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Baghdad, Iraq

Item 7(c) of the Provisional Agenda

THIRD UNITED NATIONS DEVELOPMENT DECADE

Note of the Executive Secretary

The Economic Commission for Western Asia at its sixth regular session, held in Baghdad in 1979, adopted resolution 76(VI) calling for the establishment of an Intergovernmental Committee of Development Experts from the member States of ECWA to prepare, in collaboration with the secretariat of the Commission, a report on the views of the ECWA region on the International Development Strategy for the Third United Nations Development Decade. A meeting of the Committee was convened, in August 1979, to study the report prepared by the secretariat of ... the Commission. The Committee adopted the attached revised version of the report which was submitted to the Preparatory Committee of the General Assembly for its consideration in preparing the International Development Strategy for the Third Development Decade.

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ECONOMIC COMMISSION FOR WESTERN ASIA

Meeting of Government Development Experts
29-31 August 1979

Beirut - Lebanon

REPORT
OF
THE MEETING OF THE COMMITTEE
OF GOVERNMENT DEVELOPMENT EXPERTS OF THE ECWA COUNTRIES
ON
THE INTERNATIONAL DEVELOPMENT STRATEGY FOR THE THIRD DEVELOPMENT DECADE

79-2704

1. The Meeting of Government Development Experts was held in Beirut, Lebanon, between 29 and 1 August 1979. Present at the Meeting^{1/} were delegates of the following member States of ECWA: The State of Bahrain, the Arab Republic of Egypt, the Republic of Iraq, the Hashemite Kingdom of Jordan, the State of Kuwait, the Republic of Lebanon and the United Arab Emirates. Also present were representatives of the following United Nations Organizations and specialized agencies: ILO, UNDP, UNESCO, UNICEF, UNIDO as well as ECWA. In addition, the following governmental and regional organizations participated: Arab Organization for Agricultural Development, Council of Arab Economic Unity, Iraqi Fund for External Development and the Islamic Development Bank.

2. At the opening of the meeting, the subject of the invitation extended to the representative of Egypt to participate at the meeting was brought up. The Executive Secretary of the Commission, explained that while the ECWA sixth session, which met earlier this year in Baghdad, had adopted a recommendation to suspend the membership of Egypt in the Commission, the Economic and Social Council of the United Nations, which was the authority empowered to act on the matter, decided to postpone consideration of the recommendation. The Egyptian delegation to the Baghdad ECWA session continued to attend the meetings then. Accordingly, the membership of Egypt in the Commission remained valid. At that point, all the participants (except the Egyptian delegate) expressed strong reservations against the presence of the Egyptian delegate in the following words:

1/ Detailed list of participants is available in Document E/ECWA/DPD/WG.14/INF.3

"Before the Committee begins discussion of the working paper, we would like to call to mind the fact that at its sixth session held in Baghdad between 20 April and 2 May 1979, ECWA adopted a recommendation to the Economic and Social Council requesting that the membership of Egypt in the Commission be suspended. In endorsement of ECWA recommendation, we wish to register our reservation at this time against the participation of the delegation of Egypt at the present meeting and we request that this be recorded in the final report of the meeting".

The representative of Egypt stated that by virtue of the Economic and Social Council decision referred to by the Executive Secretary, Egypt continued to be a member in full standing in the Commission. He stated that Egypt viewed with seriousness its participation in the work of the Commission and that its representative was attending the present meeting in response to the invitation by the ECWA secretariat.

3. Mr. Mohamed Said Al-Attar, the Executive Secretary, opened the Meeting of the Committee of Government Development Experts at its first Session with a word of welcome. He then introduced the President of Lebanon's Council for Development and Reconstruction, Mr. Mohammad Atallah, who made a statement^{1/} in which he welcomed the participants to Lebanon. Mr. Atallah pointed out how Lebanon had been fulfilling its role in regional and international activities, including economic affairs, with no hesitation, despite the troubled and difficult times it was passing through and requested the Committee to take account of the impact of Israeli

^{1/} Full text of address is available at ECWA/DPD.

occupation and aggression on the Lebanese economy in its recommendations.

4. The Executive Secretary made a statement^{1/} in which he welcomed Mr. Atallah and assured him of the Commission's readiness to co-operate with Lebanon in every field. He then welcomed the distinguished delegates and the other participants at the meeting. The Executive Secretary pointed out the important place which the meeting of Government Experts occupied in the elaboration of the new International Development Strategy for the eighties. The meeting was a major link in the series of activities which different United Nations organizations were carrying out in that regard.

5. Mr. Basim A. Hannush, the Chief of the Development Planning Division of ECWA and Director of the present meeting, made a statement^{2/} in which he reviewed the evolution of the International Development Strategy at the United Nations and the emerging developments which gave the Strategy for the Third Development Decade a new look and a special significance. He then made a brief presentation of the efforts that were being made within the United Nations system towards the preparation of the new Development Strategy.

6. At its first meeting the Committee unanimously elected Mr. Abdallah Al-Bukhary, Chief of the Industry Section of the Ministry of Industry of Jordan, as Chairman of the meeting. It also elected Mr. Farid Kalander, Director of the Department of Economy of the Ministry of Planning of Kuwait, as Vice-Chairman and Mr. Issam Rashid Hwaish, expert with the Ministry of Planning of Iraq, as Rapporteur.

1/ Full text of address is available at ECWA/DPD.

2/ Ibid.

7. The Committee then adopted the following agenda:

- (a) Opening of the Meeting
- (b) Election of officers
- (c) Adoption of agenda
- (d) Presentation of working paper: "Development Strategy for the ECWA region in the Third United Nations Development Decade".
- (e) Discussion of working paper: "The economic situation of the region in the seventies".
- (f) Discussion of working paper (continued): "Overall rate of economic growth expected in the eighties; development strategy of crude oil sector and its impact on economic growth; role of qualitative objectives; international and regional dimensions in development strategy".
- (g) Discussion of working paper (continued): "Priority areas: general priorities, agriculture and food, infrastructure, construction, industry, science and technology, mineral resources, water and energy".
- (h) Discussion of working paper (continued): Priority areas: transport, tourism, social development, housing, population policy and environmental protection".
- (i) Adoption of the report and recommendations concerning the Strategy.

8. The Committee held several meetings over a three day period in which it discussed the different sections of the working paper prepared by the ECWA secretariat. These meetings generated a number of observations and

proposals to develop the working paper further and to put it into final form as a statement of the views of the States of the region.^{1/}

9. The Committee in its last meeting held on 31 August 1979 also adopted a number of recommendations concerning the International Development Strategy and requested the ECWA secretariat to submit them to the Preparatory Committee which is entrusted in preparing a draft International Strategy for the Third United Nations Development Decade at its meetings in September 1979 supplemented by the working paper which had been prepared by ECWA Secretariat ^{2/} and amended on the basis of changes by the Committee. The following sections are the broad lines of these observations and recommendations:

I. Growth rates achieved in the Second Development Decade

10. The International Strategy for the Second Development Decade aimed at achieving an average annual growth rate for the developing countries of 6 per cent in gross production through the achievement of an annual growth rate of 4 per cent in agricultural production and 8 per cent in industrial production.

11. These growth rates were not met at the global level, even though in the opinion of the Economic Commission for Western Asia, they were not high enough to satisfy the developmental goals and principles proclaimed in the International Development Strategy.

12. As for the ECWA region, development efforts in the seventies achieved growth rates in GDP in excess of the targets set by the Development Strategy for the Second United Nations Decade. Average annual growth rates varied

^{1/} See attached document E/ECWA/DPD/WG.14/3 Add.1

^{2/} See attached document E/ECWA/DPD/WG.14/1 Rev.1 and
E/ECWA/DPD/WG.14/3 Add.2

between 7 percent and 12 percent for the different countries. These figures also exceeded the rates achieved in the region during the First Decade. Nevertheless, given its resources, the region could have recorded higher growth rates than what was achieved during the Second Development Decade.

13. Moreover, the growth achieved did not give rise to major structural changes. External trade, massive as it is, increased further with no major increase in the contribution of the industrial sector to GDP in the agricultural countries of the region. The decline in the contribution of the agricultural sector to GDP in those countries reflected, for the most part, the growing contribution of the trade sector, including imports. Meanwhile, the service sector especially government services expanded rapidly.

14. The food deficit problem grew worse in terms of quantity, quality and prices, exceeding the shortfall of the First Decade and explained by increased demand for foodstuffs, by higher quality of food demanded, and by the spread of urbanization in the oil countries. General productivity and production rates did not match the growth rates in demand and consumption.

15. A number of new industries were introduced into the region including mainly petrochemicals, iron and steel and aluminium. Cement and a number of other industries were expanded. No tangible expansion took place, however, in the food, textile and weaving industries. Nor was there much development in the production of machinery and capital goods, despite the fact that this represented a major obstacle to industrial development and self-reliance in the region.

II. Conclusions of the review and analysis of the Strategy for the Second Development Decade

16. The above mentioned growth rates in GDP were a reflection of the expansion in oil extraction and in oil exports which lacked any significant change in the proportion of petroleum products to crude oil. Furthermore, the adjustment of oil prices in favour of the peoples of the oil-exporting countries and in favour of stimulating the global search for alternate sources of energy began to meet strong opposition from the developed countries towards the middle of the Second Development Decade. That opposition hindered the achievement of real progress in growth rates. The delegates of the countries of the region observed that increased GDP did not represent genuine improvements in the productive and industrial capabilities of their respective countries. The increases were not generated by real progress achieved in the industrial sector, but were merely the result of the increased exportation of raw materials. This was particularly the case in the manufacturing sector. Moreover, the industries established in the Second Development Decade did not contribute to the building of an integrated industrial base capable of supporting sustained development. Accordingly, the representatives of the countries of the region believed that the major industrial elements of the Strategy for the Third Development Decade must be geared to higher growth rates and to genuine transformation in the industrial and economic structure of the countries of the region.

17. As to the question of GDP growth in the agricultural sector, it was noted that the failure of the region to reach the growth targets set for this sector in the Strategy for the Second Development Decade was due to several factors. A major factor was the absence of clear development policies for identifying the projects for implementing the studies made by

the different governments, institutions and regional organizations. Another factor was the failure to mobilize the necessary human and material resources for implementing those projects in accordance with the growth targets set for the region.

18. The external trade of the countries of the region was characterized by the fact that it took place primarily with the developed countries, and, particularly, with market economies as well as oil importing countries. External trade relations expanded greatly during the Second Development Decade, thus, resulting in an expansion in the export of raw materials with an accompanying increase in the price of foodstuffs, which the region came to import in greater quantities. This generated trade and balance of payments deficits in a number of countries of the region, exacerbated by increased imports of consumption goods and capital goods together with technological services. The result of all these developments was to subject the region to a spiral inflation generated by the import trade.

III. Objectives of the International Development Strategy for the Third Development Decade

19. Based on the review of the accomplishments of the Second Development Decade and the obstacles that hindered the realization of its targets, the following objectives for the Strategy for the Third Development Decade can be proposed. As to the general philosophy governing the projected strategy for the Third Development Decade, it was proposed that the Strategy adopted the following basic principles:

- (a) The developing and the developed countries should agree to transfer a greater number of prospective development projects to the developing areas, taking into account the impact of such

transfer on the world economy. The implication of this principle for the ECWA countries is that the region ought to be allotted a sufficient share of industrial projects in fields in which it enjoys definite advantages;

- (b) The developing and the developed countries should agree to promote vertical and technical integration at the regional level when implanting the industries mentioned in (a) in the developing country. This implies the expansion of new and projected industries to include all stages of the industrial process and to provide the highest value added and employment opportunities possible;
- (c) The representatives of member countries believed that the assertion of national sovereignty over natural resources must also cover the control by the developing countries of their existing industrial establishments as well as future projects, in the interest of their peoples and the interest of international economic progress. The countries of the ECWA region must be encouraged to integrate those industries into their national economies, promoting intra- and inter-sectoral integration and interrelationship while seeking Arab economic integration at the regional level;
- (d) The exploitation of natural agricultural resources for the production of foodstuffs in the developing countries, which is an international concern aimed at combating world food scarcity, should have priority in the formulation of the Strategy for the coming decade, as it would help solve the problems of under-nourishment, food deficit and as it would relieve the pressure on

the balance of payments of the developing countries. The objectives of the Strategy for the Third Development Decade in the ECWA region should aim at increasing productivity and production and at alleviating the foodstuff deficit in addition to reversing the increasingly negative impact of the importation of foodstuffs on member countries balance of payments;

- (e) The developing countries were in need of commercial and financial policies and measures that could stem the continuing and growing deterioration in exchange values and the burgeoning growth of external indebtedness. They were also in need of a special strategy for stimulating commercial transactions within the developing world and among its different regions. With respect to the ECWA region, emphasis should be placed on the unanimity of the demands of the Group of 77 in this respect. The developed countries were requested to make the commercial and financial concessions needed for the achievement of the above objectives in the interest of social and economic progress and of global detente. The Government representatives emphasized the need to link the prices of manufactured goods in the more developed countries to the prices of raw materials imported from the developing countries.

20. On the basis of the above, the Strategy for the Third Development Decade must aim at effecting basic reform in the foundations and in the patterns of commercial exchange between the developed and the developing countries. In addition, it should embody international recognition of the principle of preferential treatment for industrial goods manufactured by developing countries. This principle should be generalized to include an

ever-increasing number of production sectors, keeping in mind the interests of the peoples of both the developed and the developing countries.

IV. Observations of the Committee based on its analysis of the nine-year experience of the Second Development Decade, particularly in the ECWA region

21. The General Assembly Resolution 2626(XXV) on the International Development Strategy for the Second United Nations Development Decade called for the improvement of the international situation, disarmament, and the implementation of policies aimed at the creation of a more rational and more equitable social and economic order.

22. The Arab States members of ECWA affirmed their adherence to those principles and saw in them the necessary foundations for accelerating the development process, while noting that the actual progress accomplished in the application of those principles during the preceding Decade was insufficient. Therefore, the countries of the region, stressed the need for augmenting international efforts for the improvement of the general international situation, disarmament, the elimination of colonialism and social discrimination, the promotion of equal rights for all and the safeguard of economic sovereignty, so as to facilitate the achievement of greater progress under the International Strategy for the Third Development Decade.

23. As for the ECWA region, the member States considered that Israeli occupation of the territories of several Arab States, continued Israeli contempt for the national rights of the Palestinian Arab people, repeated Israeli aggression on South Lebanon and the persistent Israeli military threat

to the States of the region, the security of its peoples and their sovereign right over their natural resources and their economies, constitute a threat to their economic independence and an obstacle to accelerated development in the region.



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DEVELOPMENT STRATEGY
FOR THE REGION ON THE
ECONOMIC COMMISSION FOR WESTERN ASIA
IN THE THIRD UNITED NATIONS DEVELOPMENT DECADE

Working Paper

79-2711

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I. ECONOMIC SITUATION OF THE REGION IN THE SEVENTIES

A. Development and Co-operation in the Seventies

1. During the seventies, the ECWA countries realized GDP growth rates averaging 7-12 percent, thus exceeding the target rate of the international development strategy for the second United Nations development decade. This performance also compares favourably with that of other developing countries and with Region's own achievements in the 1960s. Nevertheless, it is possible to say that the Region's potential could have allowed even higher growth rates than was actually realized.

2. Moreover, there was no marked structural change despite the growth achieved. Even the decline in the relative importance of the agricultural sector in the gross domestic product of the agricultural countries of the region was not due to a significant rise in the share of the industrial sector, but probably reflected the increased contribution of the trade sector, especially the import component, and, the construction sector, which is often linked to housing, and the services sector, especially government services.

3. The expansion of agricultural production was disappointing at the regional level, despite some progress in some crops in some countries and despite the progress realized in the construction of a number of dams, irrigation and drainage projects in some agricultural member countries. This has led to increased imports of foodstuffs. The haphazard development in agriculture came in response to local and regional demand, with development concentrating on horizontal more than on vertical expansion, and with not much reliance on modern technology. Also, there was no appreciable increase in productivity, but rather a decline due to the non-remunerative cultivation of marginal and grazing lands. Furthermore, the most important difficulties and bottlenecks in the agricultural sector continue to persist. Foremost among them are aridness, backwardness of the production base, limited managerial capabilities, depletion of the soil, salinity problems,

inefficient use of water and crop rotation, the practice of leaving land fallow even that which is irrigated or receive sufficient rainfall, weak linkage between crop production and livestock raising, limited use of modern agricultural methods, little interest in the production of animal feed, inadequacy of veterinarian and extension services, inadequacy of the infrastructure, limited effectiveness of the planning machinery, smallness of agricultural holdings and their dispersion and consequently the difficulty of merging and modernizing them, and the inadequacy of training, education, research, marketing and credit institutions.

4. In the field of industry, a number of new industries have emerged in some member states, such as petrochemical and engineering industries, but apparently at the expense of food and textile industries. There has been no significant improvement, however, in machine industries and in the production of capital goods. Even the production of building materials, especially cement which is needed for the execution of ambitious projects, falls short of domestic needs, to the extent that most of the countries of the region have been importing cement in large and increasing quantities.

Thus, industrial growth has generally been associated with a relative stagnation in the contribution of the industrial sector to gross domestic product. In most cases this contribution did not exceed 10 percent at a time when a large proportion of domestic consumption needs, averaging around 30 per cent was being imported and when imports of raw materials and spare parts for existing industries were increasing.

The pattern of industrialization has not changed significantly in the region. Manufacturing can still be described as light and consumer-oriented, similar and competitive at the regional level, linked to the external sector, and not very competitive. The sector still depends on a limited number and variety of products, operates under a low degree of specialization and in product integration. The region also depends on the importation of

manufactured goods and the export of raw materials, or semi-raw materials. The policy of developing import-substitution industries, coupled with the limitations of the internal market and export difficulties, has resulted in idle capacity which often reaches 60-70 per cent. The limited success of the policy of processing domestic agricultural raw materials is offset by the difficulties and drawbacks of manufacturing petro-chemicals for export. Dependence on the outside world is further deepened with the industry's virtual reliance on imported technology, expertise, labour and a number of intermediate goods. This policy has, moreover, failed to extend its positive features especially in the field of vocational education and training, to other areas of economic activity. It has also failed to strengthen the inter dependence of industrial products. In addition, there are still many artificial limitations within the region which hinder trade in industrial products, while co-ordination of industrial policies and planning at the level of the region is very rare.

5. Despite rapid growth in the construction and building sector, there are two noteworthy features that reflect a weakness which does not have, or can no longer have, any justification. The first is that residential construction is still based on manual and primitive methods in most areas, even though productivity could be increased substantially by applying modern and easily accessible technology which is badly needed in view of the rising demand for housing.

The second feature is that construction activities, and especially the execution of development projects, depends on foreign contracting firms, which frequently secure contracts under the "turnkey" method and does not depend much on the sub-contracting to local concerns which are often inadequate. It is also to be noted that planning and laying down policies for this sector are generally neglected. Nearly all the development plans of member countries fail to refer to this aspect.

6. In the area of transport and communications there has been significant progress in the region which experienced a boom in the construction of highways, ports and airports which were built mostly towards the second half of the present decade. Nevertheless, most of these facilities are still generally below the long range needs.

7. In foreign trade, the region is characterized by the high proportion of imports and exports to gross domestic product. Consequently, its economies are highly sensitive to external influences. During the seventies there has been a sharp increase in imports in terms of volume and value, as well as in the variety of goods imported, reflecting growing nutritional and development needs, and made feasible by increased liquidity. Meanwhile, non-petroleum exports have generally been growing slowly in terms of volume and type of goods exported due to weaknesses in the production base. The terms of trade improved markedly for the oil-producing countries due to the rise in oil prices, but declined in the non-oil countries accentuating their trade and payment deficits.

Intraregional trade remains below the desirable and potential level, and non-tariff barriers still hinder its flow. Some of the countries of the region also face similar barriers in exporting to the developed countries.

8. As to services they are still inadequate, despite the rapid advances in most parts of the region in education systems and health services. This has led to a higher proportion of educated people, a decline in mortality rates, especially of infants, and to a decline in incidents of endemic diseases. While the progress achieved is considerable when compared to the situation prevailing at the beginning of the decade, it is still far from adequate when viewed against the needs especially in the rural, remote and hedouin areas.

9. One of the most prominent features of economic development in the region is the rise of the public sector in forms which differ from one

country to another. The public sector has become important even in those countries which adhere to a free enterprise system. Direct investment in both the public and mixed sectors has affirmed the responsibility of the state for the economy and has given it greater economic strength. However, the problems facing the public sector, especially in the fields of administration and profitability have made it, at times, a burden on the economy.

10. In technical economic co-operation among developing countries, the region made important contributions which have had positive repercussions on the Third World. The region played a vital role in strengthening solidarity and co-operation with developing countries. It has sought expertise and manpower from among their ranks, thus resulting in the transfer of substantial funds to them; extended to them government aid and soft loans through development funds; and made direct investments in projects of their private sector and opened up its markets for their products. Member states also play an important role at the economic and political level within the group of non-aligned nations, and in the Organization of Petroleum Exporting Countries (OPEC). Furthermore, the region is actively participating in the dialogue with the developed countries in seeking to establish a new international economic order, especially through the Arab-European dialogue.

11. As to regional co-ordination and co-operation there has been a number of significant developments. These include the activities of the specialized agencies of the Arab League, the Economic Commission for Western Asia and the Council of Arab Economic Unity. One of the most important manifestations of the move towards integration has been the exchange of capital and labour between the petroleum-producing and other countries of the region, whereby government grants, soft loans, and transfers of workers greatly helped to revive the economies of the non-oil economies, producing overall positive results despite the consequent imbalances in their manpower structure. Another important development has been the establishment of a network of development funds which have

provided numerous loans to the non-oil economies and the least developed member states in the region. This is in addition to direct government aid, especially to the least developed countries, and to the creation of a number of joint ventures, the Arab Monetary Fund, a number of regional and international banks, and the Organization of Arab Petroleum Exporting Countries. A number of projects were also carried out to link the international highway networks of neighbouring countries. Some projects to link electricity grids were also launched, along with exchange of services involving parts, transit, etc... In addition, there has been significant co-ordination efforts at sub-regional and bilateral levels, such as the close co-operation between the Gulf states, between the Syrian Arab Republic on one hand, and Jordan, Iraq and Lebanon on the other, between the two Yemens, etc... It is observed, however, that enthusiasm for such forms of bilateral co-operation usually fluctuate according to the state of political relations.

B. Main Features and Resources of the Region

12. The entire region of the Economic Commission for Western Asia is considered to be a developing region, with obvious disparities in the degree of development of its member states. It includes, at the same time, nations in which per capita income is among the highest in the world and two countries which are among the world's least developed (the two Yemens).

13. The region has a strategic geographical location on some of the world's main trading routes, and at the meeting point of several continents. It is in close contact with the world markets and maritime resources through its long coastline (5,500 miles), which exceeds that of the United States coastline, is nearly the length of the Japanese coastline, and more than twice the length of the coastline of the British Isles.

14. In addition to the fact that the region is one contiguous area forming one bloc, its people constitute a highly homogeneous group, who are

linked by national, linguistic and historic ties and by common interests. Aside from numerous other ties, the fact is that the countries of the region form one nation.

15. The distribution of the population in the region is uneven. People are concentrated in the areas of ancient civilizations, centered around the traditional water sources, and in the areas of modern civilization based on petroleum, and recently, but to a limited extent, in the areas of new projects. While the vast desert areas are virtually uninhabited. Nevertheless, despite the indications of strong population movements within the region, especially from rural to urban areas within the same country, and towards the oil-producing areas within the region, a fact which causes high population growth rates in some parts of the region, yet the population pressures in the region as a whole are not considered strong, and development can contain them. This is also true of other parts of the region, especially the northern area, where the rate of natural population growth is high (over 3 per cent).

The population of the region is not much above 45 million people, which is around 83 per cent of the population of France or 74 per cent of that of the Federal Republic of Germany.

16. Despite the uneven distribution of natural resources, with petroleum and gas reserves located in the eastern subregion, and water and mineral reserves, such as phosphates, in the north, the natural resources of the region as a whole are abundant. Moreover, new and abundant mineral wealth is expected to be discovered in the future.

The region is considered one of the world's richest area in energy-sources; for it contains over one-half of the world's proven petroleum reserves. Even in the event of using solar energy the region, especially the southern part and its desert and arid areas, enjoy clear skies most of the year, with high temperatures due to their proximity to the equator.

17. Even though the region is considered to be among the world's arid areas, since deserts make up a large portion of its land surface, and even though the arable land available is not evenly distributed among member countries, being mostly concentrated in the fertile crescent and in the southern part of the Arabian Peninsula, the proportion of arable land to the population is reasonable, being around 0.6 hectares/person. This is irrespective of the fact that less than half of this land is cultivated, and nearly one half of that is left fallow every year. This means that the growth potential of agriculture could reach three times its present level, at least in the foreseeable future.

18. The region, as a whole, enjoys an abundance of financial resources arising, primarily, from the export of petroleum and the substantial improvement in the terms of trade after 1973 of the oil-producing countries of the region. This has led to the accumulation of financial surpluses of which a significant portion was used, through various channels, in the development of the region and in assisting other developing areas of the world, while another significant portion was injected into the world money market.

These surpluses are unevenly distributed, inasmuch as they are generated in the petroleum-producing countries, while the non-producing States, and even some of those with limited petroleum reserves, are facing balance-of-payments difficulties, mounting foreign debts and a decline in their terms of trade, due to world inflation and the weakening of the international monetary system.

On the other hand, the abundance of resources is only a relative one, arising from its uneven distribution, when viewed in relation to the region and its population as a whole. Thus, total gross domestic product (GDP) of the entire region was around \$100 billion in 1976, which is not more than one-fourth of the GDP of France and 17.5 per cent of that of the Federal Republic of Germany for the same year. The average per capita income of the region was 31, 30 and 24 per cent of that of France, the United States

and the Federal Republic of Germany, respectively. This shows the extent of exaggeration made at times in the size of the petroleum economies in relation to the world economy. It also points to some exaggeration in the impact of petroleum price increases on the world economy.

19. The region also enjoys an abundance of touristic attractions, constituting, as it does, a large portion of the ancient world and its historical sites, which is a promising source of future income.

C. Development Problems and Bottlenecks in the Region

20. The region has numerous positive features, whether in terms of resources, its role in the world economy or of its accomplishments in the field of development. At the same time, it suffers from a number of problems and bottlenecks linked to development, whether arising from its relations with the outside world, the resources available or from the prevailing structure.

21. Perhaps one of the most important problems facing the region is the state of political instability, a situation which imposes on many of its states the allocation of large portions of their revenues to achieve stability which could, otherwise, have been used for development and raising the living conditions of their people. This instability has hindered development in several countries of the region.

In addition, development efforts in a number of countries have suffered from extended periods of border dispute or internal unrest.

22. The region, through the oil economy, plays two important roles in the world economy. One as the main source of petroleum to the world. The second when financial surpluses are recycled to the world economy, whether through the infusion of liquidity into the world financial market; or through loans and grants extended to developing nations, both in the region and beyond; or through rising imports to meet investment and consumption requirements,

which strengthens effective demand for products of the advanced world, and simulates the economies of its member countries; or through direct investment in the advanced world in specific fields, such as stocks, real estate and service industries, which stimulate the economies of the host countries.

However, the performance of these two functions is accompanied by constant concern in view of inflation and the relationship between petroleum prices and the raising of prices of goods produced by advanced countries, especially capital goods, and the erosion in the value of surplus funds invested in the financial market, due to the collapse of the Bretton-Woods system, the floating of currencies and the instability of exchange rates.

This could be among the reasons that prompted the petroleum-producing countries to invest in short-term assets, a fact which underlines the scarcity of options in the investment of these surpluses, and the lack of clarity regarding investment priorities, even if it is desired to give priority, for example, to the development of the developing world.

23. Since petroleum, as all other natural mineral wealth, is an exhaustible wealth, revenues from oil exports must be considered, regardless of their lifetime, as temporary revenues which will ultimately disappear. Therefore, this temporary affluence is accompanied by constant worry over the post-petroleum economy. Will this economy progress sufficiently to bring the region up to the levels achieved by the advanced economies of the world, not to mention the level that these economies could reach? Will the petroleum economy be, at least, able to maintain the living standards attained so far in the region?

A basic and long range development strategy could perhaps be the conversion of these surpluses to a self-sustaining economic capability.

24. If total surpluses, both the ones already accumulated and those

flowing in regularly, are compared with the development challenge facing the region, these surpluses are perhaps less in terms of their volume than what is needed.

The greatest problem, despite this fact, is that the absorptive capacity of the economies of the region, especially of the petroleum-producing countries, is much below these surpluses, whether in terms of ability to spend or of the capacity to absorb modern technology. Even the portion of these surpluses utilized in these states so far has created new problems and challenges such as inflationary pressures, in which local factors played as important a role as imported inflation, bottlenecks in the infrastructure, and idle machinery and equipment which could not be serviced and maintained properly. In addition, the import of foreign labour in large numbers created many social problems, leading in some cases, to the number of expatriates exceeding the indigenous population. Moreover, huge investments in the construction sector caused labour shortages, especially skilled labour, which in turn led to abnormally high wages and, inter alia, to the disturbing of the employment structure in the labour exporting states, as well as other difficulties.

25. Consequently, the existence of the surplus is incompatible with the capacity to absorb it internally, and as well as with the ability to secure for it sound uses externally. As such, the region, despite its financial affluence, still suffers from many drawbacks and shortages affecting its development and for which money can not alone provide the solution, nor time can be shortened beyond certain limits.

26. The region is suffering from the encroachment of the desert at the expense of grazing lands, and even at the expense of arable land. This is sometimes due to the cultivation of marginal and grazing lands with the result that agriculture fails and the grazing land is lost in the process. In addition, vast areas, and even whole countries, in the region suffer from the water shortage, which prompted significant advances in the

of water, while huge quantities of river water flows into the sea. Available information on subterranean water and other resources remain very deficient. Thus, there is an urgent need for studies on subterranean water and related geological surveys and maps.

27. Even where agriculture is considered one of the main sources of income, there has been a decline in the level of agricultural production and productivity. Primitive methods still prevail and agriculture still depends to a great extent on climatic and natural conditions, its prospects improving with adequate rain, and damaged by hot or cold waves, locust and other agricultural pests.

28. As a result of these and other factors, the region as a whole, and even the agricultural countries have become net food importers to an increasing and alarming extent. Furthermore, some countries depend entirely on imports to meet their food requirements.

29. As to the population of the region, a high proportion of it lives in conditions of ignorance, disease and poverty, resulting in a short life expectancy at birth, and is reflected in the high percentage of youth among the population. Some parts of the region are subject to endemic diseases while poverty and low-nutrition levels prevail among large segments of the population. Illiteracy is widespread under an inadequate system of education to eradicate illiteracy and meet the demands of development. The region also suffers from a dispersion and isolation of population centres which entails difficulties in providing them with facilities and services; from the impact of people movement internally, and within the region from the non-oil countries to the oil countries; and from the brain drain to outside the region. The region also suffers, to some extent, from different levels of absolute, seasonal and disguised unemployment along with considerable shortages in skilled and even unskilled labour, especially in agricultural areas which are abandoned by their people. This is accentuated by the problem of rapid urbanization, which in many

cases amounts to the ruralization of the cities, other problems relate to environment, wages, housing, naturalization, transfer of savings, security of employment with respect to expatriate labour migration and the imbalance imposed on the labour structure of the manpower exporting countries. Furthermore, participation of women at the level of the region in economic activity remains weak leading to a low overall participation rate.

30. Perhaps one of the most important problems facing economic and social development in the region is the bad distribution of the factors of production among member states. Some possess capital and energy, but lack water, agricultural land and manpower, and some have the opposite factor endowment. Even those who have abundant manpower, have mainly unskilled labour; and those who have capital, lack the capacity to transform it into physical assets. Meanwhile, most branches of production, notably agriculture, construction and industry, depend more on manual labour than on machinery. Above all, the region is lacking in skilled manpower and the formation of cadres.

31. The states of the region were shaped by political factors which were not conducive to economic growth on the whole. This led to a great disparity between them in terms of resource endowment, stage of economic growth, and adequacy of infrastructure; some of them are large in area while others are small, some have large populations, whereas others are sparsely populated; some states are inhabited mostly by aliens, some have diversified economies while others have an almost one-product economy; they include in their ranks some of the world's richest countries, and some of the poorest; some consume less than one-fourth of their gross product, while others consume one-fourth more; still some countries import one hundred times as much as they export, while others achieve a trade surplus, and so on...

The disparity in resources, means of production and the stages of development, however, provide hope for achieving economic integration.

Yet, it appears that finding the ways and means to push forward in that direction beyond what has already been realized in terms of co-operation in the transfer of skills, manpower and capital between member countries, will remain the great challenge facing the region in the foreseeable future, especially in the presence of differences in economic systems and political philosophies.

32. The industrialization process which has been realized in some countries of the region has produced industries which are tied to the external sector on one hand and to consumption on the other, with only weak links with local production and with one another. This has increased the dependence of these economies on the external sector, both in terms of the need to rely on imported intermediate materials, and in terms of outlets for their exports due to the limitations of the local market.

33. In the oil economies, most of the petroleum sector is directly linked with the outside world, while its links with the domestic economy remain very weak. This is an industry which is nearly confined to the export of crude oil while relying heavily on imported equipment in view of its high capital intensity. On the other hand, revenues from the sector accrue directly to the governments and are infused into the economy only through public spending. As such, the relationship between the national economy and the petroleum sector is closer to being an indirect matter than a direct one.

34. These factors have, collectively, rendered the region heavily dependent on the external sector, in terms of importing capital goods, technology, intermediate goods, or even consumption goods and foodstuffs, which has made it highly sensitive to world markets and fluctuations therein, and highly exposed to the negative impact of such fluctuations.

Perhaps one of the most important consequences of this was the need in some countries to subsidize consumption goods to stabilize prices, especially of foodstuffs, this has not only over burdened their budgets

but has also wiped out significant amount of revenues from the profits of institutions, especially those owned by the state.

35. One of the most important difficulties and bottlenecks facing development in the region is the weakness of the basic infrastructure, whether physical, human or institutional. This is true at the regional, country and even at the city level. In the cities, especially over populated capitals, the infrastructure and municipal services are incapable of coping with the individual's basic needs, not to mention the inability of the infrastructure and services to cater to the needs of the rural population.

At the national level, port congestion was, until very recently, a major constraint to development in the region. Although this problem was finally solved in most countries, highway networks remain poor and congested and incapable of handling large loads. Railways are still few, and some of the existing ones are old or broken down and in need of repair. There are many shortcomings and weaknesses in inland, water and air transport fleets as well as in airports and in the tele-communication systems. In addition, the coverage of electricity networks, despite relative improvements in some countries, leaves much to be desired. In the agricultural countries of the region, irrigation and drainage networks remain far below the required level.

At the regional level, the national infrastructure facilities that have evolved under resource constraints and policies peculiar to each country appear fragmented and cannot be considered as a cohesive system. Some adjacent countries, remain unconnected, even by land, by international highways. Network specifications also still differ from one country to another, and the desirable forms of co-operation in port services have not yet evolved. Furthermore, telephone communications facilities between most of the countries of the region remain below the minimum level required. Touristic facilities remain poor when compared to the touristic potential of the region.

Even in housing, where the problem of physical shortage exists, and where legislation failed to link offers for sale with demand for rent, in some countries, a problem of over supply has developed in other countries especially in oil-producing ones. Thus, a contradictory picture emerges at the regional level.

Among the institutional aspects of basic infrastructure, governments, including local and municipal administrations, are generally weak with respect to staff, organization, in the inability to chart the course of development, in ensuring security and in meeting the basic needs of their people. Related to this situation are issues of: weak and inadequate formulation and execution; inadequacy of feasibility studies and evaluation of projects; weak scientific research directed towards the solving of technical and technological problems; low efficiency of the administrations of economic institutions, especially those of the public sector; and inadequacies of the institutions which deal with regional or sub-regional issues related to regional co-operation and integration, and their lack of knowledge of similar institutions and organizations located outside the region and their resources so as to benefit from them.

As to human resources, the region is characterized by a scarcity of scientists, technicians, and skilled manpower, low standards of available skills and total absence of specialists in a number of specific fields.

36. In terms of economic relations with the developed world, the region is suffering from the impact of world inflation and the instability of the money markets. It is also exposed to the practices of the multinational companies and the financial and investment institutions in which they deposit their surpluses, in that these funds might be used in ways which are inconsistent with the interests of the countries of the region. Member countries further suffer from overcharging for development projects by international contracting companies and from difficulties related to the transfer of technology, especially regarding patents, and the

suitability of imported technology to the needs of the region. In addition, the region suffers from high interest rates on short term loans that some countries sometimes need, while other countries in the region, which are often the source of such funds, do not benefit equally. The region is also subjected to import protectionist measures in the developed world markets affecting exports of manufactured and intermediate goods from member states, with the result that the region's open economic policies are not being reciprocated. Even the international institutions which play an effective and positive role in promoting the development of the Third World, such as the International Monetary Fund and the World Bank, still give developed countries special voting privileges. Moreover, the conditions stipulated by the World Bank for granting loans to needy countries in the region are hard and are beyond their capacity or involve them in matters which they cannot cope with. To this must be added the stands of some developed countries against the legitimate national and political aspirations of countries of the region.

II: DEVELOPMENT OBJECTIVES AND STRATEGY IN THE THIRD DECADE

A. Overall Rate of Economic Growth Expected in the Eighties

37. The United Nations International Development Strategy for the Third Development Decade, based on the studies prepared so far, is tending towards an overall GDP growth rate for the Third World ranging between 6.5 - 7.6 percent per annum, implying a growth rate of 2.7 - 3.5 in agriculture and 8.3 - 9.4 percent in industry. It seems likely that the higher figures will be adopted. For the region, the potential for growth is considerably higher than these rates in most, if not all, countries. On the basis of past development trends and development plans drawn up for the region, and of some of the projections prepared so far, it appears that during the Third Development Decade the economies of the non-oil producing countries and those of the least developed members, as well as the non-oil sector in the oil-producing countries, are capable of realizing an annual rate of growth of 8-10 percent on the average.

B. Development Strategy for the Crude Oil Sector and its Impact on Economic Growth

38. The special status of the oil sector could lead to positive or negative changes in the above-rates in view of the flexibility of production in the major oil-producing countries in response to demand and production decisions. In countries with modest oil production and reserve levels, such as Oman, Bahrain and the Syrian Arab Republic, and non-oil producers including the least developed members, oil production is not expected to increase or start unless there are significant new discoveries. The decisive impact will be determined by the position of the major oil-producing countries of the region.

39. The position of the major oil-producers is based on an almost established strategy; the impact of this strategy on production, however, cannot be ascertained as it depends on changing factors. In view of the relative flexibility in the ability to control oil production, decisions in this

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respect could be taken in the light of international, regional or local political or economic considerations. Most probably, the petroleum production strategy, in its general form, will be the outcome of a number of contradictory elements, the most important of which are:

(a) Reconciliation between oil-production and world requirements.

This factor might lead to some increase in demand and production unless the world can cover its increasing requirement from other sources, such as Mexico and the North Sea. The rationalization of energy use in the developed countries could reduce the intensity of demand for oil.

(b) Striving to extend the life span of this exhaustible wealth.

(c) Harmonization between oil production, prices and revenues, and consequently the accumulation of surpluses and the capacity to absorb these surpluses, both within and outside the region.

(d) The increase in domestic absorptive capacity depends on other development strategies reviewed in later sections of this paper. The ability to absorb surpluses externally, however, depends on a number of factors including the ability of these surpluses to sustain the erosion resulting from fluctuations in the exchange rates and from inflation; the availability of good investment opportunities; the availability of feasibility studies in developing countries, both in and outside the region, of projects which could be supported with loans and aid; and the extent to which financial institutions in which surpluses are deposited on a short-term basis will use these resources for promoting development in developing countries, especially the Arab countries, whether directly or indirectly by supporting international companies or institutions involved in executing development projects. At any rate, the improvement in the terms of trade of the oil-producing countries could precede the increase in their absorptive capacity. Hence, improvements in absorptive capacity will most probably have no impact on expanding production.

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40. Consequently, it can be said that the petroleum production strategy will not lead ultimately to a significant expansion in oil output and, as such, it will slightly depress the average growth rate in the region, regardless of prices and the impact of the terms of trade on the purchasing power. However, average growth will probably remain higher than what is expected to be proposed in the new International Development Strategy for developing countries as a whole, averaging between 7-9 percent annually for the region as a whole with inter differences in line with the development stage attained.

41. At sectoral level, growth could be higher than what is proposed for the developing countries, reaching an annual average rate of 6 percent for agriculture, 10 percent for manufacturing and 15 percent for construction and building.

C. Qualitative Objectives in the Development Strategy

42. Despite the importance of quantitative targets, member states realize that qualitative objectives should be given greater priority in the development strategy.

43. The list of qualitative economic objectives includes the realization of economic independence and the maximization of production and the improvement of its quality; the correction of structural imbalances; increasing productivity, especially by means of economic incentives and motivation; the provision of a more diversified and inter-related infrastructure more capable of realizing the same quantitative objectives through commodity integration of the products of agriculture, industry, mining, buildings and construction; and the integration of investment pre-requisites in respect of building the basic physical, human and institutional infrastructure with productive projects, notably in the field of rural development.

44. One of the most important qualitative socio-economic objectives is the need for concerted efforts by the government, public, cooperative,

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mixed and private sectors, to achieve balance between the economic and social aspects involved in the choice of project sites, and between the speed of growth and the fair geographical distribution of the fruits of development, and a better distribution of income among the different social groups.

45. Among the more important qualitative social objectives are the provision of opportunities for a better life quality, through the eradication of hunger, object poverty, illiteracy, unemployment, endemic diseases, the development of rural areas, ensuring food security, and satisfying basic individual needs, especially for low-cost housing, food, potable water, electricity, human development services, waste disposal, clean and safe environment and for the development of technical and planning cadres.

46. Prominent among political objectives is the endeavour to achieve an atmosphere of stability conducive, on the one hand for development, and, on the other hand, permitting the diversion of resources into development efforts.

D. International and Regional Dimensions in the Development Strategy

47. Although it is necessary to distinguish clearly between national and collective responsibility in the regional context (especially cooperation and integration), and collective responsibilities within the group of Third World countries (notably technical cooperation) and at the global level (particularly as they relate to the new international economic order, North-South dialogue, Arab European dialogue and the transfer of technology); and to strike a proper balance among the interests of all these groups these responsibilities are inter-related and influence each other at various levels.

1) The region and the world

48. The countries of the region feel that they have the responsibility and possess the potential to contribute to and enhance modern civilization, and that they have the right to share in its fruits and to participate actively and effectively in the collective decision making process and to contribute to international efforts addressing major and specific issues, such as disarmament, the protection of the environment, pollution, desertification, the erosion of

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coastlines, soil salinity, and the exploitation of the oceans, high seas and outer space. At the same time, the region will continue to support international agencies concerned with economic and technical cooperation.

49. The region will continue to complement the world, supplying it with energy and liquidity and supporting developing countries, while receiving technology, capital goods, expertise, manpower, etc.. The region however, will join other Third World countries in calling upon the international community to reconsider the mechanics, channels, methods and ways of this mutual interdependence notably the setting up of a stable and effective international monetary system which would end floatation, and stop speculation and other practices associated with "hot capital"; reform the institutional framework of the rules and principles embodied in certain international treaties and agreements which govern the flow of trade, technology, currencies and finance, such as GATT, the International Monetary Fund and maritime transport and insurance; and to regulate the activities and practices of multi-national companies in order to ensure the harmonization of their activities with the development objectives and policies of the host countries, and so that they can be useful instruments of progress based on mutual interest and confidence.

50. The region calls upon the International Monetary Fund and the World Bank to reconsider voting rights in favour of developing countries, taking into account their need for financing, and for an easing of conditions and procedures governing the extension and use of loans.

2) The region and the developed countries

51. The region calls on the developed countries to rationalize the use of energy, bring an end to inflation and unemployment in their economies, follow a policy of price and wage stability and to limit the rise in prices, especially of capital goods, in order to end the race between the prices of these goods and oil price. It also calls for restraint in wage increases and social security costs which are paid for by developing nations.

52. The region also calls upon the developed countries to co-operate to create the climate in which the developing countries can realize the principle of collective self-reliance, on one hand, and that of mutual benefit, on the other hand.

53. The countries of the region also urge the developed countries to cooperate in the establishment of the new economic system, to end the existing unstable system and replace it with fairer conditions and relations, and consequently more sustainable ones, there will have to cover, inter-alia, transactions between raw materials and manufactured goods and services; between technology, including its transfer, and especially the issue of patents and commercial credit including the creation and distribution of international liquidity. Member countries also call for the implementation of integrated commodity programmes which will be concerned, in addition to the question of prices, with encouraging developing countries to process such commodities and to share in their transport, distribution and marketing.

54. The countries of the region affirm their conviction that the stability and prosperity of the economies of the developed countries is also in the best interest of the developing countries. The developed countries should in turn realize that the prosperity of the economies of the Third World is also in their interest, at least from the point of view of increased purchasing power and effective demand, which can provide added stimulus to the economies of developed countries. Further co-operation with the developing countries will lead, in the medium and long-term to a reduction in the intensity of economic stagnation which besets at present the large industrial countries.

55. The countries of the region feel that the industrial countries should develop the technology exported to the Third World in a manner compatible with the conditions and circumstances prevailing there, and to carry out appropriate research for this purpose, instead of exporting technology as it was originally developed for their own use.

56. In order to realize these objectives, the countries of the region are also called upon to intensify efforts to pursue the Arab-European dialogue and to expand the dialogue to embrace other economic blocs, participate in the North-South dialogue and join efforts with other developing countries to lay the basis of the new international economic order.

57. In the use of oil financial surpluses in international financing, it would be beneficial for the oil-producing countries of the region to increasingly divert the flow of liquidity to developing countries by supporting financial or production institutions or contracting firms which are concerned with the development of the Third World.

58. Concerning the control of their resources, it will be in the interests of the oil-producing member countries to seek to expand this control by getting actively involved in shipping, marketing, and distribution operations and by establishing, as much as possible, direct links between producers and consumers.

59. With respect to the restrictions imposed by developed countries on manufactured exports of some countries of the region, it would be beneficial to establish a common regional position, whenever possible and introduce it as an element in trade talks and agreements.

3) The region and its neighboring countries

60. It would be mutually beneficial to both the region and neighbouring countries including those situated in Asia Minor, east of the Arabian Gulf and west of the Red Sea, to cooperate in linking infrastructures, especially highways and electricity grids, in developing trade, using waterways, protecting the environment from pollution, especially the sea, exploiting jointly hydro-electric resources, sea transport and in fishing.

4) The region and the Third World

61. The countries of the region are called upon to support and strengthen their economic and technical cooperation with developing

countries and increase its effectiveness, irrespective of the distances that separate them from the region. They are also called upon to support international organizations which seek to develop this co-operation. The oil-producing member countries will continue their policy of financial support for developing countries, either directly to governments or through development funds, and to concentrate this support in the form of loans and grants on those developing countries, the economies of which do not enable them to counterbalance the effects of world inflation. The region's oil-producers are also called upon to support the development funds and increase their effectiveness; create work opportunities for manpower and expertise brought in from other developing countries, a move which will provide these countries with additional liquidity through the transfers from their workers and experts. The countries of the region are also expected to expand their trade with the developing countries and to absorb more of their products; exchange most-favoured nation status, wherever that is mutually beneficial; conclude clearing agreements with them and cooperate in specific aspects of scientific research, transfer, absorption, and adaptation technology; development of local and traditional technology and exchanging relevant experiences; exchange information notably on international agreements and contracts for the implementation of projects, commercial transactions with the developed countries and import prices, especially those of capital goods, and co-ordinate price policies for raw material and agricultural exports, moving towards the creation of producer's associations for particular commodities, such as phosphates, cotton, while supporting existing organizations, such as OPEC and OAPEC.

62. As to collective self-reliance at the level of the Third World, member countries feel that it would be beneficial and possible for every developing country, or group of countries, to draw up specific goals in specific lines and specializations in the development of technology and science, in which they can become pioneers on a world scale within a certain period of time, based on a division of labour among developing countries and the exchange of experiences and the fruits of success.

63. The countries of the region support the aspirations of the Third World on a reciprocal basis, especially the non-aligned countries, for the realization of their economic independence and control of the sources of their wealth and natural resources, and in their endeavours at collective bargaining at the international level, as well as in their strive to participate on equal footing in decision-making. They also support their just demands from the world community, regardless of whether the region has a direct interest or not.

5) The region and collective self-reliance

64. The tasks of collective self-reliance in the region are reflected in ensuring food security by producing and stocking more food and achieving self-sufficiency in building and construction, regional cooperation on the basis of specialization and division of labour, the creation of local capabilities, in the area of science and technology, training of manpower in conducting scientific research, strengthening and linking regional infrastructure, and in cooperating in the monetary and financial fields by developing the effectiveness of the Arab Monetary Fund and the development Funds of the oil-producing countries and co-ordinating their activities.

65. One of the most important means of economic cooperation is the establishment of joint ventures covering finance, management and marketing and taking advantage of the large market, economies of scale and capital intensive processes. This kind of activity could involve industrial projects, projects of large and specialized regional contracting firms, merchant marine fleets, fishing, etc..

Among the noteworthy means of regional cooperation are the creation of partnerships among small and similar projects which are scattered in different parts of the region, this should contribute to realize better profit; cooperate against risks, attain specific goals in training, research, transfer of technology, and the exchange of services; in addition to the establishment of projects on bilateral or sub-regional basis to exploit common resources, especially water.

66. The countries of the region are expected to exploit the benefits inherent in their natural resource endowment to achieve integration. In this, collective efforts will be made to increase production and productivity of food crops and products in suitable areas, to the benefit of all countries. The oil-producing countries assume the responsibility of supplying the countries of the region with energy, and also with capital whenever the conditions for its investment exist. For industry, it is probable that the oil-producing countries move towards petrochemical industries, while agricultural countries move towards agriculture-based industry, while other industries are spread fairly among member countries.

67. The co-ordination of development plans in the region and the efforts to merge them in several areas especially in development projects, and the use of unified or similar development models, will be an opportunity to show that future co-ordination will be a bigger and easier task to realize than the co-ordination of existing activities. It is essential, however, to concentrate on unifying and integrating factors, and on overcoming differences and divergencies in interests. This can perhaps be done best by considering the net costs and benefits accruing to each country from a set of co-ordination of measures, rather from action separately, as a measure of the fairness of the distribution of integration benefits.

68. There are issues of regional scope which must be dealt with in the context of collective self-reliance efforts, such as the need to balance the positive and negative repercussions of intra-regional labour migration. This requires the drawing up of a regional plan that would provide at the same time for training in scarce and needed skills, the creation of additional employment opportunities for surplus specializations, the introduction of needed structural changes into training and educational institutions and into their programmes. Other issues requiring collective efforts are the combatting of endemic diseases, the encroachment of the desert, salinity of soil, pollution, destruction of forests, extermination of animals and fishery life, the threat of locusts to agriculture, and imported diseases.

69. There are other ways and means of regional co-operation the pre-requisites for the success of which must be explored, such as the establishment of joint banks and insurance and reinsurance companies; cooperation in meeting temporary liquidity shortages; the exchange of port services; co-ordination of transit, application of the rules of the Arab Common Market, especially those on the removal of non-tariff barriers to intra-regional trade; unification of tariffs, laws, regulations, rules, educational systems and scientific terms and specific systems such as accountancy and housing credit systems.

It would be also useful to expand in the establishment of regional agencies specialized in specific and important fields as the transfer of technology, project feasibility studies, and the development of traditional and local technology and training.

70. The region is moving increasingly towards giving priority to economic over political considerations. There is an increasing realization in member countries that the reaping of the fruits of co-operation should not be expected in the short term, but in the medium and the long terms.

E. Priorities of the Development Strategy

1) General priorities

71. Countries of the region have common priorities in a number of fields, while they also have specific national priorities. The specific priorities can be divided into three categories which correspond to the classification of member countries into three groups: Oil-Producing countries, Non-oil Producing countries and least developed countries.

72. The oil-producing countries face the special problem of providing for the post-petroleum period, extending the life of their oil wealth while maintaining the real value of the financial assets and striking a balance between oil production and the absorptive capacity; rationalizing the

management of their financial resources; expanding opportunities for successful investment; rectifying the imbalance in the structure of their economies; developing the national work force; and pursuing industrialization based mainly on petro-chemicals.

73. The non-oil producing countries are faced especially with the tasks of agricultural expansion - both crops and livestock; ensuring food supplies; industrialization of agriculture; decreasing the balance of payments deficit and foreign debt, especially in relation to private commercial loans; development of traditional, local, and new sources of energy diversification of the energy production base; increasing the contribution of industry to GDP; correcting the imbalance in the manpower structure caused by migration; eliminating open and disguised unemployment; distributing projects in a more geographically equitable manner; giving attention to the needs of the rural population and improving the investment climate for external capital.

74. The least developed countries of the region have the same priorities as the non-oil producing countries, but with greater emphasis on most of them, these countries have, in addition, problems peculiar to their situation such as the eradication of endemic diseases, overcoming the isolation of population centers scattered in mountainous areas, town planning and providing basic municipal services. These countries are also in greater need for financial and technical support from both within and outside the region.

75. All member countries share in common some developmental priorities including mainly: development of the infrastructure; restraint of domestic inflationary factors; protection of the environment; combatting desertification; reducing the "brain drain"; increasing the proportion of scientists, technicians and skilled workers in the labour force; expansion of vocational training; limiting intensive and concentrated urbanization in favour of decentralization; introducing changes into the social structure, life

patterns and into the relations between production and legislation to create stimulants and incentives for increased production and productivity; involvement of women in economic activity and caring for mothers, working women, children and youth; and narrowing the differences in the living conditions of urban and rural areas and between regions; the settling of bedouins; and the promotion of small local projects.

76. Nevertheless, the development strategy for the region as a whole should be based on three pillars, namely, food production, expansion of the infrastructure, manpower development through education and training and industrialization.

2) Priorities of agricultural development and food production

77. The basic condition for the success of the food and agricultural development strategy is to focus on social factors. The acceleration of agricultural development cannot overlook the commitment towards the rural base, especially small farmers and the rural poor. The elimination of poverty in rural areas will lead to the realization of a balanced and continuous development.

78. The first objective of the development of agriculture and agricultural industries is to increase self-sufficiency in basic food-stuffs so as to rectify the insufficiency of domestic food supplies in the region.

79. The backbone of the agricultural development strategy is to endeavour to realize an overall increase in productivity by concentrating on vertical expansion, intensive agriculture, and focusing of efforts on promising farms where the proper combination of factors exist and efficient management is feasible, especially in irrigated and sufficiently rainfed areas. This would involve the correction of the crop rotation cycle, elimination of the system of fallow land, the spreading of livestock raising and the introduction of animal feed crops into the crop rotation cycle. It would also mean expanding the area under irrigation and improving irrigation systems, greater mechanization and use of modern

inputs, improving the land holding system, providing the necessary infrastructure and services, and organizing agricultural relations in the producers' interests.

80. The traditional agricultural systems, the bedouin livestock-raising ways and the old fishing methods hinder the prospects of progress and result in stagnation in productivity and in the volume of production both of which are at a minimum though they constitute the main source of livelihood for most rural residents. Efforts must be exerted to improve these systems by improving the management of rain-fed agriculture developing pastures and integrating cultivation of rain-fed or newly-irrigated areas with the raising of livestock and animal produce through the allocation of government investments for chosen areas in remote regions where development efforts will be concentrated and which will set the example for surrounding areas. In addition, the infrastructure, veterinarian and extension services must be strengthened.

81. As to agricultural investment, it is essential that a balance be established between projects of direct and quick return, especially projects which involve raising, livestock, poultry, fisheries and projects concerned with infrastructure, land reclamation and rehabilitation, thus reconciling medium and long term development objectives. It would be useful, consequently, to concentrate a number of modern production projects which require large investments, such as glass-house projects, in the oil-producing countries to help meet some of their needs for food and to be used for agricultural experimentation and research purposes. In countries where traditional agriculture is dominant, new sites for production projects should be located near small and traditional agricultural lots in irrigated areas and where rainfall is abundant. In addition to the demonstration effect, these projects will also help improve the nutritional situation of the rural population. This would be contrary to the pattern of development that has been followed so far, according to which these projects have been located around the cities to cope with the need for food in the urban areas.

In all cases, it is preferable to concentrate efforts on projects in progress and on improving the exploitation of completed projects and to give them priority over new projects.

82. As for the kind of commodities to be produced it is essential to give priority to food and animal feed crops.

83. It is also extremely necessary to allocate adequate funds for agricultural research and extension services, concentrating on local needs especially directed towards decreasing the risk factor.

84. Intensive efforts are needed to organize farms and land, giving special attention to small farms and fragmented land holdings in keeping with the objective of large-scale production on large areas, which will allow for the use of effective management methods. This requires a study of land ownership and holding patterns, and the extent to which the models of production, maintenance of machinery and equipment, purchase of inputs and the marketing of crops are appropriate for resolving the problem.

85. It is useful in the field of sea fishing to implement an intensive programme that combines a reasonable improvement of existing fishing methods and infrastructure, especially small fishing ports, and the system of gathering, distributing and marketing fish, while large investments are being prepared for introducing modern fishing methods on the high seas, with wide-scale commercial operations, especially on the eastern and western coasts of the region.

86. A major policy requirement is to maximize the use of price incentives. This will lead to increased production and income for the farmer and will help to eliminate poverty. Likewise, efforts must be exerted to find ways and means that will allow the small farmer to apply technology, be it through mechanization or the use of modern inputs that serve to increase productivity, prevent and combat agricultural diseases and pests.

87. At the regional level, agricultural plans should be co-ordinated, expertise exchanged and participation promoted in projects aiming to

cover the region's needs for essentials or new products. There should also be co-operation in the collective utilization of pastures, bedouin lands, and deserts and in solving the problems of who wander across borders so as to improve their social and economic conditions.

3) Relation between absorptive capacity and infrastructure

88. The major contradiction affecting development in the region is the contradiction between the financial resources available for investment and absorptive capacity. This is clearly apparent in the major oil-producing countries, but is also found in the least developed and some non-oil-producing countries which receive generous aid from the oil-producing countries (here it is due to lower absorptive capacity rather than excessive availability of funds). This phenomenon exists, though on a lesser scale, in the other oil-producing countries, and diminishes greatly in the non-oil producing countries which have a more diversified economy. This situation sets a definite orientation for the long-term development strategy requiring it to give top priority in development to strengthen and expand absorptive capacity. Even though the contradiction mentioned above differs in intensity from one country to the other, and is virtually absent in some, the strategy of building up absorptive capacity remains valid for all the countries of the region without exception.

89. If absorptive capacity means, primarily, the ability of the economy, materially, humanly and organizationally, to accept and assimilate modern technology, and to carry out and ensure the success of promising investments, then the main means for accomplishing this will be through the strengthening and building the requisite material, human and institutional infrastructure. This involves concentration on the building of highways, bridges, railways, ports, airports, dams, drainage and irrigation canals, and raising the standard of any such existing facilities to meet international specifications, and unifying these standards at the regional level. Likewise, it also involves developing and improving electricity networks and tele-communications systems. Emphasis need also to be placed

on the establishment of a sound system of education, training and research; on strengthening supervisory, planning and execution institutions; and the organization responsible for the provision of data, information and studies, so as to increase their capacity and efficiency.

90. Since such investments do not yield direct returns, they are almost exclusively the responsibility of governments. The availability of an adequate infrastructure enables the private sector in particular, but also the mixed and public sectors, to implement successful investments with direct yields and of all sizes, whereas their absence renders it difficult, if not impossible, to achieve objectives and strategies and other projects.

91. The oil countries are able to allocate adequate funds for this purpose, whereas the non-oil countries have difficulty in doing so - especially since they would have to use up most of their existing revenues without increasing their direct income in return. Therefore, in view of the high priority of such projects and the relative ease of conducting feasibility studies thereon, it would be useful if the major portion of aid and easy-term loans granted by development funds in the region were allocated for infrastructure projects.

92. Undoubtedly, government and public sector funds will also be allocated to other areas of development, but that will vary from country to country in terms of both purpose and application. In the oil-producing countries, the major concern will be to find additional outlets for the use of their surplus, which is concentrated in government hands; whereas the concern of the non-oil producing countries will be to create opportunities for generating new income to be used in future development. All are agreed however, that this is necessary in order to create an integrated economy; to facilitate the functioning of the private sector and of mixed projects; to ensure the implementation of major projects that do not interest the private sector, and to create greater work opportunities, etc... The

drawing up of a dividing line that will ensure a balance between direct return investments and investments in infrastructure will, naturally, be the responsibility of each country.

93. The strategy of establishing and strengthening infrastructure has implications beyond the country level; it has a regional perspective as well. The basic infrastructure facilities should be planned and programmed to form inter-linked and integrated structures at the regional level. Consequently, sufficient funds should be allocated to link the infrastructure of neighbouring countries, be it in terms of highways, railways (with as much standardization as possible) and electricity grids; or in terms of the exploitation of joint rivers in co-ordinated irrigation, potable water, drainage and industrial projects. Plans should also be made for reciprocity in the use of airports, ports and artificial satellites, and for the creation of a single telephone and telex network for the region. In addition efforts should be exerted to standardize laws, regulations, procedures, scientific terms, etc. Development Funds in the region are called upon to give attention to this kind of investment and to allocate easy-term loans for them.

94. Taking into consideration that investment in physical infrastructure will receive the largest share of total investment allocations alongside residential construction, which usually receives a large share, common sense requires concentration on providing the principal requirements thereof, and investment in the areas that meet these requirements, especially in the construction and building industry (contracting sector), in mining and manufacturing industries relating to building materials, in electricity, in manpower development especially of skilled manpower, in all these industries.

4) Importance of the construction and building sector

95. The construction and building sector has so far not been given sufficient attention by planners in the region and has been left to

develop spontaneously, which has often meant that foreign contractors carried out projects, with occasional sub-contracting to local firms. Only rarely do five-year plans make specific allocations for this sector (especially for construction equipment). Consequently, it is essential that the development strategy of the third decade concentrate heavily on the development of the construction sector and make it more capital intensive, and on the use of the most modern and productive technology. The strategy should also focus on training to make available trained personnel capable of operating large and complicated construction equipment.

96. The development strategy in the third decade must give this industry a comprehensive regional dimension, both in terms of its role in the creation of infrastructure at the regional level, and in terms of its financing and organization. Specialized contracting firms, with joint capital, should be set up for achieving the following two objectives before the end of the third decade namely: the realization of collective self-reliance in this field, and regional self-sufficiency in the implementation of construction works with the use of capabilities from within the region.

5) Industries linked to infrastructure

97. Consequently, priority should be given to the electrification of the region and training in various aspects of the electricity industry. The linking of all parts of the region with a single electricity network is a major objective that can be realized, or nearly fully realized, during the third development decade.

98. Top priority must be given to the cement industry in order to achieve self-sufficiency for the region before the middle of the third development decade.

99. Likewise, countries of the region should give priority to the building materials industries, production of steel and steel rods, wood industries, cables, manufacturing of tools, sanitary equipment, tiles,

concrete blocks, etc.. These industries will provide opportunities for multilateral and bilateral co-operation or be set up at the national level, depending on their size and ability of individual countries.

6) Priorities in the manufacturing sector

100. As for other possibilities for the development of manufacturing industries, special attention should be given to the manufacture of machinery and related metal industries, because these industries provide large and practical opportunities for the transfer of technology; they also help to raise the level of manpower skills in the region and promote industrial integration. In this connexion a start can be made with the manufacture of the simpler and more commonly used types of machines, such as the machinery used in food industries; textiles and textile-printing; some construction equipment, such as cement mixers; some kinds of agricultural machinery; and some large but simple equipment, such as storage tanks, fuel tankers, electricity pylons, fishing boats, spare parts and some military vehicles and equipment. The development of the manufacture of machinery involves regional dimensions, be it from the point of view of financing, management or marketing.

101. The manufacture of machinery equipment and spare parts deserves to become the main focus of the import-substitution strategy contrary to the previous approach whereby import-substitution efforts concentrated on consumers' goods industries. In addition, there should be concentration on industries using locally-produced raw materials and with export possibilities.

102. Because of variations in raw materials endowment among member countries, industrialization should likewise assume specialized dimensions involving division of labour at the regional level. The northern and south-western parts of the region might concentrate on agricultural industries including vegetable oils, sugar, animal feed, canning and preserved foodstuffs.

The southern and eastern parts of the region could become a center for maritime industries, and for fishing-related industries. The countries which possess abundant petroleum and gas resources could co-ordinate the building of petrochemical and basic chemical industries, which use phosphates, sulphur and potash, and energy-based industries such as iron and steel. Engineering and technologically advanced industries should be located where there is a relative availability of expertise and skilled manpower, which would, most probably, be in the northern part of the region. The need for the improvement of the environment, institutions, and training facilities, as well as the promotion of regional co-operation in these fields should also be taken into consideration.

103. The industrialization process aims at developing the industrial sector along lines that would promote intra-sectoral and inter-sectoral integration. It aims at bringing it to a level of efficiency that will make it competitive, capable of exporting and of developing effective use of advanced industrial technology; raising the skills standards and the volume of employment in industry; developing regional co-operation in different fields of industry; and endeavouring so that each country will introduce a regional perspective in its national industrialization policies, so covering the region as a whole and neighbouring countries in particular.

104. Industrialization at a regional level can best be effected through a special industrialization programme drawn up for the region as a whole, which will include industrial projects of a regional character, and which will take into consideration the region's ability to meet the needs for financing, investment and operations. Considering the special benefits connected with an expanded market at the regional level, projects should be chosen in such a way that groups of common projects will be linked together in a complementary manner and will be drawn up on the basis of specialization, with each country committing itself to undertake a specific production for the benefit of the region as a whole, and undertaking to import goods produced by the other countries. In this connexion it is important to explain that this kind of specialization is not to be understood as providing a monopoly over any industry by any country, and factories producing a given commodity for

the region as a whole can be located in more than one country, Likewise, the distribution of industries among member countries should not be based on comparative cost considerations only, but should also reflect a reasonable and fair distribution of burdens and benefits.

105. As for existing industries, efforts must be exerted to improve their management, increase their competitiveness and ability to exploit excess capacity, co-ordinate production stages, eliminate bottlenecks, enforce an exact maintenance programme and raise the level of mechanization while optimizing the use of manual labor. The introduction of simplified technology and modification of factory designs to cut down on time-consuming operations could yield large returns at a very low cost. This requires the expansion of university curricula to include subjects on developing industrial management skills and industrial relations; the setting up of management and productivity development centers and strengthening already existing centers and linking their studies and development activities with training efforts. Such efforts could take on regional or sub-regional dimensions, involving a number of neighbouring countries in the region.

7) Role of science and technology in the development strategy

106. In view of the total dependence of the region on imported technology, which was originally designed to suit conditions in the inventing countries, and which, consequently, is not fully compatible with conditions in the importing countries - especially in terms of the need to economize on the reconciliation between use of scarce resources while making extensive use of abundant ones. It is essential therefore, to exert efforts, nationally and regionally, on research to adapt imported technology to local needs, especially in the case of industrial projects of a regional nature and which involve new technology. Hence, new industrial research centers should be established and existing ones strengthened. This could be a suitable field for regional co-operation. At the same time a special effort should be exerted to increase the region's ability to supervise investments and imports related to science and technology so as to make sure that they conform to required specifications and assess

its quality. This could be linked to the task of ascertaining that their designs conform to environmental protection standards. Such supervision should be extended to cover imports of consumer and intermediate goods which could be harmful to personal health or to the environment.

107. Likewise, scientific and technological activities which relate to specific tasks or problems should be supported in a manner as to lead to the integration of science and technology policies with development planning. Efforts should also be directed to apply the results of research and stimulate demand for locally generated information; encourages small and medium institutions to conduct development research, individually and collectively, and to co-operate with universities so as to benefit from the potential of their faculty; to link graduation from universities with efforts to resolve national technological problems; and to encourage national contracting and consulting firms to contribute more effectively to the planning, execution, operation and maintenance of investment projects.

108. It is also necessary at the regional level and that of the Third World to evolve methods for the exchange of information on the terms of agreement for the transfer of technology, foreign investments, operations of multinational companies, and on the standards used in the selection of technology and on acquired expertise in this field.

109. The developed countries are called upon to facilitate and contribute to the free flow of information and know-how from them to the developing countries in general; evolve systems and networks for international information; allocate a larger portion of their R&D efforts to solving technological problems specific to the countries of the region; participate with existing and planned national R&D institutions in the preparation of programmes, research activities and in the evaluation of results, and provide these institutions with laboratory and scientific facilities and equipment on terms more favourable than those commercially available; and to allocate financial aid, experts and scholarships for these activities.

8) Mineral resources

110. The development strategy at the regional level finds expression in this field in attempting to unite the efforts of member countries in geological exploration in a more organized and comprehensive manner: in the preparation of geological maps, supplemented by geophysical and geochemical surveys on a regional scale, with an increasing use of remote-exploration techniques; and in the evolution of regional or sub-regional co-operation in the field of locating economical reserves of ores and exploiting them, taking into consideration the economic and technical benefits inherent in collective action and from co-operation in the development of expertise at the regional level.

111. At the national level, the strategy concentrates on optimizing the processing of mining products, while paying attention to the utilization of by-products, resulting from the processing of raw materials. It also concentrates on encouraging the development of small mines, in which simple technologies can be used, and accords special importance to the protection of the environment in developing the mining sector.

9) Water

112. The strategy concentrates at the regional level on the intensification of efforts to conduct a comprehensive evaluation of water resources-especially to prepare detailed studies on water basins and to link these studies with development plans in a manner that will meet the needs for potable water, irrigation, industrial use and generation of electric power. The strategy also focuses on regional co-operation in the evaluation of manpower and training needs, as well as participation in their establishment and benefits.

113. At the national level, governments should give special attention to the economies of water use, the analysis of the cost involved in various uses of water, particularly in irrigation, and the application of the results of these studies by laying down specific regulations governing such uses.

10) Energy

114. At the national level, the strategy is concerned with increasing the effectiveness of using energy through the improvement of existing techniques, selection of energy-saving techniques in new projects and the expansion of opportunities for the use of thermal energy. The strategy is also concerned with encouraging the development of local and traditional sources of energy, and the application of production and mechanical operations which depend on renewable energy sources using simple technological methods.

115. At the regional level, the strategy focuses on the establishment of an electricity network at a regional or sub-regional level, and on the exchange of expertise among member countries and between the region and Third World countries in fields that are of interest to member countries. It also focuses on increasing research and development efforts in the area of new and renewable energy sources; participating in activities involving the transfer of energy-related technology; and endeavouring to benefit as a group from the technical improvements applied in developed countries.

116. At the world level, the strategy is concerned with participation in international efforts to develop the use of new sources of energy, especially solar energy, by exploiting areas which have clear weather almost permanently. The region is expected to share in the financing of this research, as long as it is applied in the region. The strategy is also concerned with the direct support from countries rich in energy, to the energy-poor countries in the Third World.

117. At the same time, the oil-producing countries should preferably seek to increase the processing of hydro-carbons and expand their oil-refining industry and production of petrochemicals, in co-ordination with one another. They should also continue collective efforts to analyze the price structure of energy and to link oil prices to the prices of their imports from developed countries.

11) Transport and communications

118. In addition to what has been mentioned, when considering infrastructure, there are objectives, strategies and policies related to this sector as follows:

Highways and land transport

Efforts must be exerted to have the absorptive capacity of highways compatible with the handling capacity of ports which have recently been developed, especially in terms of eliminating bottlenecks in certain sections of international highways; develop secondary roads and rural, agricultural and desert roads linked to efforts to combat desertification; develop border facilities; co-operate regionally to facilitate the movement of goods and people; unify and standardize traffic regulations and signs; and simplify movement across borders and cut down on the waiting time involved.

Ports and maritime transport

Efforts will be made to complete port projects under construction; expand existing ports in the non-oil countries which have lagged behind in implementing their projects; rationalize port administration, simplify clearing operations and cut down on waiting time due to routine formalities or weak organization; develop national and regional merchant fleets financed jointly for the transport of both petroleum and other commodities; and to develop national skills and expertise to replace foreign expertise as much as possible.

At the international level, efforts will continue to secure the ratification of a code of conduct for liner conferences and for the effective application of agreements for participation in commodity bulk shipping.

Tele-communications

Emphasis is laid on the maintenance of installations; the organization and improvement of the quality of services; regional cooperation to unify the technology used to facilitate the linking of the region with a unified telephone and telex systems; the use of more advanced and easier to maintain forms of technology; and establishment of telex centers within the region instead of depending on the outside to ensure contact between the different parts of the region.

12) Tourism

119. The development strategy for tourism involves cooperation in planning and developing tourist facilities and in organizing group tourism on a sub-regional basis for the non-oil countries in the northern part of the region, for the least developed members and for coastal areas. It also involves the protection and restoration of archaeological ruins; conducting of archaeological excavations in cooperation with international organizations; cutting down on border formalities and procedures for tourists; improvement of transportation facilities linking touristic sites; and the development of traditional handicrafts and the production of local goods of interest to tourists.

13) Social development

120. The development strategy for the third decade affirms the need to increase the share of the rural population and the poor districts of the cities, especially in the poorest and least developed areas, in the fruits of development, in a manner that is commensurate with the size of these groups, while working on a long-range basis to eliminate the differences between rural and urban areas through integrated rural development projects; combatting endemic diseases and illiteracy; and the introduction of modernization to the urban areas. It also affirms the need to develop rural industries; health and educational services; eradicate differences between advanced and poor districts in cities by providing vital facilities, health, educational and municipal services including cleanliness, potable water, electricity, sewerage, internal transport, work opportunities and food.

121. Intensified efforts must be exerted to enlist the participation of women in development, while taking social and cultural values into consideration. This objective should go beyond the mere demand for the legitimate rights of women, to include the necessity of their participation on equal basis in the formulation of development plans and policies, in the implementation of programmes, projects and policies, and in fully sharing the benefits of work.

122. Special attention must be given to distinct groups in the population, such as the handicapped, refugees, displaced people, the elderly, orphans and the war maimed.

123. The full utilization of human resources should have top priority among the objectives of the region. This implies the protection and development of these resources through the provision of services in all areas and particularly basic services for rural population and for low income districts in the cities as well as the provision of additional opportunities in the fields of education, training, and employment for the unutilized and unqualified segments of the population. It would also involve reconsideration of the orientation of the educational system with a view to decreasing the share of theoretical education in favour of technical and vocational training, where supply is less than demand.

124. In order to formulate a clear policy to link available manpower to training and employment, the relevant statistics must be updated and improved. It is essential that a comprehensive survey of the supply of manpower and various scientific and professional expertise be conducted, along with a survey of the need of projects and institutions in these specializations. This is in addition to quantitative and qualitative enumeration of schools, universities, institutes and centers of vocational and handicraft training, the number of their graduates, level of training, and the extent to which the effectiveness of these facilities is compatible with development needs. Undoubtedly, regional cooperation in this field and the participation of regional and international institutions could be of greater mutual benefit.

125. It is necessary that studies be carried out on the impact of intra-regional labour migration, especially the movement from non-oil to oil countries, and the negative and positive impact of this phenomenon on each of the two groups, with the object of deriving mutual benefit from this kind of regional integration in a manner that will enable the exporting countries to supply labour without disruption of their domestic labor market.

126. In view of the fact that the cost of education, health, housing, food and social services has reached, in the non-oil countries, the maximum level permissible by their GDP and their development priorities, it is essential that substitute patterns and models be found to meet basic needs, especially of the poorer sections of society. Regional technical and financial cooperation could provide the means for seeking and adopting new approaches and for bearing the risk and expenses involved in the experimental stage.

127. It is necessary that governments lend support to their agencies, particularly the newly-established ones, and in the least developed countries, in order to increase the effectiveness of the supervisory bodies, develop the economic administration, planning and statistics organs, respond to the daily preoccupations of the public and provide people with security and confidence.

14) Housing and physical planning

128. In view of the lack of interest in physical planning shown during previous development stages, the development strategy of the third decade affirms the importance of physical planning as a main instrument in overcoming housing and human settlement problems in all member countries.

129. In view also of the heavy migration to the major urban centers from within each country and from outside, which has distorted the balance in the distribution of population, the development strategy must concentrate on the achievement of a reasonable degree of decentralization in the urban areas, in order to stimulate cities of smaller size and introduce a kind of specialization between capital cities and smaller towns. For sparsely populated areas centralization is appropriate in order to develop small cities and rural marketing centers, and encourage people to leave the small and scattered settlements which are difficult and expensive to service.

130. It is essential to work on the development of technology in housing construction in the direction of increased productivity and reducing costs through the construction of popular housing, securing land at reduced prices, encouragement of housing cooperation and the exerting of efforts to provide, where lacking, sanitary facilities. In addition, laws governing rents should

be reconsidered with a view to ensure a fair treatment for owners and tenants alike, on the one hand, and to make available for rent existing houses on the other hand.

131. In view of the emergence of a probleen of surplus housing in some of the oil countries as the result of highly optimistic demand projections by investors, and because of the resulting stagnation, it is appropriate to consider the adoption of an integrated set of policies covering income, credit and rents which would allow lower-income groups to gradually have access to higher quality housing, this would ultimately lead to the elimination of poorly constructed and unplanned housing and to the continuation of housing construction at a pace which is compatible with the desired rate of economic growth.

132. Due to the inadequacy of the human and institutional infrastructure in the field of construction planning, efforts must be exerted to set up nachinery capable of preparing plans and defining stages of execution, and training the needed personnel to carry out the tasks involved. Efforts should also be exerted to develop appropriate channels of communication between planners and decision-makers, on the one hand, and citizens, on the other hand, in order to determine development trends and to enlist the participation of the public in the planning and organizational aspects of construction operations.

15) Population policy

133. In view of the fact that population growth rates, though relatively high, do not constitute a major difficulty for economic growth in most of the countries of the region, the issue of family planning takes on dimensions which are more health-oriented than development-oriented.

134. In view also of the fact that internal migration is a source of concern to a number of countries of the region, especially from the point of the population convergence on capital cities, and the consequent disruption to agricultural areas and fall in agricultural production, the policy of moving urbanization to rural areas is the sound substitute for the movement of rural population towards the cities.

135. Since the most important population problems relate to the situation of nomadic bedouins, external migration, "brain drain", uneven population distribution, including isolated settlements in remote areas, and the high death rates in some areas among the poor groups, it is essential that the strategy concentrates on regional co-operation to resolve these problems. Thus, bedouins should be helped to settle down; a policy of wages and of material and moral incentives should be adopted to stem the "brain drain"; and a fair system be laid down between labour-importing and labour-exporting countries. In addition, efforts should be exerted to develop modern population centers that would attract residents of small and remote settlements. Desert, rural, agricultural and secondary roads need to be constructed. Furthermore, there should be concentration of health and educational services in the poorer areas, with special care to be given to the educational and nutritional requirements of the poor.

136. In view of the marked shortage of demographers and specialists capable of training others, and the inadequacy of references and modern training materials in Arabic, regional co-operation in this field will speed up the process of resolving these problems.

16) Protection of environment

137. Greater efforts should be exerted than ever before to protect the environment and the region in its early stages of development so as to avoid repetition of the problems which accompanied industrial development in the developed world. The protection of the environment in the region has many aspects to it. It relates to the protection of the sea from pollution, especially by oil; the protection of water resources, such as rivers, lakes, subterranean and coastal basins from industrial and human waste; and the protection of natural and man-made lakes from becoming centers for the breeding and spreading of disease carriers. It also embraces the protection of the atmosphere from the effects of gases emitted by industry and means of transport; the protection of marine fish, wildlife, forests and plants from

extinction; the protection of natural resources from depletion, due to such practices as over-grazing, and the use of mass-killing methods in hunting and fishing. Finally, it should also involve combatting desertification by checking the encroachment of the desert on agricultural areas, etc...

138. In order to realize the objectives of environmental protection, there must be concerted efforts at the national, regional and international levels. At the national level, the state must fulfil its responsibilities in this field and formulate appropriate legislation, and to take into consideration the environmental implications in the implementation of development projects.

At the regional level, there should be co-operation in the application of unified programmes for facilities common to two or more countries such as sea coasts and rivers, and the preparation of joint programmes for the development of deserts and grazing areas therein, as well as in the building of desert roads. Cooperation should also extend to the formulation of laws and regulations, the exchange of expertise on similar development projects, and the training of personnel to be specialized in these areas.

At the international level there should be cooperation with neighbouring countries such as those bordering the Mediterranean Sea, the Arabian Gulf and the Red Sea, for the protection of these seas. There should also be participation in the overall international efforts to fight pollution and protect the environment.

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