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RECENT DEVELOPMENTS IN INTERNATIONAL TRADE AND PAYMENTS
IN COUNTRIES OF WESTERN ASIA : A REVIEW

PREFACE

This report has been prepared in accordance with the Programme of Work and Priorities for the biennium 1984-1985 adopted by the Commission at its Tenth Session. It constitutes the first of two annual reports envisaged during the biennium under Programme Element 1.1 of the International Trade and Development Finance Programme.

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INTERNATIONAL TRADE AND PAYMENTS

Introduction

At the onset of the nineteen eighties, the world economy was suffering from a severe recession in the developed countries, which was accompanied by high inflation rates and a dramatic rise in unemployment levels. The associated slackening in world demand and increased protectionism had severe repercussions for the trade of the developing countries by reducing demand for their exports and exerting a downward pressure on prices of primary commodities 1/. Consequently, the volume of trade of developing countries contracted and their export revenues collapsed. Exports of crude oil suffered most, not only because of depressed world demand since 1980, but also on account of measures to conserve and exploit alternative sources of energy in the major oil-exporting countries.

Despite the guidelines and objectives spelled out in the International Development Strategy (IDS) for the Third United Nations Development Decade 2/ urging the international community to extend to developing countries "special and preferential treatment" in order to "improve market access for (their) products" and to exert "vigorous efforts to resist protectionism" and promote "equitable participation in international trade", indications are to the contrary. The recent efforts undertaken through international fora to stimulate world trade have had only limited impact on the trade of developing countries.

For instance, the recently (early 1982) concluded Tokyo Round of multilateral negotiations provided for a reduction of tariff and non-tariff barriers on agricultural trade as one of the negotiating objectives. However, little progress was accomplished in this respect. Furthermore, agreement remains to be reached on the crucial issue of establishing a system of safeguards to govern the temporary restriction of imports to protect domestic industry. 3/

1/ Average export prices of primary commodities for developing countries, excluding fuels, (valued in current US dollars), fell by 16 per cent in 1981 and by 18 per cent in 1982. UNCTAD, "World Commodity Trade: Review and Outlook" (TD/B/C.1/236) 4 May 1983.

2/ (General Assembly resolution 35/56, para. 22) International Development Strategy for the Third United Nations Development Decade.

3/ IMF, World Economic Review 1982.

.../

In recent years, restrictions on exports of textiles and clothing, originating in developing countries, have become tighter 1/ under the guise of measures allegedly aimed at establishing "orderly marketing arrangements". In December 1981, the Multi-Fibre Arrangement (MFA), covering trade in these products, was extended for the third time since its inception in 1974 until July 1986. The MFA, however, failed to balance the interests of developing and developed countries with respect to market access. To the former group, the MFA restrictions are considered to be the most important barrier to growth in their exports. In effect, MFA III remains biased in favour of the industrialized countries as it has legitimized restrictions to protect their markets against developing countries' low-cost exports while leaving their intra-exports unrestricted and subject to normal rules of the General Agreement on Tariffs and Trade (GATT).

Notwithstanding extensive efforts exerted within the framework of UNCTAD, no agreement could be reached between cotton exporters and importers. In an effort to protect and promote the interests of cotton producers a number of developing countries, including Egypt and the Syrian Arab Republic signed in June 1983 an agreement establishing the International Cotton Producers Association (ICPA) 2/.

Against a sluggish world demand for crude oil and dwindling oil revenues, members of the Organization of Petroleum Exporting Countries (OPEC) met in London, early in 1983, and decided to reduce the price of the "reference" crude oil, Arabian Light, from \$ 37 per barrel to \$ 34, effective March 1983. To support this price level, they re-established an overall production ceiling with fixed quotas for each OPEC member with Saudi Arabia assuming the role of a "swing" producer, adjusting its output to meet market requirements.

With petrochemicals and refined products emerging as important export products, trade negotiations have been recently launched (December 1983) between the Gulf Co-operation Council (GCC) countries and the European Economic Community (EEC) concerning the reduction of discriminatory practices (tariff and non-tariff barriers) facing these products in the market of the latter. These negotiations are of particular importance in view of the current overcapacity in European chemical industry and, therefore, the adverse implications of increased protectionism against low-cost products of developing countries including those originating in the GCC countries.

1/ It is worth noting that textiles and clothing comprise 12 per cent of non-oil exports of the developing countries.

2/ See: The Economist Intelligence Unit, Quarterly Economic Review: Jordan and Syria, Supplement, 1983.

Against the background of developments outlined above, the performance of world trade during the first three years of the eighties, was disappointing for virtually all groups of countries (Table 1). World exports in dollar terms declined successively, by 1.3 per cent in 1981, 6.1 per cent in 1982 and 6.4 per cent during the first half of 1983, compared to the first half of 1982. Imports followed a similar trend and fell by 1 per cent, 5.4 per cent and 5.9 per cent, respectively. The developed market economies' trade performance was only slightly different.

The deterioration in the value of exports of developing countries accelerated from 1.2 per cent in 1981 to a striking 11.6 per cent in 1982 and 11.1 per cent during the first half of 1983. Their imports, however, continued to grow by 11.2 per cent in 1981 before dropping by 4.8 per cent in 1982 and 3.7 per cent during the first half of 1983.

In relative terms, the OPEC countries' trade has been hard hit. The growth of their imports in 1981 by 17.7 per cent was followed by increments of 2.5 per cent in 1982 and 1.7 per cent during the first half of 1983. Their exports, moreover, experienced a more severe setback, declining by 7.4 per cent in 1981, 20.4 per cent in 1982 and 22.2 per cent during the first half of 1983. The value of OPEC's crude oil exports fell by 29 per cent between 1980 and 1982 and is estimated to drop by another 28 per cent in 1983 in view of the recent cut in prices (March 1983) and the continued depressed level of production. Between 1980 and 1983 production declined by 3.7 per cent and consequently real exports of crude were halved. However, projections for 1984 point to a slight recovery in the value of crude oil exports 1/.

A. Overall Trade Performance

1. Export and import trends

Attaining the average annual rate of growth of 7 per cent in the gross domestic product for developing countries as a whole during the Third Development Decade and in the early part of the Decade implies 2/, inter alia, "an acceleration in the tempo of production", "a rapid expansion and diversification of trade", "an annual rate of expansion in exports and imports of goods and services of not less than 7.5 per cent and 8 per cent, respectively", and "an improvement in the terms of trade". Indications are that, for the region as a whole, the targets for imports were exceeded

1/ Middle East Economic Survey, (5 September 1983).

2/ General Assembly resolution 35/56, paras. 20 and 22.

Table 1. Average annual variation in aggregate dollar value of imports and exports, selected years (in per cent)

	Imports (c.i.f.)			Exports (f.o.b.)				
	1973-79 a/	1979-80	1980-81	1981-82	1973-79 a/	1979-80	1980-81	1981-82
World	21.5	21.5	-1.0	-5.4	21.5	21.4	-1.3	-6.1
Developed market economies	18.5	20.0	-5.0	-6.2	17.4	17.7	-1.9	-5.2
Developing market economies of which:	23.5	29.4	11.2	-4.8	25.0	32.5	-1.2	-11.6
OPEC	30.5	28.9	17.7	2.5	31.0	39.4	-7.4	-20.4
ECWA Region:	39.0	25.0	12.3	...	37.0	50.6	-3.0	-28.0
Oil economies	43.0	24.0	13.4	...	38.0	51.1	-3.0	-28.7
Non-oil economies	28.0	29.2	7.4	-5.7	22.0	31.4	0.0	3.0
ECWA Region Non-Fuel Exports	.....	.....	.....	.....	(24.0)	(23.0)	(15.4)	(...)
Oil economies	.....	.....	.....	.....	(35.0)	(26.8)	(21.4)	(...)
Non-oil economies	.....	.....	.....	.....	(14.3)	(16.6)	(4.4)	(-0.3)
<u>For reference:</u>								
(1) Gulf Co-operation Council b/	44.0	23.6	14.5	11.3	36.0	57.0	6.2	-30.3
(2) Least developed countries c/	42.0	39.9	-17.7	9.9	26.0	66.8	-10.5	40.6

Source: ECWA, based on national and international sources

a/ Average annual compound rates of growth computed on the basis of terminal years.

b/ Covers Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

c/ Covers the two Yemens.

by significant margins in the period reviewed 1/. Regarding exports, however, the picture looks exceedingly dismal, with the growth rate for the region not only falling short of the IDS target but declining moderately in 1981 and then dramatically in 1982 and the first half of 1983. This was the result of an association of much reduced volume of exports since 1981 with prices only starting to fall in early 1983.

Thus, after having increased sharply up to 1980, exports of ECWA region experienced a severe setback in the subsequent two years, notably in 1982. In 1980, the region's exports grew to a peak level and expanded by over 50 per cent, to reach \$ 193 billion a result of both the sharp rise in crude oil prices in 1979 and 1980 and increased volume of oil exported. Exports then declined slightly by less than 3 per cent in 1981 after which they collapsed by over 28 per cent to \$ 135 billion in 1982, largely due to the sharply reduced world demand for crude oil. While modest growth rates were recorded, in 1981, by some of the large oil exporters of the region, notably Saudi Arabia and the United Arab Emirates, and high growth rates by Bahrain, Oman, Jordan and Yemen, steep declines were recorded in the exports of Iraq (down by 60 per cent) and Kuwait (down by over 20 per cent).

The exports performance of Iraq could be explained in terms of lower volume of crude oil exports. Two of the country's three main oil export outlets have been rendered inoperative. The first, located in the south, was damaged in the early days of the war with Iran. The second, located on the Mediterranean in the Syrian Arab Republic and Lebanon, was closed in April 1982. Exports from the single Iraqi outlet left were largely limited to the capacity of the pipeline through Turkey. Thus, excluding Iraq, the region's exports recorded a growth of 6 per cent in 1981 to decline by 30 per cent in 1982, with all ECWA countries being affected, except Democratic Yemen and Jordan, though in varying degrees. The most severe cases were the fall by over one-third in exports of Saudi Arabia and Kuwait; the latter's exports having also dropped by over 20 per cent in 1981.

Excluding fuels, exports followed a different path as of 1981 when a growth of 15.4 per cent was registered, compared to about 23 per cent in 1980. Excluding Iraq, for which comparable data were not available for the period 1980-1982, non-fuel exports from the region showed a rise of 25.3 per cent and 17.4 per cent in 1980 and 1981, respectively, before losing momentum in 1982 and growing by only 6.7 per cent.

1/ Import volume for West Asia increased by 19.3 per cent in 1981 and 14.5 per cent in 1982. It is projected to rise by 6.8 per cent in 1983 and to decline by 0.5 per cent in 1984. (See: UNCTAD, Trade and Development Report, 1983 (Part I); where West Asia is defined to include in addition to the ECWA countries, Iran, Cyprus and Turkey).

The region's aggregate imports, however, having risen by 25 per cent to over \$ 73 billion in 1980, it decelerated to 12.3 per cent in 1981. Excluding Iraq, for which comparable data were not available for the period 1980-1982, the region's imports grew by 24.7 per cent in 1980 and by 13 per cent in 1981 before slowing down to about 8 per cent to reach over \$ 80 billion in 1982. It is worth noting that, for the first time in many years, imports of the non-oil economies, as a group, dropped by 5.7 per cent in 1982, after a modest rise by 7.4 per cent in 1981. The slowdown in 1981 was most pronounced in the two Yemens, where imports fell by 23 per cent in Democratic Yemen and by 13 per cent in Yemen. In 1982, the Syrian Arab Republic was mainly responsible for the deceleration in this group's imports with its imports shrinking by one-fifth below their 1981 level.

Preliminary statistics, comparing the first half of 1983 to the corresponding period in 1982, depict a continued decline in the region's 1/ exports by 18 per cent; while, total imports grew by over 9 per cent.

The above developments have been reflected in the share of the ECWA region in world trade. Thus, while in 1973 the ECWA region accounted for 3.7 per cent of world exports, its share in 1980 grew to 9.7 per cent and fell to 7.3 per cent in 1982. During the first half of 1983, the region accounted for 6.8 per cent of world exports. Its imports, on the other hand, grew steadily from 1.5 per cent of the world total in 1973 to 5.2 per cent in 1982 and 6.4 per cent during the first half of 1983.

2. Terms of trade

The quantum of exports for West Asia 2/ fell by 12.6 per cent in 1981 and by 14.5 per cent in 1982 3/. Forecasts for 1983 indicate a further decline of 15.6 per cent, but a moderate growth of 1.7 per

1/ Refers to the "Asian Middle East" excluding Cyprus, Iran and Turkey (which corresponds to the ECWA region); as in United Nations, Monthly Bulletin of Statistics (November 1983).

2/ Op.cit., UNCTAD, Trade and Development Report, 1983 (Part I).

3/ Crude oil production in the ECWA region declined between 1980 and 1982 by 39 per cent. Provisional data for 1983 show a further decline by 13 per cent. See: Petroleum Economist: The International Energy Journal (Petroleum Press Bureau Ltd.); March 1984.

cent for 1984. In contrast, the terms of trade for the region, as a whole, improved by 12.4 per cent in 1981 and 0.8 per cent in 1982. This could be partly attributed to lower import prices 1/.

The region's terms of trade, however, are projected to deteriorate by 3.7 per cent in 1983, and remain virtually unchanged in 1984 2/. Hence, meeting the IDS objective of an "improvement in the terms of trade of developing countries" seems unlikely before a sustained world economic recovery is confirmed. This, according to a recently published report by the International Monetary Fund (IMF), is to be expected not earlier than the first part of 1984 and particularly in the countries members of the Organization for Economic Cooperation and Development (OECD), notably the United States and Japan 3/. And in the event, some time has to elapse before the spill-over effects crystallize and for their impact to be felt on the developing countries' trade.

The improvement in the region's terms of trade offset the deterioration in export volume in 1981, resulting in a virtual stagnation in the purchasing power of its exports. In 1982, this was further accentuated by the extremely modest improvement (0.8 per cent) in the terms of trade while the volume of exports continued declining, causing the purchasing power of exports to fall by 13.8 per cent. The purchasing power of exports of Western Asia is projected to decline further by 18.8 per cent in 1983 before slightly improving by 1.4 per cent in 1984 4/.

At the individual country level, the fall in the quantum of exports since 1980, was a common denominator to all the ECWA countries: oil-exporters and non-oil economies alike 5/. The sole exception being Saudi Arabia, whose quantum index first rose by 4.8 per cent, before falling mildly in 1981 by 1.9 per cent and drastically in 1982 by 35.3 per cent, in line with a 34 per cent drop in crude oil production. The

1/ The United Nations export price index of manufactured goods for the developed market economies declined by 5 per cent in 1981 and by 3 per cent in 1982.

2/ Op.cit., UNCTAD, Trade and Development Report, 1983 (Part I).

3/ "IMF Survey" (January 23, 1984).

4/ UNCTAD, The Current World Economic Crisis (UNCTAD/TDR /3 (Part I) 7 September 1983.

5/ Based on: UNCTAD, Handbook of International Trade and Development Statistics, 1983.

fall in the quantum of exports was most pronounced in Iraq, where the index dropped by 23 per cent in 1980 before declining by 67 per cent in 1981, largely a result of reduced oil production. This was reflected in a deterioration in Iraq's purchasing power of exports by 58.6 per cent, notwithstanding a 21.5 per cent improvement in its terms of trade for that year. Both, Kuwait and to a lesser extent, the United Arab Emirates experienced a decline in the purchasing power of their exports commencing in 1981. Jordan, in contrast, managed to maintain a steady growth in the quantum of its exports during the first three years of the decade. The growth in its index by 25 per cent in 1980 and 17 per cent in 1981 led to an improvement in the purchasing power of its exports by 20 per cent and 10 per cent, respectively. In 1982, despite the growth of less than 3 per cent in its quantum index, caused by difficulties in marketing of phosphates 1/, the purchasing power of its exports improved by another 10 per cent.

3. Trade balances and export/import ratios

The outcome of the poor performance of the external sector could be easily detected in the region's dwindling trade surplus during the first three years of the decade. After multiplying by more than six-fold between 1973 and 1979 and expanding by about 72 per cent to reach a peak level close to \$ 120 billion in 1980, the region's trade surplus diminished by about 12 per cent in 1981. Excluding Iraq, for which comparable data were not available for the period 1980-1982, the region's trade surplus continued expanding in 1981, though by less than 2 per cent to reach over \$ 102 billion, before collapsing by more than half to an estimated \$ 44 billion in 1982.

The oil-economies in the region, notably the countries of the Gulf Co-operation Council, have been largely responsible for the region's trade surplus. The trade surplus of Saudi Arabia alone, which represents over 80 per cent of the region's aggregate surplus, was more than halved in 1982. Preliminary figures for the first half of 1983 reveal a deficit for the first time in years. The overall trade deficit in the non-oil economies, which in 1979 had widened by seven-fold relative to its 1973 size, deteriorated considerably in 1980 and 1981, reaching

1/ World production of phosphates rose to a record level in 1980 and prices recovered noticeably until 1982 when both world consumption and demand declined sharply leading to strong competition among suppliers, and a decline in market prices by 8.6 per cent. This naturally affected Jordan, the second largest exporter among the developing countries (See UNCTAD, World Commodity Trade: Review and Outlook, (TD/B/C.1/236), May 1983.

\$ 10.4 billion in the latter year. However, in 1982, this deficit narrowed down to \$ 9.4 billion reflecting a somewhat curtailed level of imports.

Another significant indicator of trade performance during the first three years of the eighties is the region's export/import ratio. Depressed export earnings and less than proportionate reduction in imports are reflected in the region's weakened overall export to import ratio which fell from 2.6 in 1980 to 2.3 in 1981. Excluding Iraq, for which comparable data were not available for the period reviewed, this ratio fell from 2.5 to 1.6 between 1980 and 1982. The magnitude of the fall in the export/import ratio was more pronounced in the Gulf Co-operation Council member states, whose combined ratio declined from 3.1 to 1.8 between 1980 and 1982, reflecting notably the drop in Saudi Arabia's ratio from 3.6 to 2. In contrast, the non-oil economies export/import ratio has been almost stationary between 1979 and 1982, at about 0.3, having been 0.4 in 1973.

B. Commodity Structure of Trade

1. Imports

The structural pattern of imports of the ECWA region has undergone two significant changes during the past ten years. The first was the progressive growth in the share of machinery and transport equipment in total imports, from 30 per cent in 1973 and 37 per cent in 1980, and further to 42 per cent in 1982. The second was the gradual decline in the share of imports of food items from over 21 per cent in 1973 to 14 per cent in 1980 and 12 per cent in 1982 (Table 2).

The increased share of machinery and transport equipment could be largely attributed to the region's efforts to speed up the pace of development through increased imports of capital goods. For example, in Bahrain, spending on machinery and equipment increased substantially as a result of concessions by the government to waive import duties on such goods in order to encourage the establishment of new industries. In the Syrian Arab Republic, imports of machinery and capital equipment had also expanded considerably prior to the recent completion of a number of development projects after which they fell almost to half their 1981 level. In Iraq, a construction boom of infrastructural projects partly in preparation for the Non-Aligned Conference, which was scheduled for September 1982, pushed imports of machinery and capital equipment to unprecedented levels. In Jordan, the purchase of civilian aircrafts in 1981 raised imports of machinery and capital equipment significantly.

The declining share of food items in total imports could be related partly to better harvests in recent years and to expanded production, such as wheat in Saudi Arabia. Exogenous factors mainly

.../

Table 2. ECWA Region: Commodity Structure of Trade, 1973 and 1979-1982
(Percentage shares by major product categories)

	<u>SITC Section</u>				
	<u>1973</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
<u>Total Imports (c.i.f.)</u>					
Food items	21.4	13.6	14.3	13.6	12.0
Agricultural raw materials	2.9	1.3	1.4	1.1	1.0
Ores and metals	6.7	7.9	6.6	6.8	6.9
Fuels	3	7.5	8.6	8.9	6.4
Chemicals	5	4.8	4.8	4.4	4.6
Machinery and transport equipment	29.2	36.7	36.4	38.0	41.9
Other manufactures	26.4	27.7	27.4	27.1	26.5
Total	100.0	100.0	100.0	100.0	100.0
<u>Total Exports (f.o.b.)</u>					
Food items	1.6	0.6	0.4	0.5	0.6
Agricultural raw materials	1.3	0.2	0.2	0.1	0.2
Ores and metals	0.3	0.6	0.5	0.5	0.7
Fuels	93.6	96.5	97.2	96.6	95.0
Chemicals	5	0.4	0.3	0.3	0.6
Machinery and transport equipment	7	0.7	0.7	1.0	1.2
Other manufactures	6 + 8 - 67 - 68	0.9	0.8	1.0	1.8
Total	100.0	100.0	100.0	100.0	100.0
<u>Non-Fuel Exports</u>					
Food items	26.3	16.2	14.9	14.0	11.4
Agricultural raw materials	20.1	7.3	5.2	3.6	3.6
Ores and metals	5.2	18.9	16.1	14.5	13.7
Chemicals	5	9.1	12.0	9.4	10.8
Machinery and transport equipment	10.2	21.4	25.0	29.4	23.4
Other manufactures	6 + 8 - 67 - 68	26.5	26.4	28.5	34.8
Total	100.0	100.0	100.0	100.0	100.0

Source: ECWA, based on national and international sources.

the decline in international prices of primary and agricultural products, including foodstuffs, since 1980 also contributed to reducing the aggregate dollar value of these imports, causing them to drop in 1982 by 5 per cent, compared to 1981.

Notwithstanding the overall decline in absolute terms, the volume of food items imported into some ECWA countries continued to expand. For instance, in Saudi Arabia a boom in imports of foodstuffs took place as a result of the spread of supermarkets and fast food outlets, in response to changing consumption patterns of Saudis and influx of foreign labour with diversified eating habits. In Qatar, imports of foodstuffs and live animals remained substantial despite the rise in domestic production which was not sufficient to satisfy local needs. In the Syrian Arab Republic, increased imports of raw and refined sugar led to a rise in total imports of foodstuffs in 1981.

2. Exports

(a) Fuels (crude oil, refined products and gas)

Exports of the ECWA region are heavily weighted by oil, a concentration which deepened after 1973 before it started tapering off during the early eighties. Thus, the share of fuels (SITC 3) in the region's aggregate dollar value of exports rose from 93 per cent to over 97 per cent by 1980, and then declined to 95 per cent in 1982. This reflected mainly the decline in the share of crude oil in total exports to 84 per cent (the lowest level attained during the last ten years) from over 89 per cent in 1980 and 87 per cent in 1973. This phenomenon occurred in all the oil-exporting countries in the region, though in varying degrees. A case in point is Kuwait where the share of crude oil in total exports diminished from 94 per cent in 1973 to 74 per cent in 1979. The sharpest decline, however, occurred in 1982 when its share dropped to less than 44 per cent from 64 per cent in 1981. ^{1/}

The reduced significance of crude oil has highlighted the growing relative importance of refined products and gas in total exports. Exports of refined products and gas grew by 55 per cent in 1980; however, they fell slightly in the following two years, whereas crude oil exports dropped by more than one-third. As a result, their share grew by 3 percentage points to over 11 per cent in 1982. By and large, this

^{1/} The decline in the relative importance of crude oil in Kuwait's exports must be viewed not only against the slackening world demand for crude oil and the country's own energy conservation policy, but also partly as a result of the development and growth of new export lines such as refined products and petrochemicals.

was the result of a substantial growth in quantities exported. This trend is expected to continue as a result of increased refining capacity and higher operating load factors following the establishment of new refineries or extensions of existing ones being brought on stream. In percentage of total exports, petroleum products almost doubled from over 4 per cent in 1973 to average 6 per cent during 1979-1981 and up to 8 per cent in 1982. Gas emerged as a significant export in the late seventies, with its share in the total growing from almost nil in 1973 to over 3 per cent in 1982.

At the country level, Kuwait has emerged since the late seventies as the fourth leading exporter of petroleum products among the developing countries followed by Bahrain ^{1/}. These two countries were almost equally responsible for over 50 per cent of the region's refined oil exports. They were closely followed by Saudi Arabia, and, at a distance, by Democratic Yemen and the Syrian Arab Republic. While petroleum products constituted an insignificant portion of Kuwait's exports in 1973, they came to account for around 17 per cent in 1979. Thereafter, their share expanded to reach over 33 per cent in 1982, partly a result of a 38 per cent growth in volume.

Refined products have always dominated Bahrain's exports. Their share in the total went up from 80 per cent in 1973 to 89 per cent in 1980 and 1981 before falling to 83 per cent in 1982. This was largely caused by a reduction in production level of Abu Sa'afa refinery and an overall lower refinery throughput. Preliminary information on early 1983, indicates some difficulties in marketing, as a result of a decline in the price margin between imported crude and exported products. Higher production costs have tended to weaken Bahrain's competitiveness vis-à-vis other suppliers.

The value of Saudi Arabia's exports of petroleum products has been quite substantial. Having grown rapidly until 1980, their value, however, declined by about 19 per cent over the next two years and their share reduced from 3.4 per cent to 2.8 per cent in 1982. Preliminary information covering the first half of 1983 reveals a continuation of the trend. To counter these developments, Saudi Arabia's Petroleum and Minerals Organization (Petromin) has taken measures to boost exports of refined products, through improving on its marketing research techniques. In addition, marketing of the products from three recently built export-oriented refineries, expected to commence by mid-1984, will further boost Saudi Arabia's refined oil exports.

^{1/} In 1980, Kuwait was responsible for over 8 per cent of the developing countries' exports of petroleum products (almost 4 per cent of the World's); while Bahrain and Saudi Arabia accounted for 7.2 per cent and 6.6 per cent, respectively.

In the Syrian Arab Republic, exports of petroleum products have been quickly replacing raw cotton as the second leading export item. These exports, which barely accounted for 3 per cent of the total in 1979, jumped five-fold to reach over 15 per cent in 1980; by 1982 they accounted for over 23 per cent of total exports. The Baniyas refinery which recently came on stream, together with an increased utilization of the Homs refinery raised the level of production and, hence, exports. This situation, however, might not last for long with the projected increase in domestic consumption of oil products.

Iraq's exports of refined products (mainly surplus fuel oil and some naphtha) have been small in relative terms. The volume of exports is reported to have expanded subsequent to the recent commissioning (February 1983) of the new refinery in North Iraq (Baiji).

Gas has emerged as a significant export item in the region only during the late seventies, with Saudi Arabia responsible for over 60 per cent of total gas exported 1/; the balance being mainly accounted for by the United Arab Emirates and Kuwait. The value of Saudi Arabia's gas exports expanded until 1981 when reduced production led to an 8 per cent decline in 1982. Nevertheless, the share of gas in total exports gradually increased from 1.7 per cent in 1979 to 3.3 per cent in 1982. Similarly, Kuwait's gas exports registered growth in both absolute and relative terms until 1980, when production cutbacks caused exports to fall and their share in the total to drop from 3.3 per cent in 1980 to 2.8 per cent in 1981. In 1982, the volume of gas exported from Kuwait dropped by 38 per cent causing a 30 per cent fall in value terms. By contrast, the United Arab Emirates' gas exports continued a growth which started in 1979 and became more pronounced during the last quarter of 1981 following the completion of Al-Roways gas plant and its coming on stream. Consequently, the share of gas increased from 1 per cent in 1979 to represent almost 6 per cent of total exports in 1981 and over 8 per cent in 1982. With plans to expand gas production and exports, their share is likely to rise further.

(b) Non-fuel exports

The region's non-fuel exports have generally remained of limited significance, in relative terms, consisting largely of primary and agricultural commodities (cotton and phosphates), and, to a lesser extent, domestic semi-manufactured and manufactured products in some instances.

1/ Saudi Arabia is the second leading gas exporter among the developing countries, as it accounts for one-fourth of their gas exports and almost 8 per cent of the world's. (UNCTAD, Handbook of International Trade and Development Statistics, 1983).

This has not basically changed during the past decade, despite efforts aimed at export diversification. Non-fuel exports, having accounted for 7 per cent of total exports in 1973, declined to 3 per cent in 1980 and then recovered partly to 5 per cent in 1982 1/. Notwithstanding this, the limited diversification experienced in a number of countries is linked to petroleum, i.e. oil-derivatives such as fertilizers and petrochemicals; and a few other indigenous semi-manufactured and manufactured products such as aluminium, steel pipes and shapes, textiles and cotton fabrics, articles of plastic, wood and non-metal manufactures. The apparent replacement of primary agricultural commodities (food and agricultural raw materials) as the leading non-fuel exports by the product group comprising manufactured goods, excluding chemicals, should be viewed against the fact that re-exports constitute a large proportion of non-fuel exports in a number of countries (notably in Kuwait, Bahrain, Qatar and the United Arab Emirates), and to that extent cannot be taken as an indication of export diversification.

Exports of food items, which comprised over one-fourth of total non-fuel exports in 1973, gradually dropped to less than half this share in 1982. At the same time, exports of agricultural raw materials (mainly cotton) lost considerable ground, having accounted for one-fifth of exports in 1973, their share averaged less than 4 per cent during the early eighties. The only category among exports of primary goods which exhibited growth during the past decade was ores and metals 2/. While its share in the total tripled between 1973 and 1980 to over 16 per cent, it gradually declined thereafter to less than 14 per cent in 1982.

The share of manufactured goods 3/, other than machinery and transport equipment, which in 1973 shared top position with food items (more than one-fourth of non-fuel exports), maintained this level until 1980 and rose sharply in 1982 to become the leading export category with a 35 per cent of total. In contrast, chemicals (mainly fertilizers) maintained its relative importance at around 10 to 12 per cent between 1973 and the early eighties.

1/ Reflecting the decline in the relative importance of fuels as well as growth in traditional exports and new product lines.

2/ Covers crude phosphates from Jordan and the Syrian Arab Republic, aluminium from Bahrain and Kuwait, and steel shapes and structures from Qatar, the United Arab Emirates and Jordan.

3/ Indigenous exports in this category fall mainly under woven textiles and cotton fabrics; in addition to non-metal manufactures such as plastics, plywood, ceramics and asbestos, glass and leather articles; and products of assembly plants.

The growing share of non-fuel items in Kuwait's exports, which rose from 7 per cent in 1980 to over 12 per cent in 1981 and 20 per cent in 1982, reflected largely the expanding re-export trade^{1/}. Kuwait's indigenous exports cover some semi-manufactured and manufactured goods, mainly fertilizers and petrochemicals, non-metal products (e.g. rubber and plastic articles), followed in order of importance by aluminium and steel shapes, shaped wood and cork. Excluding fertilizers and petrochemical products, these exports did not represent more than 2 per cent of total exports (i.e. two-thirds of indigenous non-fuel exports); while fertilizers and petrochemicals (mainly urea, sulphur and ammonia) and some varnishes and detergents accounted for most of the balance. In 1981, exports of urea were slashed by half their previous level as a result of reduced production, which caused exports of chemicals, as a group, to shrink and their relative importance in the total to diminish. Preliminary information on 1982 indicate a reversal of this trend with exports of fertilizers surpassing their 1980 level.

A similar situation can be observed in Bahrain, with re-exports constituting a large portion of its non-fuel exports and the balance almost entirely accounted for by exports of aluminium from Bahrain's large smelter (ALBA)^{2/}. As a result of a greatly expanded output from the smelter in response to growing demand for aluminium in Japan and other Arab and Asian countries, and after two years of limited growth, exports have sharply risen in 1982 and their share in the total virtually doubled to over 6 per cent compared to its 1980 level.

Qatar's non-fuel exports, excluding re-exports, consist almost entirely of fertilizers (urea and ammonia), petrochemical products - the exports of which began in 1981, and steel shapes. The share of non-fuel exports in the total fluctuated somewhat between 1973 and 1982, but maintained an upward trend rising from 2 per cent to over 7 per cent. In real terms, these exports grew considerably due mainly to increased production of steel in 1979 and 1980, and fertilizers^{3/} and petrochemical products in 1981. This raised the volume of these exports to a record level and their value by 10 per cent in 1980 and 1981. However, the recession and the slump in the developed countries' demand for these products in 1982 pulled the value of Qatar's non-fuel exports back to its 1980 level. The contribution to exports of fertilizers and steel, which was almost equal in 1980, dropped slightly in 1981 and almost regained their 1980 positions at 2.8 per cent and 2.4 per cent, respectively, in 1982. Exports of petrochemicals, which began in 1981, grew to account for 1.7 per cent of total exports in 1982.

^{1/} For example, in 1981, the latest year for which detailed trade data were available, re-exports comprised three-fourths of non-fuel exports (almost one-tenth of total exports), leaving a meager 3 per cent for domestic exports.

^{2/} This places Bahrain as the fourth leading aluminium exporter in the developing world. (In 1980, Bahrain was responsible for almost 10 per cent of aluminium exported by the developing countries).

^{3/} In 1980, Qatar was the second largest exporter of fertilizers among the developing countries, accounting for almost 15 per cent of their total.

Non-fuel exports in Saudi Arabia, representing slightly more than 1 per cent of the total, are also dominated by re-exports. The most significant among its indigenous exports being fertilizers (mainly, urea). These have been slowly gaining ground, though their share in total exports did not exceed 0.1 per cent during the early eighties. Significant export earnings, however, will be generated when seven major petrochemical plants, currently under construction, become fully operational by the late eighties. These plants are expected to produce 5 per cent of the world's ethylene (a basic input for plastics). Meanwhile, 1984 is the target year for placing some of the products of these plants into world markets. Towards this end, the Gulf Cooperation Council (GCC) has recently initiated trade negotiations with the EEC in order to eliminate discriminatory non-tariff and tariff barriers on petrochemical products originating in GCC member states 1/.

In the Syrian Arab Republic, the value of non-fuel exports grew by 15 per cent in 1982 after having virtually stagnated in the preceding two years, raising their share in total exports from 21 per cent in 1980 and 1981 to over 25 per cent in 1982. With Syria's leading traditional primary exports 2/ losing ground, the growth in non-fuel exports could be largely attributed to manufactured goods, mainly cotton textiles, woven fabrics and clothing articles. The combined share of these products almost doubled from less than 4 per cent in 1980 to over 7 per cent in 1982. By contrast, the share of raw cotton in total exports fell from over 8 per cent to less than 6 per cent, over the same period, despite a rise in production levels 3/, mainly due to falling prices. Furthermore, and with the exception of barley whose share in total exports grew due to better harvest, from 0.2 per cent in 1980 to 4.3 per cent in 1982, the combined share of the other leading primary commodities (fruits and vegetables, tobacco and phosphates) in total exports fell by around one percentage point to less than 4 per cent in 1982.

During the first three years of the eighties, the importance of phosphates, Jordan's leading export item, dropped significantly, from over 39 per cent in 1980 to less than 31 per cent in 1982. Exports of vegetables and fruits experienced limited growth despite the good harvest, with their share standing at 17 per cent of the total. The shift in the direction of reduced concentration on traditional primary commodities

1/ Middle East Economic Survey (26 December, 1983).

2/ These cover raw cotton, barley and other cereals, fruits and vegetables, tobacco and phosphates.

3/ In order to encourage production of raw cotton, which had considerably fallen in recent years, the government raised procurement prices by 44 per cent in 1982 and by another 20 per cent in 1983.

was accompanied by expanding exports of a number of semi-manufactured and manufactured goods, whose combined share in total exports increased from 25 per cent to 39 per cent between 1980 and 1982. For instance, the share of iron and steel manufacturers in total exports grew from 1.3 per cent to almost 5 per cent; while the share of pharmaceuticals doubled to 5 per cent. Exports of articles of bedding and furniture, asbestos and ceramics, plastics and clothing grew in absolute terms and their shares in total exports almost doubled to 4 per cent in each case. Fertilizers emerged as a significant export item in 1982 with a share of about 3 per cent. In addition, exports of manufactured goods included wood manufactures, soaps and detergents, paints and varnishes, paper and pulp, leather and glass articles. The growth in relative terms witnessed in exports of the leading manufactures was accompanied by a growth in real and absolute terms, with their combined value almost doubling between 1980 and 1982 to account for over half of the increment recorded in total exports in that year.

In addition to agricultural products (mainly citrus fruits, apples, grapes and vegetables), Lebanon's exports have included a wide spectrum of manufactures, viz. building materials, cement, aluminium, fabricated metal products, ceramics, porcelain, glass products, leather goods and footwear, woven textiles and fabrics, and fertilizers. Together, manufactured goods accounted for over 70 per cent of total exports in 1973, the latest year for which detailed trade data were available. However, as a result of the perpetuation of political instability in the country since 1975, the output of its manufacturing sector has substantially deteriorated due, *inter alia*, to the physical damage inflicted upon a number of industrial establishments, while others operated way below capacity (due to factory closures, reduction in number of working hours, shortages in power and supply of raw materials, forced reduction in production lines, etc..). The difficulties in transportation to the Gulf area, the reduced demand by the important Iraqi market for Lebanese industrial goods and, pursuant to the Israeli invasion in 1982, the banning of certain goods which were suspected of originating in Israel, were additional factors which adversely affected the volume of exports from Lebanon. Despite all this, Lebanon's potential for export diversification in manufactures remains significant and its full exploitation should not pose problems once the situation returns to normal.

C. Direction of Trade

1. Overall distribution and trade with developed market economies

The limitations inherent in the region's external sector, stemming basically from its narrow production base, do not make for rapid structural change in the short-run. Coupled with the limited capacity for absorbing the output of major natural resources (oil, phosphates and cotton), it

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accounts for the region's extreme external dependence and vulnerability. This is particularly the case with the developed market-economies which consume a very significant share of the region's traditional primary products and supply it with most of its needs for capital and other manufactured goods.

The developed market-economies [i.e., EEC, Japan, United States and the European Free Trade Association (EFTA)] have supplied a growing share (between 60 to 70 per cent) of the region's aggregate imports, and absorbed, albeit in a diminishing trend, between 65 and 56 per cent of its exports between 1973 and 1982. The region's trade with the developed market-economies during this period has been dominated, on the exports side by oil (representing an average of over 95 per cent) and, on the imports side, by manufactured goods (accounting for over three-fourths) with food imports constituting over one-tenth of the total. In 1982, for example, the region relied on these markets for procuring over 85 per cent of its imports of manufactured goods and 60 per cent of its needs of foodstuffs; and for absorbing over 70 per cent of its oil exports.

Notwithstanding the above, some significant shifts in the distribution of the region's exports among the developed market-economies themselves have occurred in recent years (Table 3). Thus, after having accounted for 15 per cent and 18 per cent of the region's exports in 1973 and 1979, respectively, Japan emerged as the single largest market for the region's exports, consuming over 23 per cent (mainly oil) in 1982, a share almost equivalent to that of the EEC countries combined. This shift took place at the expense of a progressively declining share of the EEC, as a group, in total exports which shrank from 44 per cent in 1973 to 33 per cent in 1979 and continued its downward path to stand at about 24 per cent in 1982. At the same time, the share of the United States, which accounted for 4 per cent of exports in 1973 and 11 per cent in 1979, declined to reach 6 per cent in 1982.

In 1982, each of the EEC, Japan and the developing regions ^{1/} accounted for about one-fourth of the ECWA region's exports. Among other things, this reflects the growing importance of developing countries as consumers of the region's products, with their share considerably boosted since 1973, from 16 per cent to 24 per cent in 1982. More specifically, the share of developing countries in Asia grew over the same period from 15 per cent to over 40 per cent of Bahrain's exports and to 25 per cent in the case of Kuwait. At the same time, the share of Latin America in Iraq's exports increased from one-tenth to one-third.

^{1/} Developing regions are defined to cover developing countries in Asia, excluding ECWA, in addition to Africa, America and the Oceania.

Table 3. ECWA Region: Direction of Trade, selected years.
(Percentage shares)

	<u>Exports (f.o.b)</u>					<u>Imports (c.i.f.)</u>				
	<u>1973</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1973</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1981</u>
<u>ECWA Region</u>	4.32	4.53	4.11	5.40	5.03	10.44	8.90	9.63	9.92	6.63
<u>Other Developing Countries</u>	15.76	17.81	17.85	18.85	24.02	12.72	10.11	10.64	9.76	8.39
<u>Asia</u>	8.11	11.44	11.54	13.23	16.26	9.00	8.07	7.89	7.97	6.83
<u>America</u>	6.09	4.67	4.72	3.96	6.32	2.08	1.20	1.35	1.01	0.99
<u>Africa</u>	1.53	1.65	1.53	1.63	1.38	1.63	0.82	1.38	0.78	0.57
<u>EEC</u>	44.25	33.18	32.11	30.11	24.38	30.70	37.12	35.14	34.44	36.48
<u>Japan</u>	14.71	18.20	19.73	20.12	23.36	11.27	14.38	15.60	16.19	15.67
<u>U.S.A.</u>	3.52	10.77	9.98	9.78	6.19	12.30	12.86	12.92	13.31	13.35
<u>EFTA</u>	2.15	2.44	3.33	2.63	2.05	3.88	4.70	4.45	4.40	4.61
<u>CMEA (European)</u>	0.78	1.09	0.90	0.78	0.86	6.66	3.15	2.86	3.29	2.74
<u>China(Mainland)</u>	0.32	0.09	0.17	0.04	0.06	2.18	1.18	1.14	0.97	1.44
<u>Rest of the World</u>	14.19	11.89	11.82	12.29	14.05	9.85	7.60	7.62	7.72	10.69
<u>For reference:</u>										
<u>League of Arab States</u> ^{a/}	5.26	5.43	4.87	6.48	5.85	11.48	9.42	10.77	10.50	7.06

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

^{a/} Covers the ECWA member Countries and Arab States in North Africa.

Definition of markets:

European Economic Community (EEC): Belgium, Denmark, France, West Germany, Ireland, Italy, Luxembourg, Netherlands, and United Kingdom.

European Free Trade Association (EFTA): Austria, Faeroe Islands, Finland, Iceland, Norway, Portugal, Sweden and Switzerland.

European members of the Council for Mutual Economic Assistance (European CMEA): Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland, Romania and the Union of Soviet Socialist Republics (U.S.S.R).

While the destination of exports from the oil economies closely reflected those of the region as a whole, the non-oil economies' export distribution varied considerably. The EEC constituted an equally important outlet for the non-oil economies' exports as the regional market, which in 1982 absorbed one-third of total exports. Moreover, the growth in exports to both markets followed a similar trend since 1973 when each accounted, more or less, for one-fifth of the non-oil economies' exports. However, for Lebanon, Jordan, and, to a lesser extent, Yemen, the regional market by far constituted the main outlet absorbing 74 per cent, 64 per cent and 37 per cent, respectively, in 1982. For Jordan, the developing countries in Asia followed the regional market, in order of relative importance, and consumed over 14 per cent of its exports in 1982. Fuel exports from the Syrian Arab Republic and Democratic Yemen tilted the balance in favour of the EEC, whose share in their respective exports in 1982 averaged 53 per cent and 48 per cent. However, European members of the Council for Mutual Economic Assistance (CMEA) ranked as the second market for Syria's leading exports (oil and cotton), with its share amounting to 17 per cent, compared to one-tenth of the total for the regional market. It should be noted that these three markets (i.e. the EEC, European CMEA and the ECWA region) have maintained the top positions as export outlets for the Syrian Arab Republic since 1973, although at the time their respective shares were closer, representing 25 per cent, 23 per cent and 20 per cent, of the total.

On the imports side, no significant shifts were observed in the overall distribution of imports by origin. During the last ten years, the EEC continued to be the main supplier of merchandise to the region with its share, growing from 31 per cent in 1973 to 37 per cent in 1979, after which it fluctuated somewhat to stand at 36 per cent in 1982. The EEC was followed by Japan and the United States whose shares remained relatively stable at 16 per cent and 13 per cent, respectively, of total imports during the first three years of the current decade. In this connexion, it is worth recalling that in 1973 the United States was the single largest source of goods for the region, followed closely by Japan. As of 1979, however, Japan surpassed it with the surge in imports of Japanese cars. For example, in Saudi Arabia alone, four and a half times as many cars were imported from Japan than from the United States in recent years.

Among the oil economies, divergences at the country level were most evident in the case of Bahrain, which has always relied heavily on the region for its imports, mainly of crude oil from Saudi Arabia. In 1982, the region supplied Bahrain with 64 per cent of its imports, while the EEC ranked second, with 16 per cent. For Iraq, European CMEA followed the EEC and Japan, in order of importance, constituting a more significant source of goods than the USA, although its share in total imports has been greatly reduced from about 21 per cent in 1973 to 8 per cent in 1982.

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With respect to the imports of the non-oil economies, the EEC topped the list of suppliers in 1982, with a 37 per cent share, and was followed by the ECWA region with 14 per cent. Developing countries in Asia and the United States shared the same position and supplied about 7 per cent of the group's aggregate imports; while China emerged as an equally important supplier as Japan accounting for 6 per cent of the total. For the Syrian Arab Republic, however, European CMEA constituted an important source of goods second only to the EEC, supplying in 1982 over 10 per cent of its imports.

2. Trade with developing countries

The IDS attaches great importance to the issue of economic co-operation among developing countries and, in the context of trade, states that, "Developing countries will promote and expand trade among themselves..." ^{1/}. Within this perspective, and aware of the importance to their economies of reducing their heavy dependence on the developed market-economies, the ECWA member countries have attempted to expand and diversify their trade through, inter alia, locating alternative markets, including their own, and securing more favourable preferential access arrangements.

(a) Intraregional trade

The region constitutes an important market for the agricultural and industrial products of the non-oil economies and for the re-exports of the oil economies which also supply crude oil for some of the refineries where domestic crude oil is insufficient or non-existent.

Notwithstanding more than three decades of efforts to promote intraregional trade, its share in the total has remained meager and way below expectations. In absolute terms, the dollar value of intraregional export trade has risen substantially and steadily, expanding from about \$ 0.8 billion in 1973 to almost \$ 10 billion in 1981. In 1982, however, it reverted back to its 1979 level of less than \$ 6 billion mainly due to a fall in exports of fuels which were responsible for over half of the drop. In relative terms, however, the share of intraregional exports in total exports has only marginally improved, remaining between 4.3 per cent to 5.4 per cent between 1973 and 1982. The corresponding share in imports fell to less than 7 per cent in 1982, after having been relatively stable during 1973-1981 at around 10 per cent.

The divergence in intraregional trade patterns between the oil and the non-oil economies is pronounced for both exports and imports, disclosing

^{1/} General Assembly resolution 35/36, para. 67.

the common features characterizing each group's external sector and its inherent commodity concentration. On the average and during 1973-1982, 70 per cent of intraregional imports and 80 per cent of exports were accounted for by the oil economies. Nevertheless, the share of intraregional imports in total imports of this group contracted from 12 per cent in 1973 to 6 per cent in 1982. The corresponding share in exports rose slightly from 3.5 per cent to 4.4 per cent. At the country level, the region occupies a central position in Bahrain's trade; for example, in 1982 it accounted for 64 per cent of its imports and 24 per cent of exports. This could be largely explained by its heavy reliance on Saudi Arabia to supplement its own scarce supplies with crude oil for the refinery, and on neighbouring countries to absorb most of its re-exports. Oman's growing dependence on its neighbouring countries as a cheaper source of goods (mostly re-exports of these countries) is reflected in the significant share of the region in its total imports, which were stepped up from 10 per cent in 1973 to 22 per cent in 1982.

The relative importance of the region in the trade of the non-oil economies could also be immediately perceived from its substantial and generally growing share in their combined exports and imports. In 1973, 7 per cent of the non-oil economies' combined imports originated in the region. This share grew to 17 per cent in 1981, but dropped to 14 per cent in 1982. Similarly, after having almost doubled, to about two-fifths of the non-oil economies' exports between 1973 and 1981, the share of the region fell to 33 per cent in 1982. If oil exports were excluded, the share of intraregional exports in total exports would double, considering that oil which constitutes a significant portion of total exports of the Syrian Arab Republic and Democratic Yemen is largely consumed outside the region. In 1982, one-fourth of Jordan's imports and 64 per cent of its exports were marketed in the region. For Lebanon, the region is more important as an outlet for its goods (74 per cent of which were absorbed within the region) than it is as a source for them (6 per cent of its imports originated in the region). Democratic Yemen depends largely on the region for its supply of crude oil for the refinery and so does Jordan and Lebanon; while, Yemen relies on its neighbouring countries for the supply of its staple commodities and manufactured goods.

Structure of intraregional trade

While intraregional exports of fuels did not represent more than 2 to 3 per cent of the region's combined fuel exports, they constituted the dominant share in intraregional exports, having expanded from 40 per cent in 1973 to 60 per cent in 1980, before slightly declining to 58 per cent in 1982. A similar picture emerges with respect to intraregional imports where over 80 per cent of the region's fuel needs in 1982 were satisfied

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from within. These were mainly directed to Bahrain and Democratic Yemen to satisfy their refineries' needs.

The bulk of the region's non-fuel exports is being increasingly carried out inside the region as evidenced by its share which grew from 36 per cent to 59 per cent between 1973 and 1982. Both, the oil and non-oil economies contributed to this growth, with the former accounting for an average of 70 per cent of the value of intraregional non-fuel exports during 1980-1982, compared to 55 per cent during the seventies. However, the region remains relatively more important as an outlet for the non-oil economies exports than it is for the oil economies. Thus, excluding fuels, the share of the region in the non-oil economies' exports more than doubled between 1973 and 1982, from 29 per cent to 68 per cent. The corresponding share in the oil economies' exports grew from 44 per cent to 55 per cent over the same period. In 1982, the region's relative importance as a market for the individual ECWA countries was more pronounced in the case of Oman and Lebanon, where it consumed 78 per cent of the non-fuel exports of each; while it absorbed over 60 per cent of those of Kuwait, Qatar, Jordan and the Syrian Arab Republic and more than half in the case of the United Arab Emirates and Saudi Arabia.

More specifically, intraregional non-fuel exports were dominated by machinery and other manufactured goods, comprising over 60 per cent of the total, and mainly re-export items. Among the indigenous exports, food items (representing one-fifth of the total), chemicals, and ores and metals are worth mentioning. The region constitutes the most important and growing market for its foodstuff exports. This is reflected by its having absorbed 85 per cent of such exports in 1982, as compared to 46 per cent in 1973. The corresponding share for chemicals (mainly fertilizers) grew from 12 per cent to 43 per cent, over the same period of time. In 1982, around 20 per cent of the region's exports of agricultural raw materials and 25 per cent of its exports of ores and metals (mainly phosphates) were consumed within.

By contrast, the importance of the region as a source of non-fuel imports for its member countries is quite limited, both with respect to size and coverage. It has significantly diminished between 1973 and 1982, with the share in total imports falling from 7 per cent to 3 per cent, revealing the intensification of the region's already heavy dependence on the outside world to meet its needs for intermediate and capital goods as well as food. However, for the non-oil economies, the region constitutes a relatively more important source of non-fuel imports than it is for the oil economies (5 per cent as opposed to 3 per cent, in 1982).

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(b) Trade with other developing countries 1/

The region's efforts to expand trade with other developing countries were successful through 1981, at which time the value of mutual trade had considerably expanded compared to 1973. Imports grew from \$ 1.1 billion to \$ 9.3 billion; while exports grew from \$ 3 billion to \$ 34.5 billion. However, affected by world economic recession, the region's trade with developing countries experienced in 1982 a setback with imports and exports standing at \$ 7.3 billion and \$ 27.8 billion, respectively. The absolute growth witnessed between 1973 and 1981 hardly affected the share of trade with other developing countries in total trade, particularly in the case of imports and non-fuel exports 2/. In effect, the share of other developing regions in the imports of the ECWA region decreased from 13 per cent in 1973 to average 10 per cent throughout the period ending in 1981, before falling again to 8 per cent in 1982. While developing countries received 24 per cent of the region's non-fuel exports in 1973, their combined share fluctuated thereafter to reach 12 per cent in 1981 and to rise marginally to 13 per cent in 1982.

By contrast, the share of other developing regions in the aggregate value of the region's exports went up from 16 per cent to 24 per cent between 1973 and 1982, having averaged 19 per cent until 1981. This could largely be attributed to increased oil exports, the share of which in the aggregate value of ECWA's exports to other developing regions grew between 1973 and 1982 from 89 per cent to 98 per cent.

Thus, the share of other developing regions grew in the case of exports originating in the oil economies and in Yemen; notably in the case of Iraq (from 16 to 52 per cent), Bahrain (from 40 to 44 per cent), Saudi Arabia (from 16 to 25 per cent), and Kuwait (from 18 to 30 per cent). Their share in imports diminished for all countries with the exception of Saudi Arabia, where it was approximately maintained at 10 per cent in the period 1973-1982. Excluding mineral fuels, the share of other developing regions increased only in the case of exports from Saudi Arabia (from 12 to 32 per cent) and Qatar (from 2 to 19 per cent).

1/ Covers the developing countries in Asia excluding the ECWA region, Africa, America and the Oceania. For more details see, ECWA: Trade of the ECWA countries with other developing countries and regions: A review: and its statistical Annex (1983).

2/ Non-fuel exports grew from about \$ 300 million in 1973 to \$ 900 million in 1981 and declined to less than \$ 600 million in 1982.

During the period 1973-1982, the bulk of trade between the ECWA region and the other developing regions was carried out between the oil economies (mainly, Saudi Arabia and, to a much lesser extent, Iraq and Kuwait) and developing countries in Asia (mainly Turkey, Singapore, Korea and Hong Kong). In Latin America, Brazil was also a significant consumer of the ECWA region's exports. Until recently, India was an important source of goods for the region and Iran a significant outlet for its non-fuel exports. In 1982, Saudi Arabia alone accounted for 54 per cent of the region's imports from the other developing regions, 70 per cent of total exports and 50 per cent of non-fuel exports to them. At the same time, the developing countries in Asia (mainly those in South and South-East Asia, in addition to Turkey) were responsible for supplying 81 per cent of the ECWA region's imports from other developing regions, while absorbing 68 per cent of its total exports and 61 per cent of its non-fuel exports.

Structure of trade with the other developing countries

The structure of imports from the other developing countries has been dominated by food items and manufactured goods other than machinery, each accounting for around 40 per cent of total imports in 1982. Measured in relative terms, the importance of the other developing countries as a source of imports for the ECWA region has diminished during the recent past. Thus, after having supplied the region in 1973 with 34 per cent of its needs of foodstuffs and 45 per cent of its agricultural raw materials, the share of other developing countries gradually diminished to reach in 1982 over one-fourth of imports of each category. During the same period, their share in the region's imports of manufactured goods other than machinery, has remained virtually unchanged, averaging 12 per cent.

Exports to other developing countries were heavily weighted by oil, the share of which in the total steadily grew from 89 per cent to 98 per cent between 1973 and 1982. This was associated with an expansion in the already significant share of developing regions in ECWA's fuel exports from 15 per cent in 1973 to 19 per cent in 1981 and up to over 24 per cent in 1982, highlighting the growing importance of developing countries as alternative markets for oil and products.

Excluding fuels and disregarding exports of machinery and transport equipment which are largely re-exports, some of the region's indigenous exports, and notably chemicals (fertilizers) and phosphates, have come to occupy a significant position in the region's exports to the other developing countries. Hence, in 1982, chemicals (mainly fertilizers) accounted for 30 per cent of the region's non-fuel exports to this group; while ores and metals (phosphates) were responsible for 17 per cent of the total. The developing countries' share in these products has, however, fluctuated sharply during the past ten years. Thus,

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after having absorbed 50 per cent of the region's exports of chemicals in 1973, their share dropped to 17 per cent in 1981 before regaining its 1973 position in 1982. Their share in the region's exports of ores and metals went up from 17 per cent in 1973 to 25 per cent in 1979, and diminished thereafter to average 15 per cent during 1980-1982. Meanwhile, exports of food items lost ground, and their share in the region's non-fuel exports to other developing countries fell from 17 per cent in 1973 to less than 6 per cent in 1982. This was accompanied by a diminished share of the developing countries in the ECWA region's exports of food items which simultaneously dropped from 16 per cent to 5 per cent, in favour of the growing share of the regional market.

3. Trade with the socialist countries of Eastern Europe 1/

To assist developing countries in locating new and alternative markets for their goods and to improve their production and export potential, the socialist countries of Eastern Europe are urged, within the framework of the IDS, to "...continue to adopt and implement appropriate measures in order to increase their trade with developing countries..." 2/

The volume of trade exchanged between the ECWA countries and the socialist countries of Eastern Europe has expanded considerably during the last decade, largely as a result of a network of bilateral trade and payments agreements and economic co-operation arrangements. However, in relative terms, the share of the socialist countries of Eastern Europe in total trade of the ECWA region, contrary to expectations and efforts remained unimpressive and close to being negligible during the seventies and the early eighties. This share did not exceed 1 per cent in the case of exports, 2 per cent of non-fuel exports and 3 per cent of the region's imports. The region's exports to European CMEA (mainly to the Union of Soviet Socialist Republics and Romania) consisted predominantly of crude oil which, on average, accounted for 90 per cent of the total, mainly originating in Iraq and, to a much lesser extent, the Syrian Arab Republic.

In general, political considerations played a leading role in establishing closer economic relations between the two groups of countries. Consequently, achievements appear to have been more tangible between the socialist countries of Eastern Europe and the ECWA socialist economies

1/ For more details see: ECWA, Trade and economic relations between the countries of Western Asia and the socialist countries of Eastern Europe: Trends and prospects and its Statistical Appendix (May 1983).

2/ General Assembly resolution 35/56, para 66.

than with the remaining ECWA countries. This was evidenced by the fact that, around 88 per cent of the region's exports to and 50 per cent of its imports from European CMEA were accounted for by two countries, namely, Iraq and the Syrian Arab Republic. European CMEA absorbed over one-tenth of these two countries' combined exports and supplied an equivalent share of their imports. More specifically, over one-tenth of Iraq's crude oil and one-third of the Syrian Arab Republic's non-oil exports (mainly cotton and phosphate) went in the direction of European CMEA.

The region's imports from this group continued to be dominated by manufactured goods (mainly machinery and equipment), comprising around 45 per cent of the total. These were followed, in relative importance, by imports of food items (more than one-fifth of the total) and by iron and steel, for construction and development projects, accounting for 13 per cent of the total.

To the ECWA region, the socialist countries of Eastern Europe constitute an important trading partner with respect to agricultural raw materials. This market consumed over one-fourth of total regional exports and supplied over 15 per cent of its imports of this product category. However, the European CMEA remains a marginal supplier of manufactured goods to the region and consumer of its crude oil, accounting for less than 2 per cent in each case. European CMEA countries, however, have emerged as important outlets for phosphate exports from Jordan and the Syrian Arab Republic (absorbing around 35 per cent and 59 per cent, respectively). Also, over two-fifths of Syria's exports of manufactured goods and of its cotton exports were destined to European CMEA countries in 1982.

A number of inhibiting factors were responsible for this modest performance of trade including differences in economic systems, inherent deficiencies of the external sector in the ECWA region with its narrow production base and limited range of exportable commodities, rigidities in the centrally-planned economies, cumbersome procedures and time-consuming formalities, inadequate dissemination of information, transportation and communications bottle-necks, difficulties in settlement of payments and absence of direct currency linkages.

With the objective of promoting mutual trade and, more importantly, balancing it, and with a view to overcoming the numerous problems hampering the smooth flow of trade between the two groups of countries, a number of mixed intergovernmental commissions were formed. These commissions, were entrusted with monitoring and follow-up of bilateral agreements to iron out existing difficulties, and recommending ways and means of implementing appropriate measures for the expansion and diversification of mutual trade.

.../

D. International Payments and Reserves

1. Balance of payments developments

The analysis of balance of payments flows for some of the ECWA countries continues to be handicapped by the inadequacy of information arising from interruptions in published statistical series, lack of comparability over time and between countries due to changes/differences in nomenclatures and insufficient detail in presentation. Notwithstanding these difficulties, a generally comparable picture covering recent changes in major balance of payments flows for 10 member countries 1/ could be constructed.

The single most important influence on the overall balance of payments position of the ECWA region comes from the oil sector. Developments in the international economy and the state of world trade in general also play an important role. For both, demand for oil and world trade, the trend weakened considerably since the start of the current decade 2/ with adverse effects on the external accounts of the countries of the region.

The direct and determining role of developments affecting the oil sector on the balance of payments of the oil economies derives from the overwhelming importance of crude oil and derivatives as generators of foreign exchange and sources of government current revenues. This role is accentuated by the policy generally followed in the oil-producing countries of adjusting governmental outlays - which are the main determinants of the level of economic activity - to current income and avoiding drawing down on international reserves and/or drawing on stocks of external financial assets. This latter aspect, coupled with the strong dependence of the rest of the region on the oil economies for a substantial portion of its foreign exchange requirements - through aid, trade and provision of services, particularly labour - renders the situation of the non-oil economies also highly sensitive to the performance of the oil sector.

1/ Iraq and Lebanon could not be covered for lack of data.

2/ The aggregate volume of oil produced in the region is estimated to have dropped by about 15 per cent in 1981, a further 28 per cent in 1982 and 13 per cent in 1983. Crude oil prices, however, were generally maintained in the face of strong downward pressures, though effective export prices began to decline after the first quarter of 1981 until March 1983 when the reference or benchmark price of OPEC's crude oil was lowered from \$ 34 a barrel to \$ 29, or by about 15 per cent. At the same time, the dollar value of aggregate world exports, which rose by 21.5 per cent in 1980, declined by 1.3 per cent in 1981 and 6.1 per cent in 1982.

.../

Oil economies

The combined trade surplus of the six oil economies for which data were available 1/ declined slightly in 1981 to about \$ 105 billion. The impact of the decline in their oil output by 6.3 per cent was mitigated by a slowing down in imports, which grew by 14.5 per cent compared with 24 per cent a year before. While imports grew even slower in 1982 (by 11.3 per cent), the drop in the volume of their oil production by about 32 per cent cut down the trade surplus to \$ 49 billion in that year and brought about a further shift toward budgetary restraint.

Being predominantly importers of services, the oil economies used significant, though varying, portions of their trade surpluses to finance the purchase of services from abroad, including other ECWA countries. These consisted largely of outlays in connexion with services provided by foreign oil companies, contractors and consulting firms; invisibles (shipping and travel); and, diplomatic representation and other governmental expenditures abroad. For instance, payments by Saudi Arabia for direct investment income in the oil sector alone was \$ 6.5 billion in 1982, while payments on account of shipping and related services increased from \$ 5 billion to \$ 7.5 billion between 1980 and 1982. Government expenditures abroad and payments made to foreign consulting firms absorbed another \$ 13.6 billion in the case of Saudi Arabia in 1981 and \$ 542 million in Kuwait in 1982. Substantial amounts have also gone to pay for the services of expatriate labour. In 1982, such payments ranged from \$ 0.32 billion in Bahrain to \$ 4.2 billion in Saudi Arabia. With the exception of Oman, where workers' remittances rose from \$ 0.36 billion in 1980 to \$ 0.73 billion in 1982, payments made by Saudi Arabia, Kuwait and Bahrain - the other countries for which data were available - do not appear to have been significantly higher in 1982 than at the outset of the decade.

The larger oil-producers have also come to be among the leading aid donors in the world. Available information, however, indicates that the high level of official transfers attained in 1980 was not maintained in 1982 with the sharp declines in the trade balances and increased pressure on reserves. This is illustrated by the fall 2/ in concessional assistance extended by the ECWA countries members of OPEC from \$ 8.26 billion in 1980 to \$ 6.54 billion in 1982.

In a number of oil economies, investment income on foreign assets has emerged in recent years as an important supplementary source of foreign exchange. In the case of Saudi Arabia, earnings on foreign investments

1/ Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

2/ See: OECD, Development Cooperation: 1983 Review (Paris, 1983).

by the Saudi Arabian Monetary Agency (SAMA) increased from \$ 7.3 billion in 1980 to \$ 11.6 billion in 1982, being equivalent to about 15 per cent of the value of commodity exports. For Kuwait, the yield on foreign assets held by the government, financial institutions and private investors rose from \$ 5.4 billion in 1980 to \$ 8.3 billion in 1981 before dropping sharply to \$ 6.6 billion in 1982 1/, averaging more than two-fifths of the value of commodity exports in the three-year period.

The significantly reduced surplus on current account transactions 2/ was largely used to finance capital outflows, both public and private 3/. Additions to official reserves, appear to have only absorbed a modest portion of the current account surplus except in the case of Bahrain and Oman which continued building up their reserves from initially low levels. While continuing to finance sizable short-term capital outflows, in some cases, notably Saudi Arabia and the United Arab Emirates, there has been an increasing move in the direction of longer-term and less liquid investments such as bonds, corporate equities and direct investment in business enterprises. For instance, payments on portfolio investments, mostly public sector bonds, by Saudi Arabia amounted to about \$ 23 billion in 1980 and \$ 26 billion in 1981.

Non-oil economies

The central feature of the balance of payments of the four non-oil economies for which data were available 4/ remains the persistent and generally widening trade deficit, which is further accentuated by a negative services (excluding workers' remittances) account.

The trade deficit, which increased sharply in 1981 in each of Democratic Yemen, Jordan and the Syrian Arab Republic, remained virtually the same in 1982 in the first two countries but fell drastically in the Syrian Arab Republic 5/ (from \$ 2.6 billion to \$ 1.7 billion). In Yemen, the deficit fluctuated and stood at \$ 1.92 billion in 1982.

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- 1/ The second half of 1982 witnessed the collapse of the unofficial stock market (Souk Al-Manakh) in Kuwait.
- 2/ While the reduction in the surplus was general, it was extremely sharp in the case of Saudi Arabia where it is estimated to have dropped from \$ 45.1 billion in 1981 to \$ 1.3 billion in 1982.
- 3/ The disproportionately large entry for net errors and omissions is believed to reflect mainly private capital outflows. This is explicitly indicated in the case of the United Arab Emirates.
- 4/ Democratic Yemen, Jordan, Syrian Arab Republic and Yemen.
- 5/ This resulted from a decline of \$ 178 million in exports and the curtailment of imports by \$ 1105 million.

.../

The magnitude of the deficit arising from transactions in services has been largest in Jordan and the Syrian Arab Republic, though both countries' earnings in this respect have been substantial stemming in the first instance from tourism, transportation 1/ and passenger services and investment income, and largely from tourism in the second.

The ability of the non-oil economies to finance only a limited portion of their imports of goods and services through the export of their own goods and services is illustrated by the fact that during the period 1980-1982 such exports covered, on average, about 50 per cent of imports in each of Jordan and the Syrian Arab Republic and 2 per cent in Yemen; the corresponding percentage for the two years 1980-1981 in Democratic Yemen being 16 per cent. The discrepancy has been met from transfers (private and public transfers and workers' remittances) and capital inflows, resulting generally in an overall balance of payments surplus 2/ a situation which could be expected to be maintained in the next few years.

Workers' remittances represent an income earned from rendering services sought by the labour importing country. Hence, they are less subject to non-economic influences. The same, however, cannot be said of the bulk of capital inflows i.e. official grants and aid where non-economic considerations can be decisive which renders them highly volatile and unstable.

Remittances (gross) by Yemeni workers averaged \$ 1087 million in 1980-1982; and \$ 964 million and \$ 491 million in the case of Jordan and the Syrian Arab Republic, respectively, over the same period. In Democratic Yemen, the yearly average for the period 1980-1981 was \$ 365 million. These figures compare very favourably with export proceeds, being 116 times greater in the case of Yemen, about 6.8 and 1.4 times as much in Democratic Yemen and Jordan, respectively, and close to one-fourth in the case of the Syrian Arab Republic. It is also worth noting that the level of these remittances has not behaved in the same manner in all countries. These remittances rose sharply in Jordan to \$ 1034 million in 1981, from \$ 776 million in 1980, and moderately to \$ 1083 million in 1982. In marked contrast, a steep decline was recorded in the remittances of Syrian workers which fell from \$ 758 million in 1980 to \$ 574 million in 1981 and then to \$ 140 million in 1982 3/.

1/ Jordan's earnings from transport were boosted by the increased services rendered to the Iraqi economy; high interest rates contributed to increased investment income.

2/ The balance of payments of the non-oil economies has been under pressure in the recent period resulting in depletion of reserves.

3/ In the case of Yemen, the sharp decline observed in 1981 was partially made up in 1982 when remittances amounted to \$ 1117 million, compared to \$ 1230 million in 1980.

In absolute terms, official grants mainly from other Arab countries in the Gulf, make an even greater contribution towards offsetting the deficit on goods and services in each of the Syrian Arab Republic and Jordan averaging in the period 1980-1982 \$ 1595 million, in the first instance, and \$ 1208 million, in the second. Official aid is also significant in Yemen, where an increase was reported in both 1981 and 1982 in contrast to Jordan where these flows declined in both years and the Syrian Arab Republic where the sharp increase in 1981 was not maintained and the volume of aid received in 1982 reverted to somewhat below the 1980 level.

2. International reserves

The recent pressure on the balance of payments of the non-oil economies, particularly felt in 1982, has led to the curtailment of imports and to drawing upon reserves.

Available information 1/ shows that the combined reserves of the ECWA member countries reached \$ 47.9 billion in 1981, rising by \$ 10.7 billion, or 28.6 per cent, from their level a year earlier. The overall reserve position of the region - which deteriorated slightly in 1982 - has largely been a function of changes in the reserves holdings of the oil economies, notably Saudi Arabia, though significant inter-country differences can be observed. Thus, Saudi Arabia alone accounted for about four-fifths of the \$ 11.1 billion increment recorded in the oil economies' reserves in 1981; while a \$ 2.7 billion drop in its reserves in 1982 was matched by an increase of \$ 1.8 billion in those of Kuwait.

In contrast, the aggregate reserves of the non-oil economies declined from \$ 5.2 billion in 1980 to \$ 4.7 billion in 1981. Four of the five countries resorted to drawing on reserves to meet their international payments obligations; the extent of this varying from \$ 47 million in Jordan to \$ 321 million in Yemen. The apparent recovery in 1982 reflected the sharp increase reported in Lebanon's 2/ reserves in the amount of \$ 1092 million, as the remaining countries experienced significant depletions of reserves, except Democratic Yemen where a further small improvement was recorded.

1/ Excluding Iraq for which recent data were not available.

2/ This development cannot be explained in terms of a favourable shift in the trade balance as both exports and imports are estimated to have declined between 1981 and 1982 by roughly similar magnitudes (\$ 92 million and \$ 109 million, respectively). A possible explanation may lie in increased transfers and/or unspent foreign aid. Lebanon is reported to have received \$ 370 million in 1981 and \$ 112 million in 1982 as concessionary aid from other Arab countries, and \$ 667 million from OECD countries during the same interval.

Partial data for 1983 show a sharp rise in Saudi Arabia's reserves and a decline in those of Kuwait during the first half of the year. In the case of the non-oil economies, the deterioration in the reserve position of Lebanon 1/ and Yemen is worth noting.

The adequacy of reserves in terms of import requirements, as may be gauged from the region's overall reserves to imports ratio 2/, improved from the equivalent of 6.8 months of imports in 1980 to 7.7 months in 1981 to decline subsequently to 7.1 months in 1982. The improvement, however, is more apparent than real, given the deceleration in the rate of growth of imports in the first two years of the decade and the sharp rise in reserves in 1981 - itself partly a reflection of slower imports.

This was particularly true of the non-oil economies where the overall reserves/imports ratio stood at the equivalent of 4.4 months of imports in 1982, having declined earlier from an average of 6.9 months in 1978-1979. Both, total imports and reserves of the group were virtually the same in 1982 as two years before.

At the country level, the reserves/imports ratio of the Syrian Arab Republic, already very depressed, reached the extremely low level of less than one month imports equivalent. Similarly, for Yemen the rapid decline in the ratio continued, reaching the equivalent of 3 months of imports at the importation rate of 1982. The relatively high reserves/imports ratio in Lebanon and its apparent impressive improvement in 1982 reflect the country's long-standing policy of maintaining a large volume of reserves as a cover against the currency, and the depressed level of imports resulting from the unstable economic and political situation.

1/ Reserves, however, remained significantly above their 1981 level.

2/ The reserves/imports ratio is a static measure of the adequacy of reserves in that it fails to reflect the potential to finance imports and other international obligations that could vary with a number of factors such as access to international financial markets and the kind of exchange rate system in effect.

A. Overall Trade Performance

Table A.1 Average Annual Variation in Imports of the ECWA Region, Selected Years

	(millions of US dollars; per cent)						
	1980	1981	1982	1973-79 ^{a/}	1979-80	1980-81	1981-82
	(Value in millions of US dollars)			(Average annual rates of growth)			
<u>ECWA region</u>	73,223	82,218	...	39.0	25.0	12.3	...
<u>Oil economies</u>	59,516	67,501	...	43.0	24.0	13.4	...
Bahrain	3,484	4,124	3,730	29.0	40.4	18.4	-9.6
Iraq	7,477	7,903	...	37.0	27.0	5.7	...
Kuwait	6,529	6,980	8,453*	30.0	25.5	6.9	21.1
Oman	1,732	2,288	2,682	48.5	39.0	32.1	17.2
Qatar	1,440	1,518	1,947	39.0	1.0	5.4	28.3
Saudi Arabia	29,953	35,042	40,451*	50.5	21.0	17.0	15.4
United Arab Emirates	8,902	9,646	9,086*	42.5	27.4	8.4	-5.8
<u>Non-oil economies</u>	13,707	14,717	13,883	28.0	29.2	7.4	-5.7
Democratic Yemen	1,527	1,174*	1,071*	32.5	65.1	-23.1	-8.8
Jordan *	2,397	3,219	3,244	34.5	22.2	34.3	0.8
Lebanon *	3,806	3,676	3,567	15.5	30.7	-3.4	-3.0
Syrian Arab Republic	4,124	5,040	4,015	32.5	24.2	22.2	-20.3
Yemen	1,853	1,609	1,987*	50.0	24.2	-13.2	23.5
<u>Memo items:</u>							
Gulf Co-operation Council(GCC) ^{b/}	52,039	59,598	66,350	44.0	23.6	14.5	11.3
Least developed countries ^{c/}	3,380	2,783	3,058	42.0	39.9	-17.7	9.9

Source: Computations of the ECWA secretariat based on national and international sources

a/ Average annual compound rates of growth computed on the basis of terminal years

b/ Covers Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates

c/ Covers the two Yemens

* Estimates based on partner countries' trade data.

Table A.2 Average Annual Variation in Exports of the ECWA Region, Selected Years
(millions of US dollars; per cent)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1973-79^{a/}</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
	(Value in millions of US dollars)			(Average annual rates of growth)			
<u>ECWA region</u>	<u>193,021</u>	<u>187,303</u>	<u>134,921</u>	<u>37.0</u>	<u>50.6</u>	<u>-3.0</u>	<u>-28.0</u>
<u>Oil economies</u>	<u>188,668</u>	<u>182,949</u>	<u>130,436</u>	<u>38.0</u>	<u>51.1</u>	<u>-3.0</u>	<u>-28.7</u>
Bahrain	3,602	4,347	3,789	35.0	44.8	20.7	-12.8
Iraq	26,278	10,530	10,230	49.0	22.6	-59.9	-2.8
Kuwait	20,447	16,255	10,890	30.0	11.0	-20.5	-33.0
Oman	3,202	4,422	4,123	38.0	40.5	38.1	-6.8
Qatar	5,698	5,691	4,252	32.0	52.7	-0.1	-25.3
Saudi Arabia	109,090	120,239	79,697	38.0	72.1	10.2	-33.7
United Arab Emirates	20,351	21,464	17,456	40.0	54.8	5.5	-18.7
<u>Non-oil economies</u>	<u>4,352</u>	<u>4,354</u>	<u>4,485</u>	<u>22.0</u>	<u>31.4</u>	<u>0.0</u>	<u>3.0</u>
Democratic Yemen	779	670 [*]	964 [*]	27.0	66.8	-14.0	44.1
Jordan	402	519	527	36.0	46.4	29.2	1.4
Lebanon [*]	1,041	1,015	923	10.7	13.9	-2.5	-9.1
Syrian Arab Republic	2,108	2,103	2,026 [*]	29.0	28.2	-0.2	-3.6
Yemen	23	47	44	9.9	64.6	110.0	-7.5
<u>Memo items:</u>							
Gulf Co-operation Council(GCC) ^{b/}	162,390	172,419	120,206	36.0	57.0	6.2	-30.3
Least developed countries ^{c/}	802	717	1,008	26.0	66.8	-10.5	40.6

Source: Computations of the ECWA secretariat based on national and international sources

a/ Average annual compound rates of growth on the basis of terminal years

b/ Covers Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates

c/ Covers the two Yemens

* Estimates based on partner countries' trade data.

Table A.3 Average Annual Variation in Non-Fuel Exports of the ECWA Region
(millions of US dollars; per cent)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1973/79^{a/}</u>	<u>1979-80</u>	<u>1980-81</u>	<u>1981-82</u>
	(millions of US dollars)			(Average annual compound rates of growth)			
<u>ECWA region</u>	<u>5,456</u>	<u>6,293</u>	<u>...</u>	<u>24.0</u>	<u>23.0</u>	<u>15.4</u>	<u>...</u>
<u>Oil economies</u>	<u>3,513</u>	<u>4,266</u>	<u>...</u>	<u>35.0</u>	<u>26.8</u>	<u>21.4</u>	<u>...</u>
Bahrain	405	469	644	34.0	-12.4	15.9	37.4
Iraq	142	56	...	11.7	-27.1	-60.5	...
Kuwait	1,510	2,015	2,175	29.0	35.6	33.4	8.0
Oman	123	260	340	100.0	2.9	111.3	31.0
Qatar	301	331	301	60.0	9.9	10.1	-9.1
Saudi Arabia	886	877	968	63.0	63.3	-1.0	10.3
United Arab Emirates	147	258	259	80.0	132.6	76.0	0.27
<u>Non-oil economies</u>	<u>1,942</u>	<u>2,027</u>	<u>1,968</u>	<u>14.3</u>	<u>16.6</u>	<u>4.4</u>	<u>-0.3</u>
<u>Democratic Yemen</u>	37	16	18	-7.3	87.8	44.8	9.6
Jordan	401	518	526	36.0	46.0	29.2	1.6
Lebanon	1,036	1,003	867	14.8	15.0	-3.2	-13.6
Syrian Arab Republic	446	441	513	8.9	-2.6	-1.0	16.3
Yemen	23	47	44*	9.8	64.4	110.2	-7.6
<u>Memo items</u>							
Gulf Co-operation Council (GCC) ^{b/}	3,371	4,210	4,688	39.0	30.9	24.9	11.35
Least developed countries ^{c/}	59	64	62	-2.5	78.1	7.9	-3.2

Source: Computations of the ECWA secretariat based on national and international sources

- ^{a/} Average annual compound rates of growth computed on the basis of terminal years
- ^{b/} Covers Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates
- ^{c/} Covers the two Yemens

* Estimates based on partner countries' data

Table A.4

Trade Balances and Export/Import Ratios in the ECWA Region, 1973 and 1979-1982
(millions of US dollars; ratios)

	1973	1979	1980	1981	1982	1973	1979	1980	1981	1982
<u>ECWA region</u>										
		<u>Trade balance</u>								
		(millions of US dollars)								
<u>Oil economies</u>										
Bahrain	-126	7	118	223	59	2.37	2.19	2.64	2.28	...
Iraq	1,061	15,543	18,801	2,627	...	2.19	3.64	3.52	1.33	...
Kuwait	2,777	13,220	13,918	9,276	2,437	3.64	3.54	3.13	2.33	1.29
Oman	213	1,033	1,470	2,134	1,440	2.83	1.83	1.85	1.93	1.54
Qatar	515	2,306	4,258	4,173	2,305	3.64	2.62	3.96	3.75	2.18
Saudi Arabia	7,142	38,632	79,137	85,197	39,246	4.67	2.56	3.64	3.43	1.97
United Arab Emirates	908	6,164	11,450	11,818	8,369	2.08	1.88	2.86	2.22	1.92
<u>Non-oil economies</u>	-1,449	-7,299	-9,354	-10,363	-9,398	0.41	0.31	0.32	0.30	0.32
Democratic Yemen	-58	-458	-748	-504	-106	0.66	0.50	0.51	0.57	0.90
Jordan	-288	-1,687	-1,995	-2,700	-2,717	0.13	0.14	0.17	0.16	0.16
Lebanon	-727	-1,998	-2,765	-2,661	-2,644	0.41	0.31	0.27	0.28	0.26
Syrian Arab Republic	-262	-1,678	-2,017	-2,937	-1,988	0.57	0.50	0.51	0.42	0.50
Yemen	-114	-1,478	-1,830	-1,561	-1,943	0.06	0.01	0.01	0.03	0.02
<u>Memo items:</u>										
Gulf Co-operation Council (GCC) ^{a/}	11,430	61,361	110,351	112,821	53,856	3.44	2.46	3.12	2.89	1.81
Least developed countries ^{b/}	-172	01,936	-2,578	-2,066	-2,049	0.41	0.20	0.24	0.26	0.33

For sources and notes see Annex table A.1 to A.3

B. Commodity Structure of Trade

Table B.1 ECWA Region: Commodity Structure of Exports (f.o.b), Selected Years
(Percentage shares by major SITC product categories)

		Food Items	Agricul- tural Raw Materials	Ores & Metals	Fuels	Chemicals	Machinery & Transport Equipment	Other Manu- factures
<u>Oil economies:</u>								
<u>Bahrain</u>	1973	4.2	0.1	1.4	80.5	0.6	3.0	10.2
	1980	1.1	0.2	3.5	88.8	0.3	3.0	3.1
<u>Iraq</u>	1982	0.5	0.1	6.5	83.0	0.2	6.7	3.1
	1973	2.9	1.0	0.1	94.9	0.2	0.0	0.9
	1979	0.3	0.1	0.0	99.1	0.4	0.0	0.1
	1981	0.3	0.1	...	99.5	0.1	0.0	0.0
<u>Kuwait</u>	1973	1.0	0.1	0.4	93.8	1.8	1.5	1.4
	1980	0.5	0.1	0.4	92.6	0.8	2.7	2.9
	1981	1.0	0.1	0.9	87.6	0.8	4.9	4.6
<u>Oman</u>	1973	0.5	0.0	-	99.5	-	-	-
	1980	0.8	0.0	0.1	96.2	0.0	2.5	0.3
	1982	0.8	0.0	0.0	91.8	0.1	6.5	0.2
<u>Qatar</u>	1973	0.5	0.0	0.1	97.6	0.1	1.6	0.2
	1980	-	-	2.4	94.7	2.8	-	-
	1982	-	-	2.4	92.9	4.7	-	-
<u>Saudi Arabia</u>	1973	0.1	0.0	0.0	99.7	0.1	0.0	0.0
	1980	0.1	0.0	0.1	99.2	0.1	0.4	0.1
	1982	0.1	0.0	0.0	98.8	0.2	0.6	0.3
<u>United Arab Emirates</u>	1973	0.1	0.0	0.0	99.9	-	-	-
	1980	0.0	0.0	0.6	99.3	0.0	0.0	0.0
	1982	0.1	0.0	1.2	98.5	0.2	0.0	0.0
<u>Non-oil economies:</u>								
<u>Democratic Yemen</u>	1973	7.7	7.1	1.0	72.7	0.1	0.2	2.1
	1980	2.9	1.4	0.1	95.3	0.0	0.0	0.2
	1982	1.4	0.3	0.1	98.1	0.0	-	0.1
<u>Jordan</u>	1973	40.3	2.5	30.1	1.2	4.6	3.2	17.8
	1980	25.0	0.5	41.8	0.2	9.1	2.0	21.4
	1982	24.3	1.8	32.6	0.1	12.5	1.7	27.0

a/

b/

d/

Table B.1 (continued)

		Food Items	Agricul- tural Raw Materials	Ores & Metals	Fuels	Chemicals	Machinery & Transport Equipment	Other Manu- factures
<u>Lebanon</u>	1973	21.3	5.6	5.6	0.5	7.8	25.8	33.4
	1980*	27.0	2.6	11.6	0.4	8.8	11.6	37.5
	1982*	16.7	2.5	3.6	6.1	5.0	11.5	54.0
<u>Syrian Arab Republic</u>	1973	17.7	43.4	1.2	21.7	0.4	1.2	14.5
	1980	4.3	9.1	1.2	78.9	0.1	1.0	5.4
	1982	7.6	6.7	1.1	74.7	1.1	0.6	8.1
<u>Yemen</u>	1973	26.5	70.8	0.6	-	0.0	-	1.0
	1980	45.0	3.9	4.4	0.1	2.8	25.1	14.7
	1981	21.4	2.3	1.1	0.0	1.6	64.5	7.0

Source: Computations by the ECWA secretariat based on national and international sources.

General notes:

Systems of trade

"General" in the case of Bahrain, Oman and Yemen;
 "Special" in the case of Democratic Yemen, Kuwait,
 and "Domestic" for Iraq, Jordan, Qatar and the United Arab Emirates.

Definition of Major SITC Product Categories

Food items: SITC (0+1+22+4)
 Agricultural raw materials: SITC (2-22-27-28)
 Ores and metals: SITC (27+28+67+68)
 Fuels: SITC (3)
 Chemicals: SITC (5)
 Machinery and transport equipment: SITC (7)
 Other manufactures: SITC (6+8-67-68)

Symbols

- nil or negligible; ... not available; * estimates based on partner countries' trade data; totals may not add up due to rounding.

- a/ Covers SITC (0+1+4)
 b/ Covers SITC (2)
 c/ Covers SITC (6+8)
 d/ Includes re-exports

Table B.2

ECWA Region: Commodity Structure of Imports (c.i.f), Selected Years
(Percentage shares by major SITC product categories)

		Food Items	Agricul- tural Raw Materials	Ores & Metals	Fuels	Chemicals	Machinery & Transport Equipment	Other Manu- factures
<u>Oil economies:</u>								
<u>Bahrain</u>	1973	11.2	0.7	4.0	41.0	7.5	17.0	18.5
	1980	6.9	0.6	3.2	58.4	3.8	15.0	11.9
	1982	6.2	0.5	3.2	51.5	6.2	18.6	13.6
<u>Iraq</u>	1973	24.0	2.4	13.3	0.4	7.4	33.0	19.5
	1979	10.8	1.9	12.3	0.1	5.5	45.5	23.9
	1981	6.4	1.4	b/	0.1	4.0	63.2	24.9
	1973	20.0	1.2	4.6	0.9	4.3	34.4	33.4
	1980	14.8	1.0	6.2	0.8	4.2	36.2	36.3
	1981	14.6	0.8	7.1	0.6	3.9	41.0	31.6
<u>Oman</u>	1973	26.4	1.9	2.4	4.3	4.5	31.0	24.2
	1980	15.2	1.5	4.1	10.8	3.5	39.4	19.7
	1982	12.7	1.2	6.6	10.4	3.1	42.1	21.7
<u>Qatar</u>	1973	19.1	1.5	6.8	0.6	4.6	45.2	21.8
	1980	15.0	1.2	3.6	1.2	5.3	44.3	29.4
	1982	10.7	1.0	6.6	0.7	4.7	49.9	26.3
<u>Saudi Arabia</u>	1973	23.1	1.6	4.5	0.7	5.2	35.6	29.2
	1980	14.1	1.3	5.8	0.6	4.0	39.0	35.0
	1982	12.9	0.9	7.7	0.5	3.9	43.3	30.6
<u>United Arab Emirates</u>	1973	12.7	1.2	7.3	4.8	3.1	30.0	32.3
	1980	12.3	1.3	7.9	11.2	4.7	36.5	25.3
	1982*	7.7	0.3	8.4	2.1	4.7	45.5	30.0
<u>Non-oil economies:</u>								
<u>Democratic Yemen</u>	1973	31.8	0.8	1.4	45.0	2.7	5.0	13.2
	1980	15.2	1.1	1.1	67.1	1.5	8.4	5.4
	1982	20.1	0.9	1.4	46.5	2.9	15.1	13.2
<u>Jordan</u>	1973	31.5	2.2	5.8	3.8	5.3	15.9	21.5
	1980	18.2	1.7	7.0	17.1	5.5	27.9	22.2
	1982	17.9	2.3	5.2	21.1	4.7	28.0	19.6

Table B.2 (continued)

		Food Items	Agricul- tural Raw Materials	Ores & Metals	Fuels	Chemicals	Machinery & Transport Equipment	Other Manu- factures
<u>Lebanon</u>	1973	18.0	6.4	9.5	4.8	9.6	25.4	26.3
	1980 •	17.2	1.5	6.9	14.7	8.0	24.6	26.7
	1982 •	20.2	0.9	4.6	8.8	7.2	23.9	34.0
<u>Syrian Arab Republic</u>	1973	26.4	5.9	10.5	4.6	9.2	23.7	19.3
	1980	14.1	3.3	11.5	25.9	8.2	21.5	15.0
	1982	14.5	2.7	8.5	37.6	8.8	15.6	12.0
<u>Yemen</u>	1973	51.4	0.1	2.5	5.0	6.4	12.2	22.1
	1980	28.4	0.2	6.7	7.2	0.5	27.8	24.2
	1981	32.0	0.2	4.7	8.3	5.6	25.4	22.9

For sources and notes see Table B.1

Table B.3 Leading commodity exports and sources, ranked by 1982 values (Percentage of total exports)

<u>SIIC</u>	<u>Description</u>	<u>Country</u>	<u>1980</u>	<u>1982</u>
043	Barley	Syrian Arab Republic	0.22	4.33
051+053+054	Fruits and vegetables	Syrian Arab Republic	2.07	1.86
		Jordan	16.00	16.59
121	Tobacco and cigarettes	Syrian Arab Republic	1.36	0.91
		Jordan	4.26	2.65
263	Cotton, raw and waste	Syrian Arab Republic	8.25	5.91
271	Crude fertilizers, phosphates	Jordan	39.30	30.80
		Syrian Arab Republic	1.16	1.08
331	Crude petroleum	Saudi Arabia	94.53	92.75
		United Arab Emirates	95.86	89.71
		Iraq	98.43	98.62
		Kuwait	69.10	43.71
		Qatar	94.72	92.92
		Oman	96.15	91.74
		Syrian Arab Republic	63.28	51.32
332	Petroleum products	Kuwait	20.22	33.37
		Bahrain	88.76	82.99
		Saudi Arabia	2.49	2.77
		Democratic Yemen	94.97	97.81
		Syrian Arab Republic	15.58	23.36
341	Gas, natural and manufactured	Saudi Arabia	2.16	3.27
		United Arab Emirates	2.87	8.60
		Kuwait	3.30	2.95
51	Chemical elements and compounds	Qatar	1.3 a/	1.70
		Kuwait	0.22	0.30 a/
533	Pigments, paints, varnishes	Kuwait	0.06	0.09 a/
		Jordan	2.41	1.31
541	Medicinal & pharmaceuticals	Jordan	2.50	4.62
554	Soap and cleansing preparations	Jordan	3.47	2.06
		Kuwait	0.05	0.06 a/
561	Manufactured fertilizers	Qatar	2.85	2.84
		Kuwait	0.45	0.28 a/
		Saudi Arabia	0.07	0.09
		Jordan	-	2.80
629	Articles of rubber, n.e.s.	Kuwait	0.28	0.28 a/
632	Wood manufactures, n.e.s.	Jordan	4.73	2.81
652 + 653	Cotton fabrics	Syrian Arab Republic	2.69	4.34
663	Mineral manufactures	Jordan	2.45	3.84
67	Iron and steel shapes	United Arab Emirates	0.61	0.94 a/
		Qatar	2.32	2.42
		Kuwait	0.20	0.68 a/
		Jordan	1.31	1.28
684	Aluminium	Bahrain	2.78	6.08
		Kuwait	0.03	0.01 a/
691 + 692	Iron and steel structures	Jordan	0.64	2.54
697.1	Base metal household equipment	Syrian Arab Republic	0.29	0.13
		Jordan	0.96	0.24
821	Furniture	Jordan	1.15	3.84
841	Clothing articles	Syrian Arab Republic	1.24	2.81
		Jordan	2.13	3.59
893	Articles of plastic	Jordan	2.00	3.71

Source: Compiled by the ECWA secretariat from national and international sources.

a/ For 1981.

Table C.1. ECWA region: Intra-regional trade, selected years
(Percentage of total trade)

	Imports (c.i.f.)				Exports (f.o.b.)					
	1973	1979	1980	1981	1982	1973	1979	1980	1981	1982
<u>Oil economies</u>	11.65	7.56	8.64	8.95	5.71	3.51	3.82	3.57	4.77	4.40
Bahrain	43.91	53.72	60.09	70.19	63.89	17.26	29.45	23.60	34.73	23.63
Iraq	3.98	4.04	4.67	7.48	1.59	6.04	0.20	0.09	0.18	0.07
Kuwait	7.51	3.44	3.40	3.02	4.04	4.27	5.93	8.06	12.57	4.80
Oman	9.73	18.21	22.44	24.63	21.70	0.48	4.83	3.31	4.53	...
Qatar	16.01	5.16	7.39	6.18	2.80	1.81	4.93	2.54	2.30	1.89
Saudi Arabia	11.71	3.61	3.01	3.32	2.55	2.83	3.48	3.21	3.90	4.54
United Arab Emirates	10.52	11.50	14.89	8.76	3.16	0.54	2.75	2.39	2.90	3.08
of which: Gulf Co-operation Council (GCC) a/	(14.50)	(8.31)	(9.58)	(9.35)	(6.80)	(3.19)	(4.55)	(4.17)	(5.03)	(4.75)
<u>Non-oil economies</u>	7.19	15.71	14.98	16.88	14.34	20.05	33.71	35.02	37.68	32.78
Democratic Yemen	20.76	52.95	22.66	24.71	5.45	0.59	7.76	47.04	51.06	0.85
Jordan	19.20	20.40	23.13	22.37	25.36	69.26	66.43	60.44	65.05	64.09
Lebanon	2.17	13.85	13.68	14.18	6.10	19.54	77.28	71.01	76.43	73.73
Syrian Arab Republic	10.00	4.76	2.53	10.40	1.63	19.44	9.55	7.56	12.13	10.61
Yemen	3.66	17.56	27.11	21.89	25.46	1.11	27.73	30.03	10.21	37.07
<u>Total ECWA region</u>	10.44	8.90	9.63	9.92	6.63	4.32	4.53	4.11	5.40	5.03
Memo item: League of Arab States Members b/	11.48	9.42	10.77	10.50	7.06	5.26	5.43	4.87	6.48	5.85
<u>Oil economies</u>	7.96	3.92	3.80	4.48	2.67	42.76	44.23	44.76	56.17	55.06
Bahrain	6.76	6.90	7.03	2.82	3.41	75.83	5.54	22.83	60.81	44.22
Iraq	3.63	3.67	4.59	7.35	1.56	44.89	18.98	10.46	6.13	5.66
Kuwait	7.43	3.42	3.24	3.01	1.24	44.04	43.66	46.92	61.87	62.75
Oman	3.69	13.58	14.96	15.92	14.75	30.30	91.05	85.82	76.94	77.92
Qatar	15.87	5.16	7.43	6.18	2.79	67.27	61.70	75.84	61.72	61.82
Saudi Arabia	11.70	3.60	2.99	3.29	2.53	29.95	47.69	48.23	49.91	50.45
United Arab Emirates	8.30	3.09	2.55	3.03	2.92	10.51	60.42	37.71	52.29	58.89
of which: Gulf Co-operation Council (GCC) a/	(9.65)	(3.98)	(3.61)	(3.67)	(2.97)	(42.04)	(45.67)	(46.30)	(58.86)	(56.80)
<u>Non-oil economies</u>	6.12	8.06	6.31	5.07	5.38	29.41	61.68	60.49	65.92	67.79
Democratic Yemen	7.16	14.75	5.49	4.08	5.24	6.57	11.03	12.79	13.68	25.59
Jordan	16.44	9.74	8.32	6.71	6.36	68.88	66.43	60.57	64.03	62.64
Lebanon	2.20	2.65	1.28	1.27	0.77	24.32	78.27	70.92	77.17	78.42
Syrian Arab Republic	9.52	6.28	2.43	1.56	1.40	34.48	34.24	40.50	51.29	60.92
Yemen	3.72	17.18	22.32	18.98	19.70	1.35	38.78	34.66	39.59	37.11
<u>Total ECWA region</u>	7.45	4.50	4.16	4.55	2.93	36.55	49.46	48.62	58.49	58.76
Memo item: League of Arab States Members b/	8.53	5.03	4.76	5.04	3.38	47.20	53.47	52.61	63.42	63.03

Source: Computations of the ECWA secretariat based on national and international sources.

a/ Covers Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

b/ Covers the ECWA member countries and the Arab states in North Africa.

Table C.2 ECWA Region: Structure of International Trade; 1973 and 1979 - 1982
(Percentage shares by major commodity groups and by origin and destination)

	1973	1979	1980	1981	1982	1973	1979	1980	1981	1982
<u>Imports from the ECWA region (c.i.f.)</u>										
	(Percentage shares by origin)					Percentage shares by major commodity groups				
Food items (SITC 0+1+22+4)	10.42	6.76	6.19	7.76	5.17	19.66	10.34	9.11	10.03	9.22
Agricultural raw materials(SITC2-22-27-28)	10.41	8.30	4.07	4.06	2.84	2.62	1.22	0.53	0.41	0.39
Ores and metals(SITC 27+28+67+68)	5.42	6.24	5.50	5.71	2.63	4.32	5.67	4.00	4.07	2.70
Fuels (SITC 3)	73.50	66.79	76.17	80.91	82.01	31.82	52.95	60.26	57.42	57.83
Chemicals (SITC 5)	6.35	4.97	4.52	5.18	4.35	3.98	2.67	2.27	2.32	2.86
Machinery and transport equipment(SITC 7)	3.64	2.47	2.66	2.58	1.41	11.25	10.45	10.35	10.39	9.27
Other manufactures (SITC 6+8-67-68)	10.94	5.47	4.83	5.62	4.35	26.25	16.71	13.61	15.30	17.65
All commodities (SITC 0 to 9)	10.44	8.90	9.63	9.92	6.63	100.00	100.00	100.00	100.00	100.00
<u>Exports to the ECWA region (f.o.b.)</u>										
	(Percentage shares by destination)					Percentage shares by major commodity groups				
Food items (SITC 0+1+22+4)	46.10	74.74	76.27	83.07	84.86	19.25	9.34	7.81	8.82	8.67
Agricultural raw materials(SITC2-22-27-28)	21.08	24.94	20.84	19.32	19.55	4.63	1.45	0.60	0.43	0.38
Ores and metals (SITC 27+28+67+68)	19.52	39.46	26.44	38.39	24.81	3.05	5.27	3.98	3.70	2.64
Fuels (SITC 3)	1.86	2.53	2.56	3.18	3.03	39.96	53.47	60.00	56.51	57.96
Chemicals (SITC 5)	11.89	11.98	13.53	19.35	43.07	2.68	2.51	2.22	2.20	2.55
Machinery and transport equipment(SITC 7)	43.21	60.65	60.28	59.62	55.85	8.16	11.35	11.17	11.84	10.53
Other manufactures (SITC 6+8+67-68)	54.40	75.93	76.58	83.78	79.27	22.17	16.56	14.14	16.44	17.27
All commodities (SITC 0 to 9)	4.32	4.53	4.11	5.40	5.03	100.00	100.00	100.00	100.00	100.00
<u>Non-fuel exports to the ECWA region</u>										
	Percentage shares by destination					Percentage shares by major commodity groups				
Food items (SITC 0+1+22+4)	46.10	74.74	76.27	83.07	84.86	32.05	20.07	19.52	20.26	20.62
Agricultural raw materials(SITC2-22-27-28)	21.08	24.94	20.84	19.32	19.55	7.71	3.11	1.50	0.98	0.90
Ores and metals(SITC 27+28+67+68)	19.52	39.46	26.44	38.39	24.81	5.07	11.33	9.95	8.49	6.26
Chemicals (SITC 5)	11.89	11.98	13.53	19.35	43.07	4.47	5.38	5.54	5.05	6.06
Machinery and transport equipment(SITC 7)	43.21	60.65	60.28	59.62	55.85	13.59	24.43	27.93	27.22	25.03
Other manufactures(SITC 6+8+67+68)	54.40	75.93	76.58	83.78	79.27	36.92	35.60	35.34	37.80	41.07
All commodities (SITC 0 to 9)	36.55	49.46	48.62	58.49	58.76	100.00	100.00	100.00	100.00	100.00

Source: Computations of the ECWA secretariat based on national and international sources.

Table C.3 ECWA Region: Structure of Trade with other Developing Regions ^{a/}; Selected Years
(Percentage shares)

	1973	1979	1980	1981	1982	1973	1979	1980	1981	1982	1973	1979	1980	1981	1982
<u>Imports from other developing regions(c.i.f)</u>															
	Percentage shares by origin														
Food items (SITC O+1+22+4)	34.0	28.8	28.3	27.3	27.0	52.7	38.6	37.6	35.9	35.0	52.7	38.6	37.6	35.9	35.0
Agricultural raw materials(SITC2-22-27-28)	44.7	25.6	30.6	32.8	25.9	9.0	3.3	3.6	3.3	2.8	9.0	3.3	3.6	3.3	2.8
Ores and metals (SITC 27+28+67+68)	4.8	7.9	10.1	8.6	8.6	3.2	6.3	6.6	6.2	7.0	3.2	6.3	6.6	6.2	7.0
Fuels (SITC 3)	3.0	6.2	12.8	7.4	4.7	1.0	4.3	9.2	5.3	2.6	1.0	4.3	9.2	5.3	2.6
Chemicals (SITC 5)	3.4	3.8	4.2	3.4	3.2	1.8	1.8	1.9	1.6	1.6	1.8	1.8	1.9	1.6	1.6
Machinery and transport equipment(SITC 7)	2.2	3.1	2.3	2.3	1.7	5.6	11.7	8.2	9.3	6.0	5.6	11.7	8.2	9.3	6.0
Other manufactures (SITC 6+8-67-68)	13.4	12.6	12.8	13.7	12.0	26.3	33.8	32.7	38.0	38.0	26.3	33.8	32.7	38.0	38.0
All commodities (SITC 0 to 9)	12.7	10.1	10.6	9.8	8.4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<u>Exports to other developing regions(f.o.b)</u>															
	Percentage shares by destination														
Food items (SITC O+1+22+4)	15.5	9.4	8.4	8.0	5.2	1.8	0.3	0.2	0.2	0.1	1.8	0.3	0.2	0.2	0.1
Agricultural raw materials(SITC2-22-27-28)	8.1	10.4	15.1	24.3	6.8	0.5	0.2	0.1	0.2	0.0	0.5	0.2	0.1	0.2	0.0
Ores and metals (SITC 27+28+67+68)	17.4	25.3	15.4	14.3	15.3	0.7	0.9	0.5	0.4	0.3	0.7	0.9	0.5	0.4	0.3
Fuels (SITC 3)	15.2	18.0	17.9	19.1	24.4	89.4	96.6	97.0	97.4	98.0	89.4	96.6	97.0	97.4	98.0
Chemicals (SITC 5)	49.7	17.5	22.1	17.5	49.2	3.1	0.9	0.8	0.6	0.6	3.1	0.9	0.8	0.6	0.6
Machinery and transport equipment(SITC 7)	26.3	12.3	19.5	13.7	16.6	1.4	0.6	0.8	0.8	0.7	1.4	0.6	0.8	0.8	0.7
Other manufactures (SITC 6+8-67-68)	27.6	9.6	11.2	7.4	4.8	3.1	0.5	0.5	0.4	0.2	3.1	0.5	0.5	0.4	0.2
All commodities (SITC 0 to 9)	15.8	17.8	17.8	18.8	24.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<u>Non-fuel exports to other developing regions</u>															
	Percentage shares by destination														
Food items (SITC O+1+22+4)	15.5	9.4	8.4	8.0	5.2	16.7	8.8	6.6	9.5	5.5	16.7	8.8	6.6	9.5	5.5
Agricultural raw materials(SITC2-22-27-28)	8.1	10.4	15.1	24.3	6.8	4.7	4.5	3.4	6.0	1.4	4.7	4.5	3.4	6.0	1.4
Ores and metals (SITC 27+28+67+68)	17.4	25.3	15.4	14.3	15.3	6.9	25.1	17.9	15.3	16.8	6.9	25.1	17.9	15.3	16.8
Chemicals (SITC 5)	49.7	17.5	22.1	17.5	49.2	29.3	27.4	27.9	22.1	30.2	29.3	27.4	27.9	22.1	30.2
Machinery and transport equipment(SITC 7)	26.3	12.3	19.5	13.7	16.6	12.9	17.2	27.8	30.4	32.5	12.9	17.2	27.8	30.4	32.5
Other manufactures (SITC 6+8-67-68)	27.6	9.6	11.2	7.4	4.8	29.0	15.5	16.0	16.1	10.7	29.0	15.5	16.0	16.1	10.7
All commodities (SITC 0 to 9)	23.5	14.2	15.8	12.1	13.4	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: Computations by the ECWA secretariat based on national and international sources

a/ Covers developing countries in Asia excluding the ECWA region, Africa, America and the Oceania.

D. International Payments and Reserves

Table D.1 Major Balance of Payments Flows in the ECWA Region, 1978-1982
(Millions of U.S. dollars)

	Trade Balance a/	Services (Net)	Balance on Goods and Services	Transfers (Net) Private Public	Balance on Current Account	Capital Flows (Net) Long-Term Short-Term	Errors and Omissions	Overall Balance	Counter-part Items	Reserves and Related items (- = Increase)
<u>Gulf economies</u>										
<u>Bahrain</u>										
1978-79	109	-66	43	-333	-196	72	309	42	12	-55
1980	520	-167	353	-283	251	10	424	437	-96	-340
1981	671	127	798	-318	674	4	267	590	1	-591
1982	471	219	691	-331	549	-144	-267	-9	-1	9
<u>Kuwait</u>										
1978-79	9576	1767	11343	-482	10082	-496	-2656	-38	32	6
1980	13847	3004	16851	-692	15271	11	-2880	1044	13	-1058
1981	9212	6152	15364	-689	13703	273	-5073	287	-147	-139
1982	3501	3560	7061	-702	5786	-260	-1235	1978	-132	-1846
<u>Umdn</u>										
1978-79	718	-338	380	-230	250	72	-188	84	3	-87
1980	1877	-445	1432	-326	1208	101	-398	781	443	-1223
1981	2120	-635	1485	-452	1178	252	-22	1224	-158	-1064
1982	1590	-591	999	-684	357	206	294	790	-	-790
<u>Qatar</u>										
1978-79	1830	-724 b/	1106	...	1106	-560	...	546	...	-546
1980	4244	-1598 b/	2646	...	2646	-1929	...	718	...	-718
1981	4326	-1942 b/	2384	...	2384	-1481	...	903	...	-903
1982	2556	-1432 b/	1124	...	1124	-1886	...	-762	...	762

Table D.1 (continued)

	Trade Balance a/	Services (Net)	Balance on Goods and Services	Transfers (Net) Private Public	Balance on Current Account	Capital Flows (Net) Long-Term Short-Term	Errors and Omissions	Overall Balance	Counter-part Items	Reserves and Related items (- = Increase)
<u>Saudi Arabia</u>										
1978-79	25771	-14488	11284	-3104 -3702	4478	-684 -7026	-	-3232	-2045	5278
1980	72479	-21514	50965	-4064 -5501	41400	-27387 -10076	-	3937	217	-4154
1981	76673	-19858	56815	-4689 -7001	45125	-24470 -11088	-	9567	-769	-8799
1982*	31544	-26042 ^{c/}	5502	-4200 ...	1302	... ..	...	1302 ^{d/}	...	...
<u>United Arab Emirates</u>										
1978-79	6548	-3549 ^{e/}	2999	... ..	2999	-1190 ^{f/}	-	1809	...	-1809
1980	13333	-1537 ^{e/}	11796	... -1726	10070	-620 ^{f/}	-4594 ^{g/}	4856	...	-4856
1981	11986	-1716 ^{e/}	10270	... -1062	9208	-1725 ^{f/}	-3969 ^{g/}	3514	...	-3514
1982	8962	-1308 ^{e/}	7654	... -654	7000	-1062 ^{f/}	-4304 ^{g/}	1634	...	-1634
<u>Non-oil economies</u>										
<u>Democratic Yemen</u>										
1978-79	-338	-17	-355	283 39	-32	67	32	44	12	-56
1980	-538	-22	-561	347 79	-135	79	69	38	-5	-33
1981	-733	-42	-775	406 147	-222	138	89	11	-15	3
1982*	-745	26	-719	449 113	-157	140	-1	-18	-	-35
<u>Jordan</u>										
1978-79	-1189	-141	-1330	487 695	-147	245	86	286	54	-340
1980	-1556	-43	-1600	665 1309	374	107	-258	444	62	-507
1981	-2108	-142	-2250	935 1280	-35	220	-100	166	-188	21
1982	-2128	-172	-2301	933 1034	-333	320	-152	-100	-72	171
<u>Syrian Arab Republic</u>										
1978-79	-1275	-228	-1502	768 1205	470	217	-679	19	29	-49
1980	-1898	-399	-2297	774 1520	-3	-25	-661	-258	15	243
1981	-2613	-297	-2910	582 1819	-509	48	-50	20	-64	45
1982	-1686	-395	-2081	140 1446	-495	205	2	100	-1	-101

Table D.1 (continued)

	Trade Balance a/	Services (Net)	Balance on Goods and Services	Transfers (Net) Private Public	Balance on Current Account	Capital Flows (net) Long-Term Short-Term	Errors and Omissions	Overall Balance	Counter-part Items	Reserves and Related items (- = Increase)
<u>Yemen</u>										
1978-79	-1175	-52	-1227	923 190	-113	96 -28	145	100	-6	-94
1980	-1855	-45	-1900	1070 146	-685	475 -81	90	-201	56	145
1981	-1714	-51	-1765	777 332	-655	233 14	98	-310	-11	321
1982	-1921	-37	-1958	911 439	-607	165 -54	71	-425	-6	431

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

Note: Figures were rounded to the nearest million; details, therefore, may not add up to totals.

- = Nil or negligible; debit.
- ... = Not available.
- * = Provisional.

- a/ Merchandise trade is valued f.o.b. except imports of Qatar and United Arab Emirates and imports of Democratic Yemen in 1982 which are valued c.i.f.
- b/ Includes private and official transfers.
- c/ Includes official transfers, presumably.
- d/ Includes inward direct investment, short-term private capital, valuation adjustment, net errors and omissions and concessionary loans to developing countries.
- e/ Includes private transfers.
- f/ Net capital flows excluding private flows.
- g/ Includes private capital flows.

Table D.2 International Reserves ^{a/}, 1978-1983
(Millions of U.S. dollars)

	Average 1978-79	1980			1981			1982			1983		
<u>Total ECWA region</u> ^{b/}		<u>30108.9</u>	<u>37227.3</u>	<u>47887.3</u>	<u>47623.9</u>	
<u>Oil economies</u> ^{b/}		<u>24775.7</u>	<u>32018.1</u>	<u>43143.1</u>	<u>42528.8</u>	
Bahrain	560.2	960.0	1550.7	1541.4	1594.5	1475.1	1367.1 ^{c/}						
Kuwait	2801.5	4045.3	4180.1	6023.6	4747.6	4810.1	5095.7 ^{c/}						
Oman	509.9	913.7	1208.7	1476.1	1287.9	1241.0	1354.9						
Qatar	260.5	364.6	394.8	421.2	430.7	...	...				
Saudi Arabia ^{d/}	19445.5	23641.0	32422.0	29726.0	35450.0	33619.0 ^{c/}	...						
United Arab Emirates	1198.1	2093.5	3386.8	3340.5 ^{f/}	...	...	...			
<u>Non-oil economies</u>	<u>5333.2</u>	<u>5209.2</u>	<u>4744.2</u>	<u>5095.1</u>	...	...	...			
Democratic Yemen	200.3	235.6	256.3	288.0	265.9	272.9	...						
Jordan	1107.2	1347.0	1300.1	1100.1	1191.7	1134.3	1158.2						
Lebanon	2072.5	1977.6	1905.8	2997.5	2225.1	2355.1	2362.2						
Syrian Arab Republic	509.5	366.0	320.0	155.0 ^{g/}	...	...	...			
Yemen	1443.7	1283.0	962.0	554.5	492.8	410.7	352.5						

Source: International Monetary Fund, International Financial Statistics, January 1984.

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

^{b/} Excluding Iraq for which data were not reported.

^{c/} Total reserves less gold which, however, has constituted only a marginal fraction of the reserves of the three countries concerned.

^{d/} Beginning April 1978, foreign exchange holdings exclude foreign exchange cover against note issue.

^{e/} May data

^{f/} Third Quarter data.

^{g/} Second Quarter data

Table D.3 Reserves/Imports Ratios in Western Asia

1978-1982

	<u>Average 1978-1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>
<u>Total ECWA region</u> ^{a/}	<u>7.6</u>	<u>6.8</u>	<u>7.7</u>	<u>7.1</u>
<u>Oil economies</u> ^{a/}	<u>7.8</u>	<u>7.4</u>	<u>8.7</u>	<u>7.7</u>
Bahrain	3.0	3.3	4.5	5.0
Kuwait	6.9	7.4	7.2	8.6
Oman	5.6	6.3	6.3	6.6
Qatar	2.4	3.0	3.1	2.6
Saudi Arabia	10.4	9.5	11.1	8.8
United Arab Emirates	2.3	2.8	4.2	4.4 ^{c/}
<u>Non-oil economies</u>	<u>6.9</u>	<u>4.6</u>	<u>3.9</u>	<u>4.4</u>
Democratic Yemen	3.2	1.8	2.6	3.2
Jordan	7.7	6.7	4.8	4.1
Lebanon	10.1	6.2	6.2	10.1
Syrian Arab Republic	2.1	1.1	0.8	0.5 ^{d/}
Yemen	12.5	8.3	7.2	3.4

Source: Computations of the ECWA secretariat based on national and international sources.

^{a/} Excluding Iraq for which data on reserves were not available.

^{b/} Data on reserves relate to the end of the third quarter.

^{c/} Data on reserves relate to the end of the second quarter.