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Shared Prosperity **Dignified Life**

Economic and Social Commission for Western Asia

Expert Group Meeting
Review Drafts of ESCWA/RIS's recurrent and non-recurrent

Third Edition of the Assessing Arab Economic Integration Report

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Chapter 1: Recent developments in the global, inter- and intra-regional economic integration of Arab countries

Chapter 1: The recurrent chapter monitoring and evaluating Arab global and regional economic integration

The global context

Globalization outcomes 2016-2018

Inter-regional economic integration outcomes

Intra-Arab regional economic integration outcomes

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Globalization context, 2016-2018

Globalization context, 2016-2018: Not living its best moment

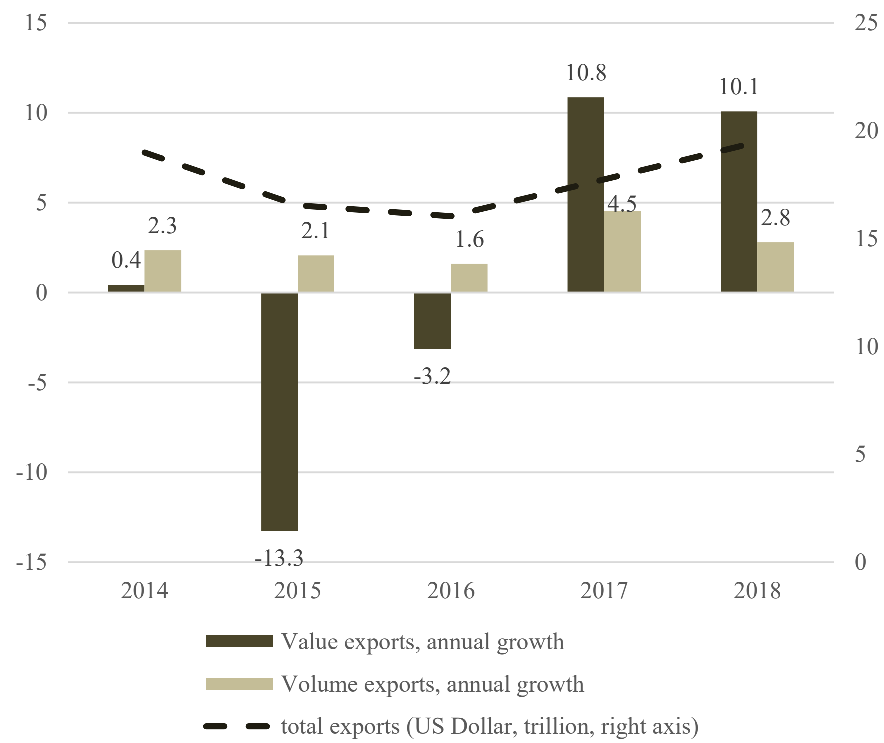
Upturn supported by

(a) rising trade content of GDP and a global trade to GDP ratio reaching 1.2 after having stagnated below 1 since the 2008 global financial crisis; (b) China rebalancing; and (c) rising global prices of energy from $31.6 per barrel in April 2016 to $86.3 per barrel in April 2018

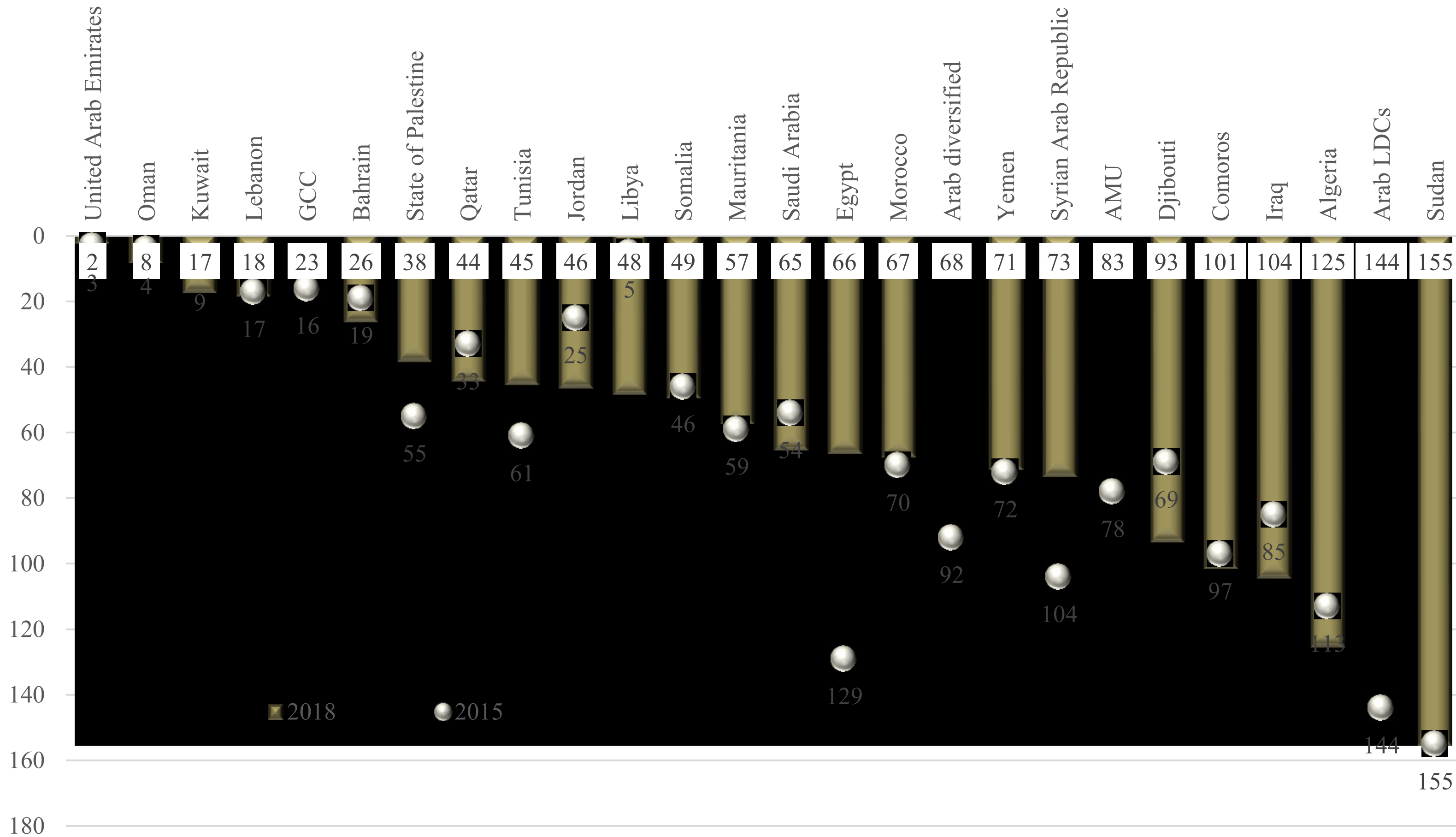
Combination of cyclical and structural factors was fueling a recovery that was felt in developed and developing/emerging countries alike.

Mid-2018, this fragile momentum was threatened by rising trade tensions and economic uncertainties and decreasing oil prices despite oil production cuts.

World value and volume exports growth rates and exports level



Globalization rankings Arab countries and regions, 2015 and 2018



Abbreviations: AMU, Arab Maghreb Union; GCC, Gulf Cooperation Council; LAS, League of Arab States: LDC, Least Developed Countries.
Source: Upcoming Assessing Arab Integration Report, volume III
Note: Arab diversified countries are Egypt, Iraq, Jordan, Lebanon, State of Palestine and Syrian Arab Republic. Arab LDCs are Comoros, Djibouti, Somalia, Sudan, Yemen.

Arab and benchmarked regions globalization performances in 2018 relatively to the trend

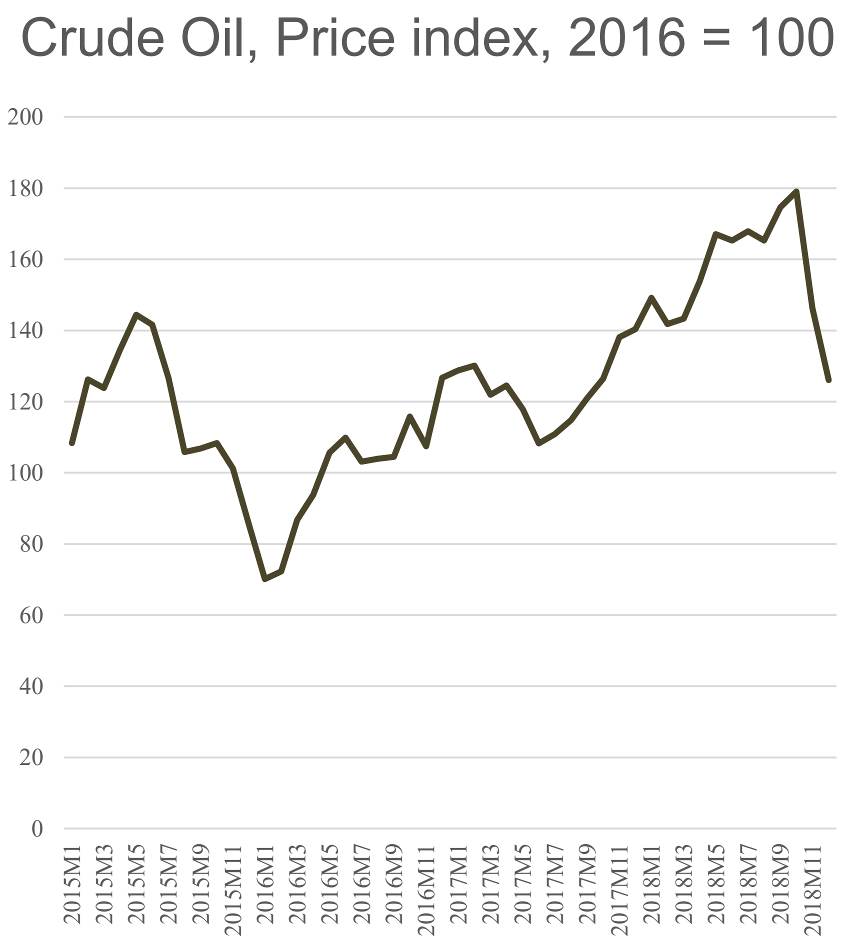
- At the regional level, the GCC and the AMU performances are in line with long-term averages while Arab LDCs fell short of their previous records.

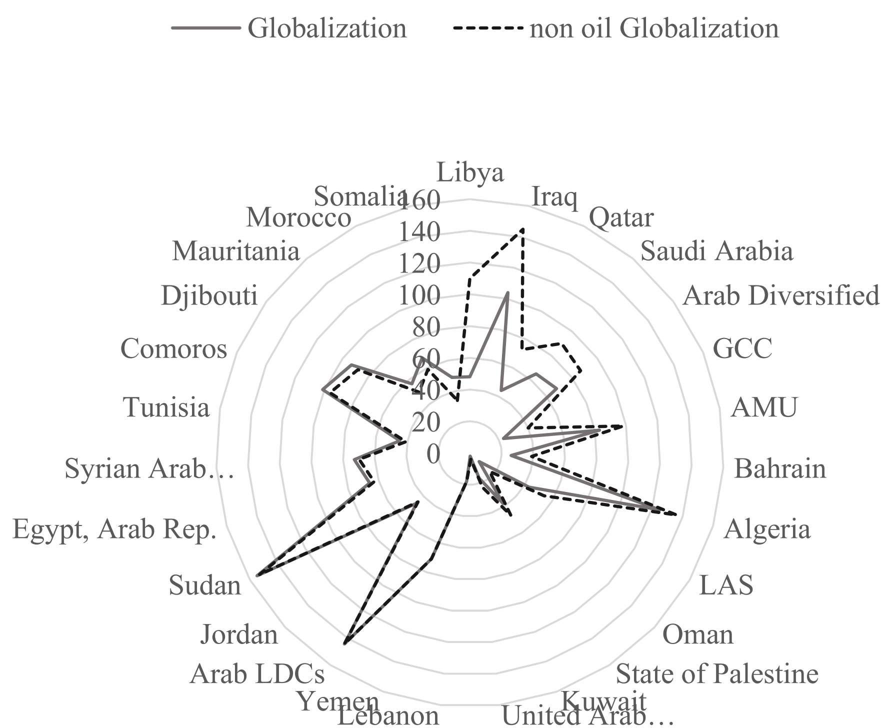
- The group of Arab diversified country's 2018 rank is also slightly below the average.

- That is, in 2018, no Arab region has been capable of emulating what had been achieved in the past.

- Turning to countries, the same conclusion applies to few exceptions which are Egypt and the United Arab Emirates for the reasons mentioned before, and eventually Morocco, and Tunisia.

Oil and non-oil globalization performances





Inter-regional Arab economic integration outcomes

Inter-regional economic integration: Arab countries and selected regions, 2018

Dependency total Recipient (Below) - Sender (Across)	Arab Maghreb Union	Gulf Cooperation Council	Arab diversified	Arab LDCs	League of Arab States	Agadir	EU	ASEAN	United States	Turkey	China	India	Japan	Korea, Republic of	rest of the world
Algeria	332	400	361	307	226	244	37	291	190	222	463	264	429	456	95
Libya	382	300	180	407	149	181	20	167	185	285	97	347	439	312	52
Mauritania	329	298	428	443	250	323	139	346	404	341	55	401	201	313	19
Morocco	337	172	338	377	144	365	21	330	216	316	372	243	389	379	67
Tunisia	158	246	340	434	127	272	8	375	235	322	349	369	406	412	111
Arab Maghreb Union	245	150	290	343	112	221	11	267	194	253	248	263	391	376	57
Bahrain	198	16	219	388	10	256	98	147	143	281	204	464	133	258	70
Kuwait	419	178	182	408	120	208	107	101	213	395	62	100	116	82	13
Oman	420	48	261	202	38	387	44	166	282	427	28	108	193	153	9
Qatar	318	238	287	414	184	327	265	102	274	348	124	117	90	88	18
Saudi Arabia	383	179	230	356	134	236	130	138	145	342	113	146	132	151	25
United Arab Emirates	294	69	99	237	35	205	85	83	121	217	110	73	79	163	5
Gulf Cooperation Council	203	34	188	304	27	331	29	106	109	266	91	156	103	140	17
Comoros	268	368	363	456	223	354	64	321	396	393	456	339	456	433	177
Djinouti	352	218	326	279	162	325	189	399	232	448	445	358	437	436	105
Somalia	456	78	385	455	74	385	157	370	392	288	456	231	210	456	86
Sudan	446	175	311	426	159	320	371	418	435	413	249	381	450	449	215
Yemen	398	59	234	344	51	239	319	247	324	447	173	362	380	351	129
Arab LDCs	233	58	251	402	49	257	61	355	314	415	200	373	411	410	119
Egypt	277	60	199	310	45	229	32	353	114	260	269	278	315	378	196
Iraq	422	359	284	453	255	308	93	228	126	289	75	77	302	142	22
Jordan	301	65	160	333	47	317	275	286	128	366	295	212	409	405	63
Lebanon	334	115	225	416	94	299	122	431	186	336	374	430	441	403	87
State of Palestine	252	161	81	440	56	104	397	425	367	423	452	454	451	444	137
Syrian Arab Rep	293	136	54	394	36	191	390	442	350	206	421	417	438	432	171
Arab Diversified	197	23	46	357	7	76	26	271	66	187	135	141	292	209	33
Other Arab States:	155	12	42	360	4	72	15	276	68	192	123	152	296	224	31
League of Arab States	118	3	40	303	1	71	2	131	50	170	92	195	125	164	14
Agadir	241	30	168	328	24	227	6	305	96	273	262	259	306	345	84

Economic integration performance of Arab countries with key partners, drivers, 2018

Receiving country	Partner	Dependency ranking	Dependency flows as percentage of GDP	Exports ranking	Exports as percentage of GDP	Workers' Remittances ranking	Workers' Remittances as percentage of GDP	Foreign Direct Investment ranking	Foreign Direct Investment as percentage of GDP
Tunisia	EU	8	36.1%	7	30.1%	47	4.1%	16	1.9%
Bahrain	GCC	16	26.4%	13	23.9%	307	0.0%	13	2.6%
Libya	EU	20	35.7%	3	36.8%	307	0.0%	463	-1.6%
Morocco	EU	21	23.6%	19	16.3%	41	6.0%	15	2.0%
Oman	China	28	23.9%	14	23.9%	307	0.0%	186	0.0%
Egypt	EU	32	9.0%	79	4.6%	88	0.7%	6	3.9%
Algeria	EU	37	15.3%	22	13.4%	75	1.1%	31	0.9%
Oman	EU	44	4.1%	202	1.2%	196	0.0%	11	3.4%
Oman	GCC	48	11.9%	25	11.1%	307	0.0%	25	1.0%
Syrian Arab Rep	AD	54	13.6%	33	9.5%	49	4.1%	186	0.0%
Mauritania	China	55	10.5%	30	9.8%	307	0.0%	40	0.8%
Yemen	GCC	59	13.3%	134	2.5%	27	10.8%	186	0.0%
Egypt	GCC	60	9.7%	160	1.9%	38	7.4%	35	0.9%
Kuwait	China	62	10.7%	26	10.6%	307	0.0%	66	0.1%
Comoros	EU	64	11.0%	163	1.8%	28	10.5%	186	0.0%
Jordan	GCC	65	11.7%	90	4.2%	37	7.8%	186	0.0%
United Arab Emirates	GCC	69	9.9%	28	9.9%	307	0.0%	186	0.0%
United Arab Emirates	India	73	8.8%	39	8.7%	307	0.0%	64	0.2%
Iraq	China	75	9.1%	35	9.1%	284	0.0%	423	0.0%
Iraq	India	77	9.0%	36	9.0%	292	0.0%	186	0.0%
Somalia	GCC	78	9.0%	37	9.0%	307	0.0%	186	0.0%
United Arab Emirates	Japan	79	8.4%	41	8.3%	307	0.0%	62	0.2%
State of Palestine	AD	81	9.7%	304	0.4%	33	9.4%	186	0.0%
Kuwait	Korea	82	8.5%	40	8.5%	307	0.0%	186	0.0%
United Arab Emirates	ASEAN	83	8.2%	43	8.2%	307	0.0%	101	0.1%
United Arab Emirates	EU	85	5.3%	81	4.4%	307	0.0%	30	0.9%
Qatar	Korea	88	8.1%	45	8.1%	307	0.0%	425	0.0%
Qatar	Japan	90	7.6%	48	7.6%	307	0.0%	104	0.0%
Iraq	EU	93	7.7%	47	7.7%	137	0.1%	433	0.0%
Libya	China	97	9.4%	29	9.9%	307	0.0%	456	-0.7%
Bahrain	EU	98	5.4%	74	5.0%	307	0.0%	47	0.5%
United Arab Emirates	AD	99	6.8%	53	6.8%	307	0.0%	186	0.0%
Kuwait	India	100	6.7%	55	6.7%	297	0.0%	186	0.0%
Kuwait	ASEAN	101	6.6%	56	6.6%	303	0.0%	186	0.0%
Qatar	ASEAN	102	6.5%	57	6.5%	246	0.0%	186	0.0%
State of Palestine	Agadir	104	7.1%	303	0.4%	39	6.8%	186	0.0%
Kuwait	EU	107	3.5%	124	2.8%	288	0.0%	39	0.8%
Oman	India	108	6.1%	61	6.1%	307	0.0%	436	-0.1%
United Arab Emirates	China	110	5.2%	73	5.0%	307	0.0%	61	0.2%
Saudi Arabia	China	113	5.7%	62	5.7%	290	0.0%	435	-0.1%

Arab regions and main partners, models of economic integration, 2018

	RoW				*EU*				*ASEAN+3*				*GCC*				*AD*		
		Exports	FDI	WR		Exports	WR	FDI		Exports	WR	FDI		Exports	WR	FDI		Exports	WR
Top 10	7				3				0				1				0		
Top 20	1				3				2				3				1		
Top 30	3				1				4				2				0		
Top 40	1				1				5				1				1		
Top 50	2				2				4				0				1		
TOTAL	**14**				**10**				**15**				7				**3**		
Countries																			
Resource rich		X	x			X		X		X		x		X		X		X	
Diversified		X		X		X		X		X					x	X		X	X
LDCs				x			X			X				X	x				

Intra-Arab regional economic integration outcomes

Intra-Arab economic integration performances, 2018

Recipient (Below) - Sender (Across)	Algeria	Libya	Mauritania	Morocco	Tunisia	Bahrain	Kuwait	Oman	Qatar	Saudi Arabia	United Arab Emirates	Egypt	Iraq	Jordan	Lebanon	State of Palestine	Syrian Arab Republic	Comoros	Djibouti	Somalia	Sudan	Yemen
Algeria																						
Libya												26										
Mauritania																						
Morocco											27											
Tunisia	47	44																				
Bahrain		28					3			5	1											
Kuwait											36	32										
Oman									18	25	10											48
Qatar																						
Saudi Arabia											33											
United Arab Emirates							49	17		20			14									
Egypt							22		37	8	13			34								
Iraq																						
Jordan							35		40	6	16		41			43						
Lebanon										12	29											
State of Palestine		31								15				4	23		46					
Syrian Arab Rep										11			7	24	21							
Comoros		42																				
Djibouti										39												
Somalia										9												
Sudan											30											
Yemen								38		2	19	45										

Dynamics of intra-Arab economic integration

- Within the Arab region exists two economic integration poles: Saudi Arabia and the UAE.

- Saudi Arabia confirms its key role as a remittance provider for Arab LDCs but most remarkably for Arab diversified economies.

- The UAE intra-regional economic integration patterns rely heavily on exports and FDI.

- Diversified Arab economies depend more on the GCC countries to fuel their economic activity than on other Arab diversified economies.

- At the bilateral level, the role of the GCC , in particular SA and the UAE appeared especially crucial to Arab least developed and/or conflict affected countries.

Conclusion

Globally,

- 2016-2018 offered opportunities for further economic integration
- But short-lived
- Would have required to be extremely pro-active to seize them
- And already well integrated

With main partners

- Various models
- With different impact on achievement of developmental goal
- May increase heterogeneities and inequality within the Arab region.

Within the Arab region

- Economic integration has been weakening
- as leading countries went through economic difficulties
- Linked to developments on the oil market
- Contagion of depressing effect of exogenous shocks

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- **Chapter 2: thematic chapter**
- **How agricultural trade can contribute**
- **achieve the SDGs**

Outline

Introduction

Background information on

- the Agricultural sector in the Arab region: production, employment, trade policies…
- Agricultural policies in rich countries and distortions on global food markets
- Domestic support + export subsidies in the EU and the USA

Impact assessment part

- the impacts of reforming arab agricultural trade policies
- A global dynamic CGE tailored to agricultural policies is developed
- Scenarios covered intra-Arab trade integration (ACU), integration with Africa (COMESA and AfCFTA), with the EU (DCFTA), and changes in global agricultural market distortions

Thank you

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