint ventures in 1977, covering cement, pipe making, shipping and storage company, touristic development, and construction materials, and involving a total investment of \$280m. Iraq-South Yemen have also initiated a number of joint projects in 1977.

Table 17. Concessional Assistance (Net Disbursements) by ECWA  
 Countries Members of the Organization of Petroleum Exporting  
 Countries (OPEC), Channelled Bilaterally and Multilaterally  
 1975 and 1976  
(in Millions of US Dollars)

	1975			1976		
	Total	Bilateral	Multilateral	Total	Bilateral	Multilateral
Iraq	(215.4)	(195.4)	20.0	(96.7)	(49.3)	47.4
Kuwait	975.3	910.3	65.0	526.9	376.3	150.6
Qatar	333.9	302.7	36.2	175.1	144.0	31.1
Saudi Arabia	1997.4	1700.0	217.4	2315.2	2073.7	242.1
United Arab Emirates	1046.1	971.4	74.7	1021.9	966.5	53.4
<b>Total</b>	<b>4573.1</b>	<b>4159.8</b>	<b>413.3</b>	<b>4136.4</b>	<b>3611.8</b>	<b>524.6</b>

Source: Organization for Economic Cooperation and Development (OECD),  
Development Cooperation 1977 Review

Note: All figures in parentheses are estimates.

Table 15. Financial Flows (Net) from ECWA Countries Members of  
the Organization of Petroleum Exporting Countries (OPEC)  
to Developing Countries, 1973-1976

	U.S. \$ (Millions )				As Per cent of GNP			
	1973	1974	1975	1976	1973	1974	1975	1976
Iraq	11.1	440.2	(251.4)	(119.7)	0.21	4.16	(1.91)	(0.75)
Kuwait	550.0	1250.1	1711.2	1874.8	9.17	11.46	11.44	11.50
Qatar	93.7	217.9	366.7	245.4	15.62	10.90	16.90	10.37
Saudi Arabia	334.9	1622.1	2466.7	2826.0	4.12	7.19	7.42	7.04
United Arab Emirates	288.6	749.4	1206.6	1143.8	12.03	9.78	13.59	11.45
<b>Total</b>	<b>1278.3</b>	<b>4279.7</b>	<b>6002.6</b>	<b>6209.7</b>				

Source: Organization for Economic Cooperation and Development (OECD)  
Development Cooperation, 1977 Review

Note: All figures in parentheses are estimates.



### III. REGIONAL AND INTERREGIONAL COOPERATION

A serious constraint on regional cooperation efforts continues to be the very real issues of national identity and interests, both as they are seen to exist now and the manner in which they may be projected into the future. Thus, national planning assumes an important dimension in the process of cooperative economic efforts. Until the future needs and alternative growth patterns at the national and regional levels become clearer, the evaluation of cooperative efforts will remain relatively difficult. Within the Region, different perceptions exist as to the content and pace of economic cooperation. This problem is further complicated by the rapid socio-political adjustments that are accompanying economic growth.

Cooperation in the financial field has constituted the more salient aspect of regional cooperation in recent years. Such cooperation has become increasingly motivated by a sense of moral commitment to overall regional prosperity and the reduction of disparities among member countries, in contrast to an earlier emphasis on security and political considerations.

Of no less importance is, perhaps, the role played by the non-oil member countries as suppliers of much of the needed additional manpower in the oil-producing countries. This supply of labour, still inadequately documented, is and has been the prime means of filling the class-rooms with teachers, administrations with skilled and experienced white collar-workers, the commercial centres with shop-keepers and the construction sites with labour. Too often this contribution has not been given its due weight, because its impact has been harder to assess, as compared with that of financial aid.

Financial cooperation has also been extended beyond the ECWA Region and the Arab world to benefit developing countries elsewhere. Information on oil earning surpluses have been well-publicised, together with the growing deficits of the third world oil-importing countries. Pressure to relieve

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need to establish the preconditions for a scientific and engineering base. It is useful to note that the technician/scientist ratio for developing countries is normally thought to be 2:1. Apart from Bahrain, all countries of the ECWA Region have a severe shortage of technicians.

The growth of research and development (R&D) in the ECWA Region is, among other factors, a function of resources effectively devoted to these activities. The World Plan of Action for the Application of Science and Technology to Development has set a target of 200 scientists/engineers per one million inhabitants to be engaged in R&D at the end of the current decade. None of the ECWA countries is likely to reach this target, although efforts are being made to encourage R&D projects in the Region through the strengthening and creation of institutions and applied research centres.

Although the specific figure of expenditure on R&D may not be a reliable instrument of assessment, it still gives an indication of the importance attached to this area. Countries like Jordan, Kuwait, Lebanon and the Syrian Arab Republic devoted 0.31, 0.01, 0.4 and 0.11 per cent of their respective GNP to R&D activities in 1973. Iraq and Yemen devoted each 0.25 per cent of GNP in 1974. These figures generally fall short of the 0.5 per cent target recommended by the International Development Strategy of the Second United Nations Development Decade.

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In conclusion, it can be said that the substantial economic growth of the majority of the countries of the Region did not produce the kind of structural changes to modify significantly the pattern of employment. With the exclusion of Lebanon and, to some extent, Jordan, the majority of the labour force is still employed in traditional activities and Government service. On the other hand, changes are taking place which could transform into sustained trends in the future. At the same time, the employment and manpower problems of the Region have become less acute at the national level due to the high degree of elasticity in the intra-regional movements of labour. While these movements are acting as safety valves, they need to be monitored in common agreement with all the countries of the Region in order to ensure the smooth flow of labour and its efficient utilization.

#### H. Science and Technology

The ECWA countries have shown a definite preference for acquiring technology through turn-key contracts. This is due mainly to the rapid pace with which capital goods are acquired in contrast to the slow pace at which educational facilities, engineering firms and research institutions are emerging and operating in the Region.

Science and technology, notwithstanding their significance for the attainment of the objectives of socio-economic development plans, are still perceived as a marginal component and are, therefore, not properly and fully incorporated by policy-makers in their development strategies. This is reflected in the existing patterns of technology transfer which are not necessarily in harmony with the factor endowments of the importing countries. It should also be recognized that the adaptive capacity of countries in the Region is still weak and varies from one sector to another. In the agricultural sector, for example, the adaptive capacity is slowly developing through the

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have their origin in emerging political and/or economic circumstances. While such problems may be transitory in nature, they can have a lasting effect on the process and pattern of economic development.

Typical of this sort of problems are those generated by the civil disturbances in Lebanon(1975-1976). Not only did these events disrupt the employment situation in Lebanon, but they have also had important implications for intra-regional labour movements and manpower **deployment**, especially in the neighbouring countries of Jordan and the Syrian Arab Republic. The disruption of the greatest part of the industrial and service activities in the country created an unusual situation whereby **hundreds of thousands of workers and employ~~ees~~** either interrupted their work or lost their jobs.

First, possibly as much as 250,000 expatriate workers, mostly Syrians, left the country. Second, more than a fifth (about 150,000) of the national labour force temporarily emigrated to neighbouring countries and to the Arab oil-producing countries, as well as to Cyprus, Europe and America. Third, perhaps as much as the fifth of the national labour force changed their place of work or their occupations. In the process, the Lebanese economy lost a **significant portion of its highly qualified, middle level and skilled manpower.**

The return of the Lebanese migrant workers, particularly the highly qualified and skilled labour, is taking place very slowly. One of the main results of this situation was the sharp increase in the wages and salary scales, both in the public and private sectors.

The transfer of manpower, in particular the skilled manual workers, from Lebanon to the Syrian Arab Republic and Jordan in late 1975 and the first part of 1976, contributed much to the economic boom in both countries in 1976, especially in the construction sector. However, while almost all Lebanese workers who moved to these countries returned

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Should this trend be confirmed, it will entail a significant departure from past developments with respect to the expansion of the labour supply, especially in the more developed countries of the Region. This is likely to be associated also by some redistribution of employment by sex and occupations, as well as a substantial rise in the total participation rate in economic activity. It also means that future demand for labour will have to be sharply increased, to well above historical rates, in order to absorb the increasing female supply of labour. In this connexion, it is worth noting that the current Five-Year Plan (1976-1980) of the Syrian Arab Republic envisages a substantial increase in the number of jobs (472,000) over the Plan period, i.e., at an annual growth rate of about 4.9 per cent. Considering the above-mentioned trend of increased female activity rate, it is thought that such a high annual growth rate of job creation in the Syrian Arab Republic should prevail for the next two decades in order that, by the year 2000, the labour demand keeps pace with the supply.<sup>1/</sup> This example gives an indication of the magnitude of the employment problem and, in particular, of the job creation requirements in the next two decades.

Another set of developments relates to the modifications being introduced in the educational policy in the countries of Western Asia. While the declared policy in all of these countries insisted in the past, without much results, on promoting vocational and technical education, a new approach to this policy by Iraq and the Syrian Arab Republic seems to be producing radical changes in the composition of the flow of graduates from the educational system. Available information indicates that Government intervention in the Syrian Arab Republic at the level of the intermediate education certificate has succeeded, in

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<sup>1/</sup> This assumes that the total participation rate will increase from its present level of about 25 to 30 per cent in the year 2000.

G. Labour and Employment

Until recently, inadequate attention was given by the Governments of the ECWA Region to employment and manpower problems; these problems being considered largely as a by-product of the process of economic growth. The economic boom in the post-1973 period, notably in the oil economies, marked the emergence of a new attitude towards manpower problems. It came to be realized that manpower shortages could be a very serious constraint on the development process, requiring urgent remedial action at both the national and regional levels.

The Region's employment and manpower problems may be usefully divided into chronic or structural problems and non-structural ones. The structural employment problems, being deeply rooted in the demographic profile and evolution of the population, the pattern of employment, education, economic activities and social attitudes, cannot be solved in the short and medium run. Their solution requires basic socio-economic changes which could only occur in the long run.

In the labour-surplus economies of the Region (Jordan, Lebanon, the Syrian Arab Republic and Yemen), the growth of the national labour force at an average annual rate of about 4 per cent is still far from being matched by the rise in demand, and the outflow of graduates from educational and training institutions is not geared to actual requirements. While open unemployment is relatively low, underemployment is rife in the traditional economic activities and even in the modern sector and public institutions.

In the labour-deficit oil economies, the average annual growth rate of the total labour force (indigenous and foreign) exceeds 6 per cent. Reliance continues to be made on imported labour. The average crude activity rate of the local population in these countries is less

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Developments within the housing sector are difficult to gauge in the ECWA Region since only few of the countries have undertaken a national housing census. It is, however, evident from the existing data that the provision of adequate housing is, in most countries, increasingly outpaced by population growth. With the exception of Kuwait, Qatar and the United Arab Emirates, member countries add less than one dwelling per thousand inhabitants to their stock annually. Consequently, the housing situation in many of the countries, particularly those in the northern tier - is characterized by considerable backlogs, insufficient replacement of obsolete stock, and overcrowding. Housing needs in the ECWA Region are far in excess of the resources available to meet them at present and in the immediate future. Current house-building trends indicate that, for most of the countries, housing needs will remain unsatisfied for a long time to come.

The current problems of the building materials industry are the general inadequacy of local production to meet demand; unbalanced regional pattern of production and consumption; absence in most of the countries in the Region of sheet glass, hardware and metal products; and, the lack of technical and managerial skills. In most countries, there is a lack of planning to ensure growth of an effective and stable market for the industry. There is a need for co-ordinated research on building materials and techniques. There is also a need to know more about the adaptation, innovation and diffusion of technologies appropriate to the development of satisfactory human settlements.

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The ECWA countries have attempted to improve rural living conditions and have concentrated on such rural development measures as agricultural co-operatives, extension services, rural communication services, and rural settlement planning. Land reform projects have been undertaken by Democratic Yemen, Iraq and the Syrian Arab Republic. Several countries (Democratic Yemen, Iraq, Jordan and the Syrian Arab Republic) have integrated rural development schemes. In Yemen, local development associations are actively participating in the development of the rural areas. There are also initiatives in several ECWA countries, notably Iraq, to develop education in rural areas.

With regard to youth, most countries in the Region have now a ministry concerned, at least in part, with youth affairs. Although the problems of youth are partly alleviated by growing education enrolments, insufficient attention is being paid to the problems of out-of-school and unemployed youth.

Thus far the role of youth in national development in the countries of the Region has been very limited, in spite of the fact that two-thirds of total population are under 25 and one-fourth is in the 13-25 age group. Little has been done to mobilize the energies of the young people in the Region, as youth programmes have concentrated largely on sport.

Progress has been made in the integration of women into the development process. Some countries such as Bahrain, Jordan, Kuwait and the Syrian Arab Republic, have made notable achievements with regard to female education. The increase in enrolments of girls and

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Systematic planning of health programmes is being practiced in most countries of the Region. In some cases, like Iraq and the Syrian Arab Republic, formal health plans, consisting of curative and preventive components, have been formulated. Although national health planning machineries still favour curative medicine, some progress has been made in the direction of preventive medicine in most ECWA countries.

The situation, with regard to the training of physicians and other professional categories has greatly improved. Medical, dental and pharmacy schools have been established in a number of ECWA countries. Despite wide variations in the availability of trained health manpower, most countries have been making progress towards the provision of a more comprehensive, co-ordinated and technically competent health service. There continues, however, to be an urgent need for middle-level manpower. Recruitment into middle-level occupations is slow and a number of ECWA countries continue to rely heavily on expatriates' skills.

In the countries with a predominantly rural population, the problem of adequate incentives to attract physicians to train and work in rural areas is particularly acute. Although the governments of the Region are aware of this problem, and are expanding efforts in the development of a cadre of medical personnel trained to meet the demands of rural groups, more still needs to be done in this regard.

Although still heavily humanitarian-oriented, social welfare is increasingly being interpreted as a body of activities and an organized function designed to enable individuals, families and groups to cope with changing conditions.

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Education at the secondary level includes general education, vocational education and teachers' training. General education, however, has been given higher priority than vocational education and teachers' training in the Region, although the former has received increasing emphasis in most countries. In Jordan, for instance, the rate of enrolment in vocational training rose significantly, from 8.5 per cent in 1972 to 15 per cent in 1975.

Higher education has also expanded with the **founding** of new universities in Kuwait, Jordan, Saudi Arabia and Democratic Yemen, and expansion in enrolment and facilities at the older established universities in the Syrian Arab Republic and Iraq. There persists, however, an imbalance between the relatively low number of graduates in science, medicine and technological fields, and the large numbers in the humanities and law.

Major problems facing nearly all countries in the Region include the need to match educational growth with that of employment opportunities and reducing educational wastage and illiteracy which is still wide-spread in the Region, particularly among the older age groups. <sup>1/</sup>

Inadequate teaching and instruction facilities have resulted in a great number of graduates who are unable to obtain employment at the level for which they believe themselves to have been educated and trained for. This phenomenon is particularly apparent at the

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<sup>1/</sup> The over-all rate of illiteracy for the ECWA Region is approximately 70 per cent.

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The Syrian Arab Republic is developing its road system, particularly those which link the country with its neighbours. Construction work is underway to build and upgrade the 37 kilometre stretch linking Damascus to the Lebanese border. The highway linking Damascus to the Turkish border (386 kilometres) is being improved to meet international standards. About 180 kilometres of the sections Damascus-Homs-Hama and Aleppo has been completed and the whole project will be in operation by 1980. Feasibility and design studies on the 104 kilometre Damascus-Deraa road, linking the Syrian Arab Republic with Jordan was completed in 1976 and construction work started in late 1977. Work is in progress to complete the highway linking Homs with Tartous port.

Saudi Arabia is financing the causeway linking it with Bahrain at a total cost of \$825 million. The feasibility and design studies were completed in March 1977 and international contractors were invited to submit tenders.

The United Arab Emirates has been building the remaining 25 kilometres of the road which will link it with Qatar. On completion of this stretch expected for April 1978, the Emirates will be linked to Europe.

Yemen has plans to finance the construction and improvement of its road network which stands now at about 2079 kilometres, of which 596 are asphalt, 491 gravel and 992 kilometres unsurfaced roads. The Government has completed a feasibility study of 734 kilometres of roads, including an engineering study for 260 kilometres. The roads which are at present under construction include Taiz-Al-Turba, Taiz-Al-Mafraz, Sana'a-Ma'areb, Amran-Hajja, and Sana'a-Sa'ada, of 70, 63, 172, 77 and 242 kilometres, respectively.

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Hasseke and Kamichleh has also been completed and services for the carriage of goods and passengers came into operation by the latter part of 1977.

The Latakia-Aleppo-Deir-ez-zor section started full operation in 1976. The East-West line, in addition to its providing first class high capacity transport services for the North Djezirah plain of the Syrian Arab Republic, will also provide a direct, if not the shortest, connection between Aleppo and Baghdad, without having to use the transit route through the Turkish railway network.

A feasibility study for the construction of the line between Deir-ez-aor and Abu Kamal on the Syrian/Iraqi boarder has been completed and an agreement has been reached with Iraq for the latter country to construct a similar line to link it with Baghdad via Husaibah, Ana, Haditha, and Hamadi.

A new line is also under construction between Homs and Damascus to connect Damascus by standard gauge with the European railway system, via Aleppo-Midan-Ekbez and Istanbul. This line is expected to be in operation by 1980. For the transportation of phosphate from Khniefiss and Charkieh mines, a new line is under construction between Palmyra and Homs via Mhine. To increase the capacity and efficiency of the existing line between Tartous port and Homs, a new section linking Homs with Akkari is under construction and is expected to be in operation by 1980.

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Yemen's port development programme includes construction of two additional berths at Mina Hodeida. A floating berth has already been installed at Ras Al-Khatib some 12 kilometres south of Hodeida.

The port development programme underway in Democratic Yemen is aimed at the rehabilitation of Mina Aden and the construction of a general cargo berth at Mukalla on the south coast.

The above developments were largely influenced by the short- or medium-term requirements spurred by the post-1973 economic activities in the Region. It is not likely that the rate of growth in the construction sector (commercial, urban, industrial or infrastructural) can be sustained at a peak for anything longer than the medium-term. As the pressure on imports moderates, there will inevitably be a surplus of cargo-handling facilities, notably in the oil-producing countries of the Gulf area, but in the long-term these may not be too great.

The emphasis in development plans has generally been on development and expansion of port physical facilities, like new berths, without paying due attention to improvements that could be produced through better cargo handling methods and techniques. Major efforts on the part of port authorities in the recent past has amply demonstrated that port capacity could be increased substantially through improved port operations, as reflected in a remarkable reduction in the delay time in ports. A co-ordinated sub-regional approach to port planning would have provided a more rational development of port facilities for the overall benefit of all member countries.

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Abu Dhabi's port development of Mina Zayed now has 18 berths to which 10 will be added, of which two will be container berths. An industrial commercial port is also planned at Al-Ruweis near Jabel Dhanna with 20 deepwater berths to serve a \$2,040 million industrial/petrochemical complex.

Ras Al-Khaima's \$380 million port development scheme at Mina Saqr is underway and is scheduled for completion by the end of 1978. It includes 2 container berths, 3 general cargo berths, 2 ro/ro berths and one berth for handling Ras Al-Khaima's growing exports of building stones and gravel. Umm-al-Qaywain is also developing its port capacity. The Emirate of Fujayrah has a two-berth deepwater port project underway only 20 miles south of Sharjah's new port at Khor Fakkan, where work has begun for the construction of 400 metres of quayage with a berthing depth of 12.2 metres capable of receiving the largest container ship afloat, or to berth simultaneously two medium-size container ships and feeder vessels. Handling facilities are to be improved in Khor Fakkan by the middle of 1978. As the Gulf's main transshipment terminal, Khor Fakkan will bring the United Arab Emirates and its hinterland markets significantly closer to the Indian Ocean shipping lines.

Qatar's programme for expansion of Mina Doha includes construction of 4 berths and the widening and deepening of the navigable channel. The industrial port at Mina Umm Said, 40 miles south of Doha, is being developed primarily to cater for industrial requirements.

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and improved export performance in 1977 have been reflected in the sharp rise in reserves from \$2727 million in 1975, to \$4601 million in 1976, and further to \$5657 million by the end of September 1977.

The growth of trade of the ECWA Region will continue although at a slower rate during 1978-1979 as consolidation in development spending occurs in the oil countries and growth in financial loans and aid encourages heavy capital import programmes in the non-oil states. The demand for oil exports will depend on the economic recovery of the industrialized nations. Growing pressure to export more oil will provide additional surplus earnings. These surpluses may perhaps still need to be recycled to finance balance of payments deficits in other countries and to support international liquidity. A continued decline in the exchange value of the dollar may lead to altering the basis of oil pricing, unless there occurs a major economic recovery in Europe and Japan.

E. Transport

In recent years, the port development programme in the Region, particularly in the Gulf area, has proceeded on an unprecedented scale. Available information suggests that the total value of on-going and planned port development projects in the Gulf will amount to something like \$5 billion and by mid-1980 the Gulf area (including Iran) will have about 400 deep water berths. In 1970, it had only 30 such berths, which had become most inadequate for handling the post-1973 massive import programmes of member countries, with very adverse effects on costs and delivery schedules.

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source also accounted to between 50 and 60 per cent of total imports in Democratic Yemen, Jordan and Oman, and were below 50 per cent in Bahrain, Lebanon and Yemen. Asia (especially Japan) and Eastern Europe were also major suppliers for the ECWA region. Eastern Europe provided 13.9 per cent of imports to Iraq, 15.6 per cent to Lebanon, 9.8 per cent to the Syrian Arab Republic, and 8.4 per cent to Yemen; while Asia provided 10 per cent of imports to Bahrain, 15.6 per cent to the United Arab Emirates and 18.9 per cent to Yemen.

Trade with Africa and Asia (excluding Japan) is marginal but is dominated by the entrepot ports of Hong Kong and Singapore with important raw materials from Malaysia and a growing trade with the Republic of China.

Balance of payments data for 1976 show little change in the composition of surplus and deficit countries, with the oil states (except Bahrain) continuing to enjoy large surpluses. Kuwait and Qatar, however, experienced small declines in their trade surpluses. Iraq, through conservative import policies on non-developmental needs, increased its surplus from \$3036 to \$5372 million.

The balance of trade deficit of Bahrain deteriorated from \$24 million in 1975 to \$313 million in 1976, while that of the Syrian Arab Republic almost trebled, rising from \$495 to \$1380.-million, and that of Yemen doubled to about \$500 million. Jordan, however, recorded a substantial narrowing in its trade deficit in 1976.

.../



The historical trend of intra-regional trade is one of generally low performance. This pattern has not changed substantially during 1976, with intra-regional exports and imports accounting for 3.6 and 9 per cent of total export and import trade (see table 13). Aside from crude oil, intra-regional trade is dominated by trade in agricultural commodities and, in limited cases, by manufactures. Re-exports, particularly in the Gulf area, play an important role in intra-regional trade.

The Region continued to provide only a marginal export outlet for the oil economies, reflecting the overwhelming importance of crude oil in their export trade, most of which is consumed outside the Region. In contrast, the Region remains a major market for the exports of the non-oil economies, notably Jordan and Lebanon, and the main outlet for member countries exports of manufactures.

Table 13. Percentage Share of Intra-regional Trade in Total Trade, 1975 and 1976

Country	Imports		Exports	
	1975	1976	1975	1976
Bahrain	54.2	44.3	14.1	22.9
Democratic Yemen	26.1	23.2	5.6	4.1
Iraq	2.2	2.6	1.5	0.1
Jordan	16.9	7.0	32.4	31.0
Kuwait	3.7	2.3	4.3	6.0
Oman	21.0	22.0	0.2	0.03
Qatar	9.6	14.5	1.0	0.8
Saudi Arabia	10.3	7.5	2.5	2.5
Syrian Arab Republic	8.1	6.8	7.6	5.4
United Arab Emirates	5.9	6.2	2.3	2.7
Yemen	9.2	15.7	23.9	43.6
Total ECWA <sup>1/</sup>	<u>10.6</u>	<u>9.0</u>	<u>4.2</u>	<u>3.6</u>

Source: United Nations Economic Commission for Western Asia, based on data compiled from international sources.

<sup>1/</sup> Includes Lebanon.

.../

Table 12. Export and Import Trade of the ECWA Region  
1975-1977

(Millions of US Dollars; percentage)

	E x p o r t s				I m p o r t s			
	Value		Growth		Value		Growth	
	1975	1976	1975-76	1976-77 a/	1975	1976	1975-76	1976-77 b/
Bahrain	1147	1346	17.3	30.7	1158	1664	43.7	32.9
Democratic Yemen	187	..	..	..	312	..	..	..
Iraq	8276	8840	6.8	25.2	4204	3461	-17.7	28.9
Jordan	153	209	36.6	22.0	731	1023	40.0	55.1
Kuwait	9186	9847	7.2	8.9	2388	3321	39.0	..
Oman	1445	1571	8.7	..	669	667	-0.4	..
Qatar	1808	2210	23.4	-7.0	413	830	101.4	..
Saudi Arabia	27730	36119	30.2	15.9	6886	11753	70.7	..
Syrian Arab Republic	930	1065	14.5	9.4	1668	1985	19.0	36.0
United Arab Emirates	6879	8543	24.2	12.5	2669	3326	24.7	38.3
Yemen	11	8	-27.3	..	294	410	39.4	..
Total ECWA	58305	70838	21.5	..	23771	31393	32.0	..

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

a/ Relating to 9 months for Bahrain, Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates; and 6 months for Jordan and the Syrian Arab Republic.

b/ Relating to 9 months for Bahrain and 6 months for Iraq, Jordan, the Syrian Arab Republic and the United Arab Emirates.

.../

total employment increased from 9.1 per cent to 21.5 per cent in Yemen.

Manufacturing in Democratic Yemen continues to be dominated, to a large extent, by oil refining. In Yemen, the food industry makes the highest contribution to value added in manufacturing (35 per cent in 1975). The contribution of other branches is expected to rise as development efforts gain further momentum.

Excluding oil refining, the dominance of the traditional industries, mainly food and textiles, in the industrial structure of the countries of the Region continues. In several countries, however, increasing attention has been given in recent years to the development of heavy industry, notably in the area of petrochemicals and metal products.

Gross value added in manufacturing in Saudi Arabia increased by an average annual rate of about 32 per cent over the period 1970-1975. Excluding the mining sector, the share of manufacturing rose from about 20 to 22 per cent over the same period. Within the manufacturing sector, the dominant activity is petroleum refining, which accounted for around 64 per cent of total manufacturing activity in 1975.

It is interesting to note that the bulk of the manufacturing output in Yemen is produced by small establishments, of which 77 per cent are accounted for by establishments in the food and textiles industries. They also employed 70 per cent of the total workforce in manufacturing; 73 thousand out of 107 thousand in 1974/1975.

.../

1977 31 per cent of that country's crude oil imports, as compared to 18 per cent in 1973 and only 10 per cent in 1970.

Among the eight ECWA oil producers, Saudi Arabia must be singled out because of the importance of the Kingdom's position in the Region and on the world oil scene. More than one-half of the Region's proven oil reserves lie in Saudi Arabia. This country has the largest reserves in the world and is the second largest producer and the first exporter. In 1973, Saudi Arabia produced as much oil as the seven other ECWA producers combined, and in 1977 it topped them by over 30 per cent, with an output of more than 9 million barrels a day, as against 7 million barrels a day for the rest of the Region and less than 60 millions for the whole world. The Kingdom accounted for 26-27 per cent of world crude exports in 1976-1977.

At the beginning of 1978, the price of the "marker" crude (Arabian Light API 34<sup>o</sup> FOB Ras-Tannura) was \$ 13.614 per barrel, representing a 17 per cent increase over the price of \$ 11.651 set at the beginning of 1974. Over the same period, world import prices rose by about 60 per cent.

### C. Industry and Manufacturing

When ECWA countries are considered in terms of their current stage of industrial development, composition of industry and the size of markets for locally produced goods, manufacturing, although small, is seen to be relatively well established in Iraq, Jordan, the Syrian Arab Republic and Lebanon. In Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, mining, electricity

.../

Of the total primary energy requirements in 1977, it is estimated that, over one-third went to energy production, transformation and distribution industries (own use and losses of industries engaged in natural gas production, processing and transportation, in electricity generation and transmission, in crude oil refining, etc.), while the rest was used by final consumption sectors (industry, transportation, households and commerce, agriculture, etc.) in the form of finished petroleum (85 per cent), natural gas (4 per cent) and electricity (11 per cent).

The Region's primary energy production, adding up to total energy requirements and net energy exports, represented in 1976-1977 23 times the total energy requirements of the twelve ECWA countries, and was essentially constituted (97-98 per cent) of crude oil. This reflects the importance of the Region as a major crude oil supplier to the rest of the world.

Net exports of energy from the Region in 1977 kept approximately their level of 1976, i.e., a little over 800 million tons of oil equivalent, as compared to 500 million tons in 1970. Crude oil exports represented 92 per cent of the total, approaching 15 million barrels per day in both years, as compared to 8.4 million barrels in 1970; the remaining 8 per cent were accounted for by exports of finished products, bunkers and, as of 1977, some liquified natural gas (LNG) exports from Abu Dhabi.

.../

The development and utilization of mineral resources in the ECWA Region offer possibilities for strengthening economic and technical co-operation among member states and between them and other countries. Unfortunately, the present situation in this field (other than oil and gas) is not encouraging. Among all kinds of metallic mineral raw materials, only copper is mined on a limited scale in both Oman and Jordan. Despite the existence of a ferrous industry in a number of countries, all metallurgical plants still depend in their production on imported iron concentrates. Furthermore, the aluminium industry established in some Gulf countries is completely dependent on imported bauxite. The demand for all kinds of metals is, therefore, met by imports of mineral raw materials and semi-manufactured and manufactured products.

A much more favourable situation prevails in the field of non-metallic minerals. The most important of these minerals is phosphate, located in Iraq, the Syrian Arab Republic, Jordan and Saudi Arabia. The most important chemical raw materials in the Region consist of sulphur (Iraq), soda, potassium and salts, currently or expected to be mined in several countries. The largest deposits of salts are located in the Dead Sea and rock salt in the Salif area of the United Arab Emirates. The availability of raw materials in most countries of the Region contributed to the development of the cement industry during the last few years. Furthermore, building stone, marble and gypsum deposits are unevenly distributed within the Region and a number of countries are suffering from acute shortages of these minerals, most of which are imported.

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### Fisheries

In 1975, the latest year for which data are available, the Region's fish production was estimated at 460.8 thousand tons, barely 0.75 per cent of world catch. On the whole, the Region's catch in 1975 was 3.3 per cent better than in 1974. Compared to 1974, Kuwait and Oman reported a 10 per cent increase in catch in 1975, while Iraq and Yemen recorded decreases of 10 and 15 per cent, respectively. The small size of the present catch - despite the locally abundant marine and inland fisheries resources - can be attributed to external factors rather than the lack of abundance of fish. Fish and fishery products could play a major role in increasing protein consumption in the Region provided they are adequately utilized and their quality controlled. Resources are underfished or untapped and catch could be increased by 2.1 million tons, of which 1.5 million tons of pelagic catch. Also, in the Red Sea, there is potential for expansion to a total catch of 180,000 tons, as compared with less than 40,000 tons in recent years. Regarding inland fisheries, it is Iraq and the Syrian Arab Republic which could more effectively exploit their potential, including aquaculture (fish farming) for which they have all the requirements to develop flourishing and successful programmes.

### Forestry

Less than two per cent of the total land area of the Region can be categorized as sparsely wooded land and as little as 200,000 hectares as forested areas, and even these are of low productivity.

In the oil-exporting countries, the importation of forest products should be no problem. Given the tree-growing problems of the Region, the forest, conceived of as a wood-producing area, may well have little interest. It is much more likely that forestry

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### Trade in Agricultural Products

Trade in agricultural commodities in the ECWA Region as a whole is relatively unimportant within the framework of overall commodity trade. Excluding oil from total trade, however, gives agricultural trade prime importance, as it becomes a major component of the Region's trade structure. The share of agricultural exports in total ECWA trade, excluding oil, was as high as 46 per cent in the early seventies and is estimated at around 35 per cent in 1975-76.

The steep rise in the value of oil exports has been reflected in a significant reduction of the relative importance of agricultural trade in the ECWA Region's total commodity trade. The share of agricultural commodity exports in total merchandise exports dropped from 9 per cent in 1970 to just about one per cent in 1975-76 (549 million U.S. dollars). The corresponding figures for the import trade were 25 per cent in 1970 and 17.5 per cent in 1975-76 (3,258 million U.S. dollars). The reduced relative importance of agricultural imports is a consequence of the surge in imports of manufactured products. However, for the non-oil exporting ECWA countries, agricultural exports assume considerable importance.

A second characteristic of trade in agricultural commodities relates to the uneven distribution of the importance of this trade among the ECWA countries (see table 11). There is a very strong concentration of agricultural exports, while agricultural imports are distributed more evenly. The Syrian Arab Republic and Iraq together accounted for about two-thirds of total exports in 1976. With regard to imports, it is noted that the ECWA oil-exporting countries have substantially increased their share. The position of the two Yemens has been worsening, both on the export and the import side.

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as chemical fertilizers, pesticides, improved seeds and farm machinery. The shortages of fertilizers and pesticides of a few years ago (1973-75) have eased, as reflected in considerably lower prices in 1976. However, higher energy prices and the need to import the bulk of the requirements of modern agricultural inputs have continued to pose critical financing problems for the ECWA non-oil exporting countries, particularly the two Yemens.

The civil disturbances in Lebanon - an important producer of phosphate fertilizers and consumer of nitrogenous and potash fertilizers - greatly disrupted production and reduced the use of chemical fertilizers.

Except for potash fertilizers, which are all imported, the Region has an important and growing surplus of nitrogenous and phosphate fertilizers.

The Region's export trade in agricultural requisites (see table 10) consists of crude fertilizers, rock phosphates from Jordan, and manufactured fertilizers, mainly from Kuwait and Lebanon. Significant export surpluses have occurred only in recent years. A drop in world market prices of rock phosphates in 1975 reduced, to some extent, Jordan's export earnings, while there continued to be healthy progress in exports of manufactured fertilizers in 1975.

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Crop and livestock production

As can be seen from table 3, crop production in 1976 was 11.4 per cent better than in the previous year, but still fell considerably short of the 1972 record harvests. Iraq and the Syrian Arab Republic reported excellent crop growth (26 per cent and 13.6 per cent, respectively), while in Yemen and Lebanon the output of crops actually dropped. Unfortunately, the level of crop output achieved in Iraq and the Syrian Arab Republic in 1976 was not maintained in 1977; this led to a reduction of 9.5 per cent in the regional crop output.

The main sources of crop production growth in the ECWA Region was found in fruit and vegetables, as well as selected industrial crops other than vegetable oils. These have exhibited steady growth over the past years and future prospects are promising.

The recent increased attention to livestock problems, and the considerable investments being allocated to livestock development in the ECWA countries, have positively affected growth of livestock production. Investments in a number of projects have been successful. In 1976, the Region's livestock production was up by 5.4 per cent as compared to the previous year. There was a spurt in growth of livestock production in Bahrain (23 per cent) and Kuwait (1 per cent), and significant increases in Iraq, Jordan, Lebanon and the Syrian Arab Republic ranging between 6 and 9 per cent. In Oman, Saudi Arabia and the two Yemens, output stagnated at the 1975 level.

.../

Despite a 19 per cent increase over the previous year, 1976 agricultural production in Iraq was still second best to the 1972 record year. During the past few years, agricultural policy-makers have had to sort out a number of complex and difficult problems and agriculture did not match the high expectations formulated in the early seventies. In Yemen, agricultural production suffered a setback in 1976 after the excellent crop of 1975, whereas in Jordan production stagnated at the depressed level of 1975. In Democratic Yemen output declined slightly between 1975 and 1976.

As is well known, heavy damage was inflicted on the agricultural sector by the civil disturbances of 1975-1976 in Lebanon. Not only were there heavy losses in income, but also a substantial part of the capital stock in agriculture was destroyed.

#### Food and non-Food production

Compared to 1975, both food and non-food crops did very well in 1976 (see table 8). Part of the increase in food production is to be attributed to intensified efforts to promote food production. Non-food crops recovered from the set-back in production in 1975 and a further increase in output is reported for 1977. The latter may be interpreted as a break-away from the stagnant level of output prevailing since the early seventies.

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## II. SECTORAL DEVELOPMENTS

A. AgricultureTotal production

The Region's agricultural production reached an all-time record level in 1976 and was 10.5 per cent higher than in 1975 (see table 7). This compares very favourably with the trend rate of growth, estimated at 2.5 per cent per annum. The growth achieved during the year 1976 also largely outstrips the 4.5 to 5 per cent annual increase in food demand in the Region and the growth in population.

The high increase in output in 1976 appears to have been mainly due to favourable weather conditions which prevailed over much of the Region. The determining role of the weather is further reflected by the preliminary estimates of the 1977 regional agricultural output which, due to less favourable weather, is reported to be down by 5.1 per cent, as compared to 1976.

At the national level, record outputs were achieved in Oman, Qatar, Saudi Arabia and the Syrian Arab Republic. For the fourth year, out of five years, a remarkable performance was registered in the Syrian Arab Republic; production was up by 13.3 per cent over 1975. In Oman and Saudi Arabia the growth of production was slower, but was fairly steady over the past years. The considerable investments being made at present in the agricultural sectors of the Gulf countries augur well for accelerating the pace of growth of agricultural production in future years.

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external sources. Of domestic financing, the private sector's share is expected to be 33.5 per cent. The transport and communications sector will receive the highest share of investment (30.3 per cent), followed by industry (22.2 per cent) - within which the share of manufacturing is 12.5 per cent - agriculture (14.3 per cent) and housing (13.1 per cent).

GDP is expected to rise at an average rate of 8.2 per cent per annum, from YR 5,181 million in the base year to YR 7,671 million in the target year (at constant 1975/76 prices). Over the same period, GNP is to rise from YR 7,751 million to YR 10,757 million or at an annual rate of 6.8 per cent. Sectoral annual growth rates are estimated to be 5.5 per cent in agriculture, 11.9 per cent in industry, 14.4 per cent in construction and 11.3 per cent in transport and communications. As a result, the share of agriculture in GDP is expected to drop from 44.5 to 39.2 per cent and that of industry to increase from 5.8 to 6.9 per cent. Trade, which occupies the second highest share in GDP, is to grow at 10 per cent per annum with its share rising from 23.6 to 25.7 per cent.

Domestic savings are expected to grow at the fast rate of 21.2 per cent, with the result that the YR 300 million negative savings in the base year will be replaced by positive savings amounting to YR 186 million in the target year.

The labour force is estimated to grow by 8.7 per cent annually, with labour productivity rising at an average rate of 6.9 per cent.

.../

Saudi Arabia's Second Development Plan (1975-1980) started in an atmosphere of financial abundance. The Plan allocations are large, amounting to SR 498,230 million. Fixed capital investment is put at more than SR 318,416 million, representing around 32 per cent of total GDP over the Plan period. Approximately 80 per cent of total fixed investment is to be absorbed by construction programmes in the fields of industry, education, health, transport and communications, housing and desalination plants.

The average annual growth of GDP (at 1975 market prices) is expected to be 10.2 per cent, accounted for by an expansion of 13.3 per cent in the non-oil sector, 12.9 per cent in the government sector and 9.7 per cent in the oil sector. Total GDP will rise from SR 148,800 million to SR 242,237 million between the base year (1975) and the final year (1980). Despite the difference in anticipated growth, the respective shares of oil and non-oil sectors in GDP are not to change significantly between the base and target years in view of the overwhelming importance of the oil sector at the outset of the Plan; oil will continue to account for more than 80 per cent of GDP. The relative shares of some components of the non-oil sector, however, will show significant changes, such as construction, the share of which will rise from 26.6 to 33.3 per cent, and agriculture, the share of which will decline from 9.6 to 4.6 per cent.

Manpower requirements are viewed by the Saudi planners as the critical constraint on plan implementation. The growth in manpower requirements is estimated to be at the annual rate of 8.9 per cent, with two-thirds of the increases (estimated at 500,000) to be met from abroad.

.../

The Five-Year Development Plan (1976-1980) of Jordan <sup>1/</sup> envisages a total investment of JD 765 million, equivalent to 36.4 per cent of GDP and divided equally between the public and private sectors. Net foreign financing is estimated to cover 37 per cent of total investment needs. Mining and manufacturing are expected to absorb 30 per cent of total investment, followed by transport (15.7 per cent), water (12.7 per cent) and agriculture 5.2 per cent. Fixed investment is estimated to rise quickly in the first two years, to JD 150 and JD 177 million in 1976 and 1977, respectively, due to the launching of a number of large projects (industrial and infrastructural in nature), then to taper off in the rest of the planning period.

The planned overall growth targets are set at the average annual rate of 11.9 and 11.5 per cent for GDP and GNP, respectively. <sup>2/</sup> Thus, GDP at factor cost and 1975 prices is to rise from JD 290 million in 1975 to JD 508 million in 1980, while GNP will rise from JD 368 million to 634 million. The commodity-producing sectors will grow at 21.1 per cent, raising their share in GDP from 35 per cent in 1975 to 44 per cent in 1980, while the combined growth of the remaining sectors will be at the annual rate of 3.6 per cent. The fastest growing sector, at the average annual rate of 26.2 per cent, is expected to be mining and manufacturing, the share of which in GDP is expected to rise from 15.6 to 23.3 per cent over the plan period. Conversely, the relative shares of agriculture and construction

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<sup>1/</sup> Relating to the East Bank only. (see the Hashemite Kingdom of Jordan: The Five-Year Development Plan in its First year, in Arabic).

<sup>2/</sup> Real growth realized in 1976 was 5 per cent for GDP and 23.6 per cent for GNP, reflecting the importance of net factor income from abroad.

.../

Planned growth in agriculture varies between 4 and 8 per cent. In contrast, planned growth in industrial and related activities is much higher in the majority of countries, particularly in Iraq and Jordan, with projected growth rates of 33 and 26 per cent, respectively.

Investment is expected to absorb a high percentage of total output at around 33 per cent in the majority of the countries, with the public sector accounting for no less than 50 per cent of the total. This is particularly true in the oil-exporting countries, where oil is a state-dominated sector and in which the public investment exceeds, in some instances, 90 per cent of the total.

Information about employment growth targets is made available in some plans only, and even then the target growth rates (varying between 2 and 9 per cent) are confined to anticipated growth in the labour force and not to growth in employment opportunities.

The Iraqi National Development Plan (1976-1980) envisages a total investment of ID 13,455 million (around 44 per cent of total GDP), of which ID 12,255, or 91 per cent, is earmarked to the public sector.<sup>1/</sup> No firm allocations of financial and other resources to sectors over the five year period are stated.

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<sup>1/</sup> The officially released investment programme for 1976 represents 11.1 per cent of the Plan's total investment, of which agriculture, industry, transport, building and services are allocated 19.9, 47.5, 16.2, and 14.3 per cent, respectively.

.../



Eurobonds issued totalled \$1149.3 million of which \$173.9 million or 15.1 per cent were "lead managed". In addition, the Arab Company for Trading Securities (ACTS), which was formed in Kuwait, began operating in 1977, by making a secondary market in Kuwaiti Dinar bonds. Eurobonds have also been issued in Saudi riyals, United Arab Emirates' dirhams and, more recently, Bahraini dinars.

The period 1976-1977 was also characterized by the emergence of the Gulf Region as another banking centre in Western Asia. At the end of 1975, the five Gulf states of Bahrain, Kuwait, Oman, Qatar, and the United Arab Emirates, had 89 commercial banks. By the middle of 1977 the number had increased to 125. The United Arab Emirates witnessed early in 1977 a squeeze on the dirham and the bankruptcy of two banks, one of them temporarily. Bahrain was successful in the establishment of "offshore banking units" (OBUs). The assets of the OBUs reached \$13,500 million at the end of October 1977, of which 73 per cent were in dollars, 20 per cent in local currencies, mainly in Saudi riyals and Kuwaiti dinars, and the balance in European currencies. There were 33 OBUs operating in the Gulf region at the end of October 1977.

In addition to the above, it is important to note the establishment of two stock markets in the Region; one in Kuwait and the other in Jordan. There are 33 companies on the Kuwait Exchange; 32 of them Kuwaiti. The Amman Stock Exchange opened on 1 January 1978, with shares quoted for 33 companies. Companies which wish to be quoted must be 51 per cent Jordanian-owned and must be directed by Jordanians. The exchange authorities want trading and brokerage operations to be carried out by companies, rather than by individuals.

Table 6. Percentage Growth Rates of Consumer Price Indices and Government Expenditures between 1975 and 1976

	Consumer price index	M <sub>1</sub> <sup>1/</sup>	Total government expenditures	Ordinary expenditures
<u>Oil economies</u>				
Bahrain	14.9	64.4	66.0	30.2
Iraq	10.3	20.7	...	...
Kuwait	6.3	35.6	8.4	10.8
Oman <sup>2/</sup>	...	43.4	17.3	24.9
Qatar <sup>2/</sup>	...	57.0	29.5	57.9
Saudi Arabia	31.6	102.6	121.2	116.9
United Arab Emirates <sup>2/</sup>	...	81.5	101.6	69.3
<u>Non-oil economies</u>				
Democratic Yemen	3.1	47.1	...	...
Jordan	15.0	20.6	6.4	6.0
Syrian Arab Republic	14.7	23.5	73.5	16.0
Yemen	16.5	116.0	43.6	27.8

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

<sup>1/</sup> Defined as currency in circulation plus demand deposits.

<sup>2/</sup> The rise in consumer prices has been estimated at about 35 per cent in each of Oman and the United Arab Emirates, and to have exceeded 20 per cent in Qatar.

.../

Comparing mid-1977 figures with that of 1976, the growth in money supply has been slower although still high.

In the non-oil producing countries,  $M_1$  grew in 1976 at rates ranging between 21 per cent for Jordan and 116 per cent for Yemen, with the Syrian Arab Republic at 24 per cent and Democratic Yemen at 47 per cent. This growth could be mainly explained by increases in the volume of bank credit to the private and public sectors. In Jordan and Yemen, the main contributing factor to growth in  $M_1$  was the expansion in credit to the private sector to finance the rise in imports. Credit to finance the budget deficits was the main factor behind the growth in total money supply in Democratic Yemen and the Syrian Arab Republic. In the case of Yemen, a doubling of net foreign assets, as a result of large Arab aid, was also a major factor behind the increase in total money supply. Net foreign assets, however, declined by 99 per cent in the Syrian Arab Republic.

F. Prices and inflation

Consumer prices in the countries of Western Asia continued to rise in 1976 (see table 6), although at lower rates than in 1975. In the oil-producing countries, the increases varied in 1976 from 6 per cent in Kuwait to 32 per cent in Saudi Arabia. Available information indicates that consumer prices declined further in 1977 in all these countries except in Kuwait, where they increased by 9 per cent in mid-1977, mainly as a result of the rise in government ordinary and development expenditures, in spite of measures taken by the monetary authorities to contain inflationary

.../

$M_2$  slightly increased in Iraq and the Syrian Arab Republic reaching 24 and 41 per cent, respectively; remained practically unchanged in Jordan (66 per cent); and, increased sharply in Oman, Saudi Arabia and Yemen, to reach 25, 17 and 57 per cent of GNP in 1976, as compared with 18, 11 and 34 per cent in 1975, respectively.  $M_1$  continued to constitute the largest component of the money supply in most countries of Western Asia, except in Bahrain, Kuwait and the United Arab Emirates where time and savings deposits constituted, on the average, 66 per cent of the total.

The increase in  $M_1$  in 1976 over 1975 ranged between 21 per cent for Iraq and 103 per cent for Saudi Arabia, followed by Kuwait (36 per cent), Oman (43 per cent), Qatar (57 per cent), Bahrain (64 per cent) and the United Arab Emirates (82 per cent). Available growth rates for GNP, at current market prices, during the same period were much lower, at 17, 9 and 16 per cent for Iraq, Oman and Saudi Arabia, respectively (see table 1).

The growth in total money supply  $M_2$ , in general, and  $M_1$ , in particular, is largely attributable to the increase in credit to the private sector, mainly to finance rising imports and construction activities. Another contributing factor to the rise in  $M_2$  is the growth in net foreign assets resulting from the large inflow of oil receipts with-held from current government budget spending. In the case of Kuwait and Oman, however, net foreign assets decreased by 3 and 32 per cent, respectively, during 1976. In Kuwait, the decline was due to the increased outflow of funds in the form of aid, loans and overseas investments. While in Oman the decline reflects the drawing down of these assets to meet current budgetary expenditures and the decrease in foreign aid received from RO 71.6 million in 1975 to 18.0 million in 1976.

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Total central government expenditures in the oil-producing countries continued to increase, although at relatively higher rates than for total revenues, except in the case of Kuwait. In 1976, government expenditures grew at rates varying between 8 per cent for Kuwait and 121 per cent for Saudi Arabia <sup>1/</sup>, with 17 per cent for Oman, 28 per cent for Abu Dhabi, 30 per cent for Qatar and 66 per cent for Bahrain.

In the case of Bahrain, Saudi Arabia and Abu Dhabi, the high rates of increase are mainly attributed to increases in development outlays, especially on infrastructure. The rise in the remaining oil-producing countries is ascribed to increases in ordinary expenditures incurred to meet the growing demands of an expanding public administration, rising inflationary pressures and the resulting increases in wages and salaries of public servants, in addition to increased spending on defence. With the exception of Bahrain, Iraq and Saudi Arabia, ordinary expenditures in the remaining oil-producing countries continued to constitute the higher share of total government expenditures in 1976.

In Kuwait, Oman and Qatar, the ratio of ordinary to total government expenditure increased, while it showed a sharp decline in Bahrain and a slight decrease in Iraq, Saudi Arabia and Abu Dhabi.

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<sup>1/</sup> This high rate may be due to excluding in 1975 the sum of SR 52,504.- million allocated to government expenditures under the Second Development Plan.

.../

Table 4. Composition of Central Government Revenues in 1976  
(Percentage)

<u>Bahrain</u>		<u>Oman</u>	
Oil Revenues	81.7	Oil Revenues <u>1/</u>	90.0
Indirect taxes <u>1/</u>	18.0	Direct taxes <u>1/</u>	0.9
-Customs Duties	8.6	Indirect taxes <u>1/</u>	3.8
Other Revenues	0.3	-Customs Duties	0.9
		Other Revenues	5.3
<u>Democratic Yemen</u>		<u>Qatar</u>	
Direct taxes	45.7	Oil Revenues	93.8
-Income & Profits tax	21.9	Other Revenues	6.2
Indirect taxes	40.2		
-Customs Duties	21.0	<u>Saudi Arabia</u>	
Other Revenues	14.2	Oil Revenues	93.9
		Other Revenues	6.1
<u>Iraq</u>		<u>Syrian Arab Republic</u>	
Oil Revenues <u>1/</u>	81.0	Direct taxes	10.8
Direct taxes <u>1/</u>	1.3	-Income tax	9.3
-Income and Legacy tax	1.1	Indirect taxes	27.4
Indirect taxes <u>1/</u>	5.0	- Customs Duties	14.1
-Customs Duties	3.6	Revenues from Public Enterprises	52.9
Revenues from Government Administrative and Development Plan	11.5	Other Revenues	8.9
Other Revenues	1.2		
<u>Jordan</u>		<u>Abu Dhabi</u>	
Direct taxes	13.4	Oil Revenues	97.2
-Income tax	10.4	Indirect taxes <u>1/</u>	0.5
Indirect taxes	65.0	Other Revenues	2.3
-Customs Duties	29.4		
Other Revenues	21.6	<u>Yemen</u>	
		Direct taxes	8.0
<u>Kuwait</u>		-Income and Profits tax	4.2
Oil Revenues	97.2	Indirect taxes	80.3
Indirect taxes <u>1/</u>	1.0	-Customs Duties	50.3
-Customs Duties	0.9	Revenues from Government Enterprises	9.7
Other Revenues	1.8	Other Revenues	2.0

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

1/ Excluding revenues from oil.

.../

the Syrian Arab Republic to 125 per cent of GDP in Jordan. With the exception of Yemen, expenditure on consumption declined between 1975 and 1976 in the non-oil countries for which data were available. The ratios of capital formation to GDP in the oil and non-oil countries showed a significant rise over the same period.

In the majority of the countries reviewed, the ratio of imports to GDP was between 31 and 51 per cent, with a minimum of 22 per cent (Kuwait) and a maximum of 115 per cent (Jordan). The latter depicts an extreme case of dependence on imports. The relative share of imports dropped in the Syrian Arab Republic, the two Yemens, and Abu Dhabi.

Unlike imports, exports varied dramatically in significance between the two major sub-groups (oil and non-oil countries). The share of exports in GDP stood at 49.7 per cent in Jordan, 7.7 per cent in Yemen in 1976, and at 7.5 per cent in Democratic Yemen. <sup>1/</sup> The heavy dependence on oil exports in the oil economies is indicated by their exports' large share in total output which exceeded two thirds.

The savings efforts in the Region display a marked contrast between the two sub-groups. Domestic savings range from high proportions of GDP in the oil-producing countries to negative rates in the non-oil economies, as in the case of the two Yemens and Jordan. The domestic savings ratio appears to have declined in the oil countries, except Oman, and to have improved in each of Jordan, Syria and Democratic Yemen.

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<sup>1/</sup> This figure relates to 1975.

.../

Table 2. Structure of Gross Domestic Product<sup>1/</sup>, 1975-1976  
(Percentage share of GDP)

Country	Agri- culture	Mining and Quarry- ing	Oil	Manu- factu- ring	Cons- truc- tion	Trans- port & Communi- cations	Trade	All others <sup>2/</sup>
<u>Democratic Yemen</u>								
1974	23.4		6.7 <sup>3/</sup>		6.3	7.2	21.3	34.2
1975	22.9		7.4 <sup>3/</sup>		6.6	8.4	17.9	36.7
<u>Iraq</u>								
1975	7.5	57.6	57.4	6.0	2.3	4.0	4.9	17.7
1976	7.6	54.0	53.4	7.1	7.8	4.7	4.3	14.5
<u>Jordan (East Bank)</u>								
1975	9.7		18.1		6.0	9.2	15.3	40.7
1976	10.1		18.4		7.0	10.1	15.2	39.2
<u>Kuwait</u>								
1974/75	0.2	77.2		4.6	0.6	1.9	4.0	11.5
1975/76	0.3	70.0		5.0	0.9	2.6	5.8	15.5
<u>Oman</u>								
1975	2.4		64.1	0.3	12.1	3.2	6.5	11.3
1976	2.6		63.0	0.4	12.0	3.1	6.0	12.9
<u>Saudi Arabia</u>								
1975	1.0	77.9		4.2	3.5	2.9	2.5	7.7
<u>Syrian Arab Republic</u>								
1975	19.3		23.3 <sup>4/</sup>		5.8	7.4	13.7	25.7
1976	22.1		22.4 <sup>4/</sup>		7.1	5.0	19.8	23.8
<u>Yemen</u>								
1974/1975	52.2		5.6 <sup>4/</sup>		3.9	3.1	13.5	16.8
1975/1976	44.5		5.8 <sup>4/</sup>		4.4	2.9	23.6	13.8
<u>United Arab Emirates</u> (Abu Dhabi )								
1975	0.0		73.6	0.2	8.4	2.4	4.5	10.9
1976	0.0		66.4	0.5	7.2	3.5	6.1	16.2

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

Note: See footnotes 1,2, and 3 of table 1.

<sup>1/</sup> At current factor cost for Democratic Yemen, Iraq, Jordan, Saudi Arabia and Abu Dhabi, and at market prices for the remaining countries.

<sup>2/</sup> Housing represents a relatively high share in the oil countries.

<sup>3/</sup> Excluding the BP refinery.

<sup>4/</sup> Including electricity and water.

.../



For the non-oil exporting group, information at constant prices for the period under review is available for Jordan, the Syrian Arab Republic and Yemen. GDP at factor cost for the first two countries grew in 1976 by 5.0 and 6.2 per cent, respectively; thus, in both cases, falling below the growth envisaged in the two countries' respective development plans.<sup>1/</sup> However, because of the significant increase recorded in indirect taxes in Jordan, the growth rate of GDP at market prices was more than double that at factor cost, reaching 11.8 per cent. GDP at market prices increased by 8.4 and 3.0 per cent, respectively, in the Syrian Arab Republic and Yemen.

When viewed in terms of GNP growth, the performance improves significantly in both Jordan and Yemen, rising to 23.6 and 15.6 per cent, respectively. These much higher rates demonstrate the importance of factor income inflows for both countries.

This same phenomenon exists in the oil-producing countries. Investment income from abroad is growing rapidly in the oil-rich countries, specially in Kuwait and Saudi Arabia<sup>2/</sup>. On the other hand, repatriated income from labour, multinational companies, and foreign firms operating in these countries works in the opposite direction. The net effect of these developments has been to raise the ratio of GNP to GDP in Kuwait from 91 per cent to 107 per cent, and in Saudi Arabia from 82.9 to 97.2 per cent between 1974 and 1975.

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<sup>1/</sup> See Section I-H below.

<sup>2/</sup> Investment income in Saudi Arabia totalled \$3800 million in 1976 and was estimated at \$4600 million in 1977. In Kuwait, investment income amounted to \$1403 million in 1976. (See Middle East Economic Digest, 29 July 1977).

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## I. MACRO-ECONOMIC INDICATORS

### A. Growth of Output

The economic performance of the ECWA Region, during the period under review, was moderate, as compared with the achievements of the immediately preceding years which witnessed sharp rises in the price of oil. Available information indicates that growth between 1975 and 1976, in current prices, varied between a minimum of 8 per cent (Oman) and a maximum of 33 per cent (Abu Dhabi), with most growth rates falling between 15 and 22 per cent (see table 1).

In most countries, the growth in GDP was accounted for by growth in all the production sectors, although the rates of growth varied considerably between sectors and among countries. Kuwait was a notable exception, however, as value added in the oil sector declined by 13.8 per cent and GDP fell by 5 per cent in 1975/76. Available data make it possible to review real growth performance in only five countries ( two major oil-producers and three non-oil producers ).

In both Iraq and Saudi Arabia, although economic activity remained comparatively strong, some slackening was observed, with the result that real GDP at factor cost grew by only 7.4 and 7.8 per cent, respectively. In Saudi Arabia, a minimal growth of one per cent in the oil sector resulted in the decrease of its share in GDP, at constant prices, from 53 per cent in 1975 to 50 per cent in 1976. This development was partially compensated by the impressive growth in both the private non-oil sector (16.3 per cent) and the public sector (11.9 per cent). In Iraq, the commodity-producing sector recorded a 6 per cent growth, as compared with 13 and 10 per cent, respectively, in the distribution and services sectors. Again the slight growth in the oil sector depressed its share in GDP to 53.4 per cent from its 1975 level of 57.4 per cent.<sup>1/</sup>

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<sup>1/</sup> Based on data at current prices.

.../

considerable portion of oil surpluses are invested in United States securities, the depreciation of the dollar vis-à-vis the major currencies represented a serious erosion in the purchasing power of the dollar-denominated financial assets and future oil revenues of the oil exporters.

Within such a world framework, the ECWA Region provided a major stimulus to the international economy. It offered the most rapidly expanding market for capital, technology and consumer goods, relative to population size. Its surplus members have maintained their role as major aid donors and their performance in this respect in relation to their incomes was by far superior to that of the developed countries. <sup>1/</sup> Furthermore, the manner in which they have managed their financial surpluses has been a major stabilizing factor in the turbulent international money and exchange markets.

The analysis that follows deals with economic and social developments in the ECWA Region during 1976-1977. In some cases, however, it is limited to earlier years due to the unavailability of reliable data. As the time element of project initiation, the state of work in progress, and work finished are not always clearly definable, the transport and agricultural sectors are surveyed from a broader time base and are often projected toward a post-1977 time horizon.

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<sup>1/</sup> For example, concessional assistance provided by Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates in 1976 represented 0.60, 3.23, 7.40, 5.77 and 10.23 per cent of their respective GNP, compared with an average of 0.33 per cent for all the members of the Development Assistance Committee (DAC). See Organization for Economic Cooperation and Development, Development Cooperation 1977 Review.

.../

ABBREVIATIONS

..	Not available
-	Nil or negligible
DH	Dirham
ID	Iraqi dinar
JD	Jordanian dinar
RO	Omani riyal
SP	Syrian pound
SR	Saudi Arabian riyal
YD	Yemeni dinar
YR	Yemeni riyal
OBUs	Offshore banking Units
U.S.	United States.

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