Co - ordination of
Arab National Development Plans

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Ideas presented here are strictly personal, and need not reflect those of the AMF or any other Arab Institution.

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List of Abbreviations

ACM	Arab Common Market
AFESD	Arab Fund for Economic and Social Development
AMF	Arab Monetary Fund
ATF	Arab Thought Forum
BADEA	Banque Arabe pour le Developpement economique en Afrique (Arab Bank for Development in Africa)
CAEU	Council of Arab Economic Unity
EIATE	Economic Integration and Trade Expansion among members of CAEU
GCC	Gulf Cooperation Council
IDCAS	Industrial Development Centre for Arab States
INPC	Institute of National Planning, Cairo
LAS	League of Arab States
NIEO	New International Economic Order
OAPEC	Organization of Arab Petroleum Exporting Countries
OPEC	Organization of Petroleum Exporting Countries
UNU	United Nations University

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Introduction :

1. The Arab World is perhaps the region in the third world whose member countries are most closely tied together. Besides the active movements that have been taking place over the last fourteen centuries, countries of the region were practically unified under the long lasting Ottoman Empire. Since the nineteenth century many of those countries fell under the British and French colonialism ; some under the Italian and Spanish. They shared with the Europeans the perils of the most recent two World Wars. Few of them gained their independence during the first half of this century ; others had to wait until the early seventies.

2. The region is well known for its long history. Several civilizations, among them some of the oldest in the history of mankind, were born there. The three holy religions, Judaism, Christianity and Islam found their way to humanity through the centre of the region. Lying in the heart of the Old World, the region acted as a vehicle between East and West. Apart from its role in the difusion of culture and science, it proved to be vital for the smooth passage of world trade. More recently, its possession of a good deal of crude oil reserves added to its importance for development of the world economy. Its central position exposed it to the major disease of the present Western civilization, consumerism.

3. Towards the end of World War II (1944), the few independent Arab countries then agreed to form the League of Arab States. In 1950 ministers of economy and finance met and adopted a number of resolutions raising the level of cooperation among their countries.

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They also decided to create the Arab Economic Council which became the economic arm of the League. Soon the inter-Arab System grew into a full-fledged network of specialized agencies, centers and organisations. The system was later supplemented by funds for economic development, created by surplus countries. In 1964 the agreement of the Council of Arab Economic Unity became operative, and a resolution to create the Arab Common Market was adopted. In 1971 the Arab Fund for Economic and Social Development was created, to be followed in 1977 by the Arab Monetary Fund. This completed the sophistication of the regional network, which further gained in weight as a result of the attention given by Arab summit meetings to economic matters, especially in the eleventh meeting held in Amman towards the end of 1980.

4. Like most of the countries of the third world, Arab States adopted national planning as a means to precipitate their economic and social development. Some of them attempted partial planning during the fifties. The sixties witnessed overall planning efforts in many countries, while the seventies carried with them attempts at plan coordination. The advent of the eighties was marked by the formulation of strategies and plans of regional joint action. Nevertheless it is still a long way towards meaningful efforts for coordination of national policies and plans. This paper aims at narrating the experience and indicating the areas of success and failure, and their reasons.

Characteristics of the Region :

5. Table (1) lists the twenty two countries, members of the League of Arab States. It indicates that thirteen of them fall in Asia, and out of these six are members of the recently created Gulf Cooperation Council. Egypt links the two continents, while the last five countries are usually classified as North Africa. This geographical classification serves some purposes of analysis ; but there are

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other meaningful classifications as we shall indicate later.

6. The overall area of the region is about 13.7 million square kilometers. This exceeds the area of e.g., Canada by 37.4% . Countries falling in Asia occupy 27.4% of that area ; the rest belongs to Africa. None of those countries is land-locked. The whole of the Red Sea falls in the Region, while east and south of the Mediterranian belong to it. The remaining shores belong to the Atlantic and Indian oceans as well as the Gulf. Three major rivers flow into the region : Euphrates and Tigris in the second subregion (essentially in Iraq) while the Nile in the third (Egypt and Sudan).

7. Perhaps the most distinctive feature of the Arab Region is the wide disparity of per capita income. Countries like Somalia, Mauritania and Sudan are among the poorest in the world. At the other end of the list of per capita income are some of the small-sized oil-producing States, such as U.A.E., Qatar and Kuwait. The third subregion is the largest in size and the poorest in income. Comparing the region once again with a single country, Canada, we notice that overall GNP is 146.5% that of Canada, while population is 666.6% . It follows that per capita income is only 22% of that of one Canadian. In fact the region's GNP hardly matches that of Italy with its 57 million inhabitants.

8. As we know, per capita income is not necessarily the best indicator of development. This is clear from the fact that some Arab countries, especially in subregion I, are rich, but still they are underdeveloped . Some writers would prefer the expectancy of life at birth. Table (1) indicates that while some of the rich States do enjoy relatively high life expectancies, the subregional averages are close to the general average of 55. However, the poorest countries exhibit quite low life expectancies, lower than the world average (48) for low income countries (excluding China and India). The overall and subregional averages are below the general average (57) for all low income countries.

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9. Table (1) gives also what I call "expected income at birth". This is simply the product of per capita GNP and the life expectancy at birth for the given country. The resultant represents the total income expected for the child born under the same social and economic conditions. Such a child is expected to live a given number of years if it experiences the current health conditions throughout its life. At the same time, each of those years it gains the same per capita income realized from the current economic structure. In a sense such an indicator is a socio-economic indicator, reducing the deficiencies of either of its two factors. It may be noticed that this indicator reflects more realistically the process of development. When growth takes place, per capita income rises. But if development is on its way, life expectancy increases. This generally implies a lower per capita income, as a result of the more rapid increase in population growth, and due to the higher proportion of childern accompanying the rising expectation of life. The composite index reflects more accurately the part of welfare which is not measured by per capita income in the case of developing countries due to relatively fast population growth.

10. Expected income at birth is under $ 20,000 in the five poorest countries: Somalia, the two Yemens, Sudan and Mauritania. Djibuti follows with 21 thousand. On the other end is the U.A.E. where an infant born in 1980 expects to earn about $ 2 million. The ratio of the highest per capita GNP to the lowest (that of Somalia) is 86 times. The ratio of the highest income at birth to the lowest (again U.A.E. to Somalia) is 127 times. Again within the first subregion the highest per capita GNP is 6.87 times the lowest (that of Oman) ; expected income at birth shows a wider dispersion, namely 8.77 times. These comparisons illustrate our remarks regarding the inadequacy of GNP per capita as an indicator of development.

11. By the same token it would be misleading to consider the so-called "rich oil-producing countries" as enjoying a better level of living than industrial countries. For example the average GNP per capita for the first subregion is 27.6% higher than that (10320) for the

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developed market economies. Taking into consideration that life exectancy in the latter is 74, the expected income at birth is $ 764 thousand, which is the same as the average for the first subregion. In other words per capita GNP overstates the measure of welfare of that subregion by some 27.6% . For the region as a whole, total expected income at birth is $ 20 362 billion. This exceeds the total of $ 17 947 generated as expected income at birth by the 24 million Canadians, by 13.4% only.

12. Modern economic strength is energy dependent. The Arab Region is well known as a major oil producer and exporter. The last column of Table (1) gives per capita consumption of energy, which roughly moves with the income indicators. Here again the dispersion is quite large : of the ratio 120 to 1. However the sumtotal of energy consumption for the whole Region is 124.5 million tons of coal equivalent . This is less than 40% of the total consumption of the single country, Canada (314.6). Exculding OPEC Countries(in subregion I , Algeria, Iraq and Libya), the average per capita consumption is 345.7 which is 84% of the average for all low-income countries. Oil aside, the region is energy poor. If it is going to catch up with world standards, it has to provide for a rather heavy energy bill. So far the non-oil producing countries have been facing difficulties in providing for their modest consumption. More countries are expected to face a similar situation, as their oil reserves are drained away.

13. The low level of energy consumption is a symptom of a relatively retarded economy. Table (2) indicates the structure of GDP by country and subregion. The classification here differs from the geographic one of Table (1). The first two subregions comprise the major oil exporters. The first is heavily dependent on oil, with limited resource base otherwise. The second enjoys a wider resource base, and is more densely populated. As it happens the two countries in that subregion suffer from deficit on the current account. The fourth subregion contains the poorest, or least-

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developed countries in the Region. The third group covers the remainder.

14. The predominace of the primary sectors is quite clear. As the level of income decreases the share of agriculture rises and that of extractive industries falls down. On the other hand the share of industry increases except for the fourth subregion. The higher incomes of major oil-producers allow for a more active construction sector. For the whole region, 49% of GDP is derived from the extractive indsutries. This results in smaller share for other sectors as compared with other developing economies. However, the share of agriculture in the fourth subregion is in line with the average share of 36% exhibited by all low-income countries. Again its share in the third subregion is slightly higher than the average share of 15% for all medium-income countries.

15. The structure of final demand reflects the peculiarities of the different subregions. The first subregion is forced to produce oil according to world demand, with the result of a large surplus in the balance of goods and services, amounting to 38.3% of GDP at market price. In spite of the fact that these countries adopt a free economy system, a large deal of resources is transfered to the consumers through public consumption,which constitutes 31.3% of domestic demand. Further they allocate 38.1% of domestic expenditure to capital formation. The second group adopts a more vigorous investment policy, allocating 42.5% of domestic demand to investment. In spite of their socialistic systems,the ratio of public consumption is the smallest among the four subregions being 15.7% of domestic demand. The relatively higher domestic demand reduces the ratio of exports and simultaneously raises that of imports.

16. The third subregion exhibits a ratio of private consumption equivalentto that of medium-income developing countries. But it shows a higher ratio of public consumption, hence a lower savings rate, 17% against 25% . At the same time the rate of gross domestic investment is 25% which is similar to that of the low-income countries,

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hence lower than the 27% observed for medium-income countries. This subregion shows also a stronger degree of dependence on the rest of the world. Exports are 36% of gross expenditure as against 25% . The resource gap is 8% as against 2%, which raises the ratio of imports to 44%, compared with 27% for medium-income countries.

17. The reliance on the rest of the world is more pronounced for the least-developed subregion, which is an overall dissaver. At the same time, the limited productive base allows for the modest 10% export ratio, which is in line with the 9% ratio for low-income countries. However the resource gap is as high as 27.5% , to finance the 23% rate of investment as well as the 4.5% rate of dissaving. In fact the $ 3.8 b. gap is only partly covered by transfers on the current account amounting to $ 2.0 b. The rest was financed through capital inflows. This is in contrast with subregion (C) which receives current transfers of $ 11.6 b. which is about double the gap of $ 6.2 b. It is interesting to notice that the sumtotal of transfers over the whole region is $ 27 m. only. The net recepient countries obtained an amount equivalent to the $ 24 b. flowing out of the first subregion.

18. The Arab Region is essentially an exporter of raw materials. Over the last five years, exports of manufactured goods amounted to 2% of total exports. Another 1% was in the form of foodstuffs. The remaining 97% were fuel, minerals and other raw materials. On the other hand, the modest growth of the already limited agricultural production led to a rapid increase in the importation of agricultural products,especially foodstuffs. The share of the Region in world imports of agricultural products rose from 5.8% in 1977 to 7.6% in 1980 and 8.5% in 1981. The rise in foodstuff imports was even faster : from about $ 4.3 b. in 1977 to $ 12.2 b. in 1980 and $ 14.5 b. in 1981. As a result they rose from 6.8% of total Arab imports to over 10% in 1981.

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19. For the first two subregions (the oil exporters) the ratio of imported manufactured goods was around 82%, in 1980. The ratio for the third subregion was 60%, and for the fourth 70%. This gave an average of 69%, compared with 75% in 1977 and 67% in 1981. The fall was essentially in favour of imports of raw materials and fuels whose share rose from 11% to 19% during the same period. The disparity between the structures of exports and imports has its implications for inter-Arab trade as will be shown later(see pars.26,27).

20. It should be noticed that recent years have witnessed a rapid fall in the surpluses on current account. Table (4) indicates that the overall surplus fell from $ 82 b. in 1980 to half as much in 1981 and to $ 7.2 b. only in 1982. This was partly due to recent developments in the oil market ; and partly due to the Gulf War which seriously affected Iraq's exports. The situation was further affected by the increase in the deficits of the last two subregions. This gives a prewarning of what might be a trend in the near future.

Indicators of Economic Integration :

21. One of the earliest agreements adopted by the League of Arab States in 1953, was that relating to promotion of regional trade and regulation of transit trade. The agreement was amended several times, the last of which took place two years ago. On the other hand one of the main objectives of the CAEU (Council of Arab Economic Unity) which was created in 1957-but did not become operative till 1964- is to ensure the free exchange of goods and services. In 1964 the ACM (Arab Common Market) was formed, starting with a free trade area. Only four countries : Egypt, Iraq, Jordan and Syria joined the ACM .

22. Table (5) indicates the development of regional trade during the seventies, in terms of averages, for three two-year periods, 1971-72, 1974-75 and 1979-80. The share of regional to total trade

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(exports + imports) was declining, from 7.15% in the first period to 6.40% in the second and 6.09% . As a result of the overall regional surplus,essentially due to oil, the ratios of exports are smaller than those of imports. After the 1973 oil price correction, the ratio of exports fell from 5.75% to 4.60%, a drop of 20% . It rose slightly at the end of the decade to 4.68% . The pattern of imports was somewhat different,though total regional imports is the same as total regional exports. The second period indicates a rise of 11%, from 9.45% to 10.51% . But as major surplus countries engaged more actively in large development programmes and oriented their consumption towards more sophisticated products, their demand on goods from othersubregions did not grow as fast. As a result the imports ratio fell by some 17% to 8.71% only.

23. Out of total regional trade, about 50% took place among countries belonging to the same subregion. These are calculated as the sum of ratios along the main diagonals in Table (5). During the first period, this sum was 54.5% ; during the second 47.4% , and during the last 50.4% . As the distance grows longer, the ratios drop quickly. As a result the bulk of trade has been taking place among countries in the first two subregions (in Asia). Their share rose from 68% to 70% then to 77% . However, countries in Africa exhibited an opposite pattern, their share falling from 14% to 8% and eventually to 2% .

24. The role of the first (oil exporting) subregion is quite predominant. Its share of exports rose from 30% to 50% then to 66% . Its share of imports rose from 47% to 55% but fell back to 50% . As a result the share of regional to total trade improved slightly on the export side but retreated markedly on the import side, in spite of the increase in the internal share. The third group, which is essentially an agriculture-based one, shows the weakest internal share, and a downward trend in regional trade. This is partly due to difficulties in financing trade, and partly to decisions to boycot Egypt after its signing the Camp David treaties.

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25. Trade within the ACM was not more fortunate. In fact its share in overall trade is much less than the share for the whole region. There had been a distinct drop in the second period, and a clear rise in the third, as percentages of regional trade indicate, Table (6). However that rise hardly brought it back to the original ratios to total trade.

26. We may conclude that the most decisive factors governing inter-Arab trade were : geographical adjacency and oil. As may be seen from Table (7), the share of "mineral fuels" in total exports is quite high, not only for OAPEC countries(*), but for others like Tunisia(**) which is a small producer and Yemen P.D.R., whose refinery depends on oil imported from neighbouring Arab countries. Hence over 95% of the Region's total exports are in the shape of oil, crude and products. Part of this goes into Arab trade, especially among members of subregion (I), and between that subregion and others. The second most important group is essentially raw materials designed for the world at large. The most important of these are cotton (Syria, Egypt and Sudan), phosphates (Jordan and Morocco) and iron ore (Mauritania). In the case of Mauritania, ore exports are tied up to European parties involved in the mining process. In the other two cases there is strong competition in world markets, affecting both Jordan and Morocco. Finally most of the food items exported by Arab countries are cereals, or vegetables and fruits (as in the case of Jordan, Lebanon and Syria) or live animals as in the case of Somalia whose major client is Saudi Arabia. Manufactured food products such as Tunisian olive oil are again designed for the rest of the world. These, as well as other agricultural raw materials, fluctuate heavily with changes in climatic conditions, calling in many cases for compensatory loans.

(*) OAPEC's membership covers subregion (I), Iraq and Syria in (II), Egypt in (III), and Algeria ~~and~~ Libya and Tunisia in (IV).

(**) Tunisia joined OAPEC in 1982.

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27. Thus the structure of exports is not conducive towards intra-regional trade. In spite of lack of data, there is evidence that a good deal of Arab trade takes place in oil, especially with respect to subregion (I). On the other hand the close relationships between subregion (IV) and Europe explain the rather poor ratio of exports to other Arab countries. This had been used as an argument to prove the fallacy of the trade approach towards integration a la Balassa doctrine, which underlined the philosophy of the CAEU and the ACM. A strong school appeared calling for approaching integration through measures designed for restructuring the economies. It is in there that the call for plan coordination gained its existence.

28. Another objective of both CAEU and ACM was to ensure freedom of movement of citizens among member countries. This was to be accompanied by the right for engagement in gainful occupation. One of the major characteristics of the Region is the heavy population movement which has gained in momentum over the last decade. It still has to be proved that this movement is actually an introduction towards longer term integration.The movement is often described as importation of labour force by some rich thinly-populated oil-producing countries.In spite of the fact that the majority of migrants are Arab,there is a proportion which has been recently growing very fast of non-Arab origin, especially Asians.

29. The phenomenon is quite clear for the GCC (Gulf Cooperation Council) i.e., subregion (I). Table (8) summarizes the composition of both total and economically active populations. For the whole group 31.7% of population are non-nationals. The ratio rises over 50% for the smaller sized countries, reaching 76% in the case of U.A.E. and 73% for Qatar. At the same time the ratio of non-national labour force for the whole subregion is 57.4%, reaching about 90% for the U.A.E. and Qatar. The smallest ratio is 37.2% in the poorest member, Oman. It is 47.4% in Saudi Arabia which accomodates 70% of the total population of the subregion, or 79% of nationals. The phenomenon is

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accompanied by distinctly low participation ratios among nationals, 18.6% , as against 53.9% among non-nationals. The poorest member, Oman, exhibits the largest ratio ; but even this is quite low (23.6%) by world standards.

30. Other countries have been attracting migrants in sizeable numbers. Libya proved to be a big importer from neighbouring countries, especially Egypt. Both Iraq and Jordan represented a somewhat different case. While importing some non-Arabs for specific jobs, they opened their frontiers to Arabs to enter and share nationals their economic rights. This attracted a lot of Egyptians in particular either to go and stay and become gainfully occupied, while enjoying a mode of life similar to theirs, or to consider their trip as a first step getting them closer to more remunerative opportunities in Gulf States.

31. The major exporting countries are Egypt, Jordan, Yemen A.R., Syria, Sudan and Oman. Egypt is the major exporter, as a result of its population size and relatively low income per capita. Oman represents a case where imports to replenish its needs had been accompanied by exporting to neighbouring rich countries. A similar situation has arisen in Jordan, which is esentially an exporter. The opposite flow for migration is workers' remittances, which proved to be a major source of foreign exchange, to the extent that the foreign exchange systems of exporting countries were altered several times to maintain regularity of the flows.

32. Data on movements are scanty. The reference study in this respect was commissioned by the ILO in 1978, and appeared as a report by "Birks and Sinclair : International migration and Development in the Arab World". This study gives a detailed analysis for the situation as it was in 1975. It was estimated that the labour force imported by oil producing countries (excluding Iraq whose statistics were affected by the fact that Arabs were not required to obtain work permits) amounted to 1.75 million workers. Out of these

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1.28 millions or 73% were Arab, while 0.426 millions were Asians. By 1980 the total was estimated to have risen to around 2.68 million, out of which 1.65 millions or 61.5% only were Arabs. The share of Asians rose to about 0.95 million, or 35.4% . The trend is still persisting.

33. The bulk of migration is directed towards the construction sectors of recepient countries, as a result of the rapid increase in investment programmes over the last decade. Others went into adminstration helping building up the relatively new national adminstation in those States. Most of the rest were assigned to services sectors especially education, medical services and personal services. In so far as such services were under government control, exporting countries could regulate the movement allowing for their own needs. They did not suffer from serious shortages, although they had to give up better qualities for exportation, with an adverse effect on performance at home. The matter could be taken into account in national plans, and in many cases ample provisions were made for training.

34. Perhaps the most serious bottlenecks have arisen with respect to construction. For example, the seventies have witnessed a rapid increase in demand on construction workers in Egypt as a result of the shift from a war to a peace economy. But the large external competition has led to a rapid increase in nominal wages, a lacuna in many basic professions and a general decline in productivity. This adversely affected the costs of investments. At the same time agriculture suffered to a great deal, not only as a result of the migration of peasants to external agricultural sectors, but mainly as a result of the shift from agriculture to construction at home and abroad. There has arisen a peculiar situation where a heavily populated country suffering from overt and disguised unemployment faced shortages of labour in several professions, a rapid rise in wages, a decline in productivity, hence

a shift to more capital intensive techniques and even importation of labour. This adverselv affected national plans, which found that the benefits gained through workers' remittances were practically wiped out by the tendency for holders of those remittances to accelerate real estate speculation, and the continuous devaluation encouraged by large foreign exchange deals outside the banking system.

35. Other types of movements of persons occured in the form of tourism. The main points of attraction were Egypt, Lebanon and Tunisia. However, political events affected the first two, while the third is showing some progress. There is a growing tendency for tourism to shift outside the Region. It is estimated that Egypt comes out with a debit balance on this account. Apart from some joint ventures in the field of tourism, there had been little efforts to introduce the industry within a plan coordination framework.

36. To conclude, the large population movements which took place, although carrying some symptoms of complementarity, were far from satsifying basic conditions for integration. Arpart from the cases of Iraq and Jordan, importers of manpower subject the movement to the most strict rules of entry and permits for work. Further, there is a growing tendency towards restricting Arab migration, in preference for non-Arabs, especially Asians. Soon importing countries will be shifting to new categories, especially when their manufacturing industries are expanded. The industrial branches eligible to grow and the technologies to be introduced are hardly likely to induce new waves of migration. Even if they were to do so, they will add more adverse effects since they are most likely to concentrate on professionals and technicians, already in shortage in the exporting countries.

37. Another aspect of movements of factors of production through regional integration is that of capital. As we mentioned earlier, the distinctive feature of the Arab Region is that it includes some of the major donor countries and institutions. The ratio of official

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aid to G.D.P. of Arab donor countries averaged 3.7% over the period 1974-1981 (Table 9). Its ratio to surpluses averaged 14.9%, and was as high as 51.5% in 1978 which witnessed a big drop in surpluses. The bulk of assistance was in the shape of grants, 70%. Loans themselves included some 78% grant element, which brings the grant element to about 90%. However, the main source of aid has been bilateral, which averaged about 85% of the total. It is mainly directed towards balance of payments support, and public budget finance.

38. Kuwait initiated the concept of a national development fund in 1961, mainly to assist other Arab countries. This was joined in the mid-sixties by Funds of Saudi Arabia and Libya, and later by Iraq, Qatar and Abu Dhabi. The AFESD started its operations as a regional fund in 1972. Arab countries contribute also to other institutions which act within the third world at large, such as the Islamic Bank, the OPEC Fund and the Arab Bank for Economic Development in Africa (BADEA). A good deal of aid from Arab countries is channeled through international institutions to which they contribute in substantial amounts.

39. At the beginning, aid was mainly directed towards Arab countries. After 1973 and the rapid cumulation of reserves, the scope was extermely enlarged to include other developing countries. Thus up to 1973, the general philosophy of aid was regional. Starting 1974, the issue took new dimensions and became related to overall cooperation among developing countries. This trend was encouraged by calls to assist in situations arising from changes in oil prices at a time when world inflation was already on its way. As a result, the share of non-Arab countries rose rapidly to over 40% and settled eventually at 60% . The share of Arab least-developed countries (subregion D) fluctuated around 20%. This meant that the share of non-Arab countries was essentially at the expense of that of subregion (C), as shown in Table (11). The further drop after 1978 of that share was brought about by suspension of aid to Egypt.

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40. The bulk of aid provided by Arab Funds was directed towards infrastructure. Transport and communications, energy (electricity, oil and gas) and water and sewerage obtained about 56% of total disbursements up to 31/12/1982. Agriculture and livestock about 15%, while industry and mining shared 17%. The remaining 12% went to other sectors, such as education, training and tourism. This means that contributions to "productive" sectors were essentially left to movements of other types of capital.

41. Since 1953 the Arab community paid a lot of attention to the facilitation of movement of Arab capital within the Region. The general argument ran as follows: Financial resources are in ample supply, especially in recent years. The problem lies on the demand side. Two major issues are raised. The first is the identification and formulation of viable projects capable of attracting finance. The second was to create a favourable environment ; providing investors with ample guarantees against economic and non-economic risks. The problem was felt by the Kuwaiti Fund, and it eventually led to the creation of the Arab Organization for Investment Guarantee. But the issue was treated on a much wider scale through the "Unified Agreement for Investment of Arab Capital in Arab Countries". Again this Agreement (like that on Trade) had undergone long deliberations over the last thirty years, until it took its final shape in 1980.

42. There is very little evidence on the flow of private capital within the Region. This has motivated AFESD to undertake a field study during this year. The results are not available yet. But one interesting feature has emerged during the early stages of the survey. It seems that the stronger movement is from deficit countries towards surplus countries, rather than the other way round. In search for safe and profitable investment opportunities, private capital has moved against the tide. The exact magnitudes and the net resultant have to await the conclusion of the survey.

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43. To conclude, capital movements within the Arab Region have been quite substantial. However their is a tendency for Arab aid to flow more and more outside the Region. Movement of private capital is still quite limited, and it seems to be flowing in the wrong direction. The bulk of aid is directed towards infrastructure in recepient countries. This is hoped to ease the pressure on their payments balances, and render productive investments more remunerative, hence capable of attracting more equity capital. The selection is made on the basis of project-by-project approach ; and projects are generally identified through national plans. Any plan coordination is a side result, emerging as an expression of preferences of donor institutions. As will be shown later, attempts to refer to an overall regional development programme were ectually frustrated. Still AFESD is trying its best to give more weight to joint ventures, or projects of regional impact.

Attempts at Plan Coordination :

44. Over the last thirty years the Arab World undertook several steps towards coordinating developmental efforts. Concepts have been changing over time, especially as achievments proved to lag considerably behind expectations. We may classify efforts under several headings :

i) Classification according to sphere. This includes :
   (a) Coordinating institutional frameworks.
   (b) Coordinating data bases.
   (c) Coordinating policies, at sectoral and overall levels.
   (d) Coordinating programmes and plans proper.

ii) Calssification according to level.
   (a) The sectoral level.
   (b) The overall level, subregional.
   (c) The overall level, regional(*).

(*) In the Arabic jorgon "national" is synonomous to Regional ; as against "domestic"or "country" level.

iii) Classification according to approach to economic integration:

(a) The trade expansion approach.

(b) The structural adjustment approach.

(c) The joint action approach.

Essentially what is strictly meant by coordination of national development plans are the activities related to (i/d) coordinating development plans, at (ii/c) the overall, regional levels, within the (iii/b) structural adjustment approach. As shall be soon illustrated, this calls for the emphasis being put on long range development and hence long range planning. Another dimension of great importance is to consider the Region and its countries in relation to the rest of the world, rather than in isolation. This has its bearing on the so-called " Global Modelling " techniques.

45. The first attempt at cooperation among Arab countries in modern ages dates back to the " Alexandria Protocol " signed on 7/10/1944, and defining its objective to be cooperation in economic, cultural, social and other affairs. This was further stressed in the " Charter of the L. A. S. " singed a year later. Due to the importance of security of the Region, and as it was felt that such security needs more attention being given to economic matters, the Council of the L.A.S. adopted on 13/4/1950 the " Treaty for Mutual Defence and Economic Cooperation ". Its seventh article called for cooperation among member countries in developing their economies, investing in their natural resources and facilitation of trade in their products, both agricultural and industrial. For this purpose a ministerial Economic Council was created to suggest ways and means of promoting such cooperation.

46. Thus at that earlier period economic cooperation was regarded as a means to strengthen the political and economic independence, recently obtained by member countries. Planning in the modern sense was not yet practiced although attempts were made to forumlate sectoral programmes. Concern was focused on issues of an institutional character. These covered amending legislations and creating

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institutions which would encourage movement of trade, transit trade, settlement of current payments, participation of capital in the finance of development projects, and removal of barriers limiting movements of persons and their rights for residing in sister countries and for being gainfully occupied therein. At that early date the concept of pan-Arab projects was emphasized. Ministers of Finance and Economy, meeting in Beirut during the period 25-31/5/1952 added to the above list a proposal for creating a joint financial institution to assist in development through financing Arab projects.

47. The basic institutional framework was constructed through adoption on 7/9/1953 of the two agreements on trade and on current payments and capital movements. As mentioned before, these two agreements were amended several times, and they took their latest form in February 1981. The financial institution was decided upon on 3/6/1957, and its capital was increased from L.E. 20 million to L.E. 25 in 1964, when Kuwait decided to participate. The project never saw light, and was replaced later by the Arab Fund for Economic and Social Development, which took some four years to start its operations in 1972.

48. The most important step was the decision on 3/6/1957 to create the CAEU as an agent for economic unity. The concept governing its treaty was the laissez-faire, laissez-passer doctrine, ensuring freedom of movements for products, factors of production and equality in economic rights, and the ultimate creation of a customs union. It aimed also at coordination of policies relating to agriculture, industry, domestic trade, money and finance, and at unifying legislations in those areas. Article 8 of the treaty spoke of coordinating economic development and formulation of programmes for the execution of joint development projects. It also defined an ultimate objective of a monetary union, and the need for coordination of fiscal and labour legislations.

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49. The Economic Unity Agreement was strongly affected by the current literature and by the experiences of Europe and Latin America. The makers of the Agreement failed to recognise that any success relaized through this approach had been achieved in cases where development, after being on its way, started to suffer from arbitrary obstacles leading to imperfect allocation of resources at the regional level. In fact, the idea was to bring about integrational efforts as levers for economic development at both the country and regional echelons. It is interesting however to notice that the Agreement embraced the major approaches to integration :

a) Its backbone was the free movement, or what has been described sometimes as the trade approach.

b) It allowed for various degrees of policy coordination, up to complete unity.

c) It stressed the concept of joint development projects, which came to take the lead afterwards.

d) And it insisted on coordination of economic development activities.

50. The ratification of the Agreement took some time. Consequently Egypt insisted in 1959 on creating a temporary Council as a forerunner of the permanent one which became active in 1964. The early activities concentrated on <u>sectoral coordination</u>, again from a basically institutional point of departure. It was decided to create a permanent technical bureau and request countries to provide it with all relevant information, data and legislations needed for coordinating <u>industrial</u> activities. The objective was to undertake studies which would reduce excessive competition and produce higher levels of integration, thus helping to bring about economic unity not only in the industrial sector, but also in other sectors as well, and thus to assist in developing individual economies and pave the way for an Arab Common Market. The LAS picked up the issue , and in 1966 it approved a proposal for creating the

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IDCAS (Industrial Development Centre for Arab States). This Centre was later transformed into a full-fledged Industrial Development Organisation to give it a higher degree of autonomy.

51. It should not be concluded that other sectors escaped attention. In fact, the Economic Council invited member countries, on 16/12/1954, to create offices concerned with the formulation of agricultural policy, whenever such units were lacking. It encouraged studies on nutrition and rural education, as well as veterinary activities and fisheries. In 1957 it drew attention to development of livestock, cooperatives, and finance of small peasants. In 1963 it created an agricultural Committee whose role was defined on 13/12/1966 to be the development of agricultural production via the coordination of agricultural plans and programmes. As a result of failure of member countries to fill in an agricultural questionnaire, the Council paid more attention to the improvement of the statistical base. It further called member countries to give prominance to agricultural planning conducive to optimum utilization of available agricultural resources, and hence increasing the quite low per capita income in the sector, and arresting the rural exodus to urban centres. In 5/2/1970 it asked for measures to be taken for the creation of the Arab Organization for Agricultural Development.

52. The year 1964 represents a landmark in the history of Arab Economic Integration. In that year the permanent CAEU came into existence, and one of its early resolutions was the creation of the ACM. Pursuing its steps towards industrial cooperation, the CAEU asked member countries to supply its secretariat with copies of their economic development plans, with the purpose of surveying such plans, and formulation of an integrated overall plan. The non-response of member countries led the CAEU on 25/9/1965 to invite them to provide the Secretariat with ten copies of their development plans and programmes and data related to them, not later

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than the end of 1965. It also directed its subcommittees to study, each, the parts of those plans related to its field of interest, and supply the permanent economic committee with their recommendations to enable it carry out an overall study. Again lack of response forced the Council to affirm its resolution in 21/2/1966.

53. In other words, those early attempts at coordiantion of national plans were of an a posteriori nature. They were refered to experts forming technical and economic committees. This approach was frustrated as a result of two factors:

a) The limited membership of CEAU. Only five countries joined at that time, namely Egypt, Iraq, Jordan, Kuwait and Syria. A few years later membership increased by two, Sudan, and Yemen Arab Republic(*).

b) The lack of response on the part of the authorities of those countries, in spite of the fact that they have already adopted socio-economic planning as a means for realizing development.

Thus Iraq and Egypt adopted sectoral programming during the fifites. By the early sixties they were joined by Syria, and other countries in formulating overall plans.

54. At this point we may stop to consider a rather unique experience in plan coordiantion. In 1958, both Egypt and Syria entered into an interesting precedent of unity, forming the " United Arab Republic ". Since Egypt was actively involved in formulating its first development plan, it sent some of its leading experts to Syria to assist in creating a planning authority. The first preoccupation of those experts was to build up the data base. Both parties of the union went ahead with their five-year plans,1960/1965, with the general common objective of doubling national income over the next ten years. Before adoption of plan proposals,

(*) At present membership includes also, Libya, Mauritania, Palestine, Somalia, U.A.E. and Yemen P.D.R.

the two parties met for coordination. It became apparent that there were wide divergences in technical structures as well as in contents. While Egyptians concentrated on the details for the first five years plan, lack of information in Syria barred such a detailed formulation. To cover for that, they came with a plan frame covering the whole ten years. Egyptians had to rush the formulation of the plan frame for the second five-year period. Eventually coordination had to be realized through a series of committee meetings. But they failed to produce tangible effects. In the ensuing annual plans little was done for coordination, apart from participation of top level officials in supreme planning committees of both regions. One of the major problems that faced Syrians was the draught which reduced the output of the main productive sector, agriculture, by more than 50% . As it happened, this state persisted until the breach of the union in September 1961. Under such conditions the main concern was to obtain assistance from Egypt to compensate for export shortage and lack of finance. In 1961 Egypt itself faced hardships with its major crop, cotton. This elected both Egypt and later Syria to be among the early beneficiaries of the new window opened by the IMF to assist its growing membership of developing countries, viz., compensatory financing. After separation, Egypt found it easy to go ahead with its original plan, while Syria discarded hers as a sign of resentment. This put a sad end to an unrepeated experience.

55. There was a growing feeling of failure of most country development plans to achieve their basic objectives. At the same time it was realized that integration cannot be actively on its way unless the trade liberalization approach was supplemented by structural adjustments. The delay in coordinating plans was considered to be due to the non-direct involvement of Planning Ministers. Hence Iraq put forward a proposal for convening a

meeting for them, and this took place in 1970. The first task undertaken by that meeting was the listing of basic principles for plan coordination. These related to :

a) adoption of consistent objectives.
b) application of criteria for specialization and division of labour at regional level .
c) giving more weight to projects strengthening regional cooperation and tying together country economies.
d) emphasizing industrial branches for coordination in the light of studies undertaken by CAEU :
   * Iron and steel,
   * Yarn and textiles,
   * Fertilizers,
   * Petrochemicals,
   * Paper pulp and synthetic silk,
   * Agricultural tractors and machinery,
   * Medecines.

   It was hoped that if those activities were planned according to regional rather than domestic demand, this would help promote regional trade and raise the degree of self-sufficiency.
e) observing both import-replacement and export promotion policies.
f) increasing degrees of interdependence among individual economies.
g) reducing dependence on outside markets, through taking into account regional patterns of consumption.
h) joint financing of some projects which were eligible for efficient joint management.
i) Creation of joint finance institutions, and appeal for the implementation of AFESD and the Investment Guarantee Organization.

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56. Planning Ministers adopted a plan of operation to implement the above objectives :

a) Creation of a unit for planning, statistics,and follow-up in the CAEU. Its functions cover :

   * preparation of long-term plan frames.
   * coordination of plans and unification of their starting dates.
   * collection of information and unification of statistical and planning concepts, in collaboration with country planners and computer centers.

b) Formation of a joint permanent committee from member countries, dealing with planning, statistics and follow-up to direct the activities of the said unit, and to derive recommedations to the attention of future meetings of planning ministers.

c) Member countries were to supply that unit with all material relating to plan coordination, either directly or through missions from CAEU secretariat.

d) The Secretariat was asked to collaborate with specialized centres and institutes and experts from member countries.

e) Planning ministers were to meet once a year at least to monitor those activities and to develop coordination activities.

57. The CAEU created the proposed unit at the end of the same year, 1970. On 8/8/1971 it requested member countries to apply the unified system of national accounts developed by the LAS. The unified dates for plans were to begin with plans starting 1975/76. The Council decided also on 1/6/1972 as a target date for a detailed analysis and comparison of current country plans, showing areas of complementarity. Another study defining principles and priorities for coordinating those plans, their programmes, investments, production, consumption, trade and policies

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conducive to economic integration, was scheduled for mid 1973. The Council also urged its sectoral subcommittees to conclude their studies and present their recommendations,not later than 1/12/1971. It asked them also to present final techno-economic studies of joint projects which would be included in country plans. On 29/3/1973, the Council emphasized the need for plan coordination, and the formulation of feasibility studies based on the objectives adopted by each member country, and on the outlook for the coordination among their economies. The guiding principles were :

a) to help the eventual achievment of economic unity, far as it may be.

b) to apply the principle of mutual benefit so as to compensate any country for the sacrifice of some joint project, by similar benefits from another, while obeserving this rule over time.

c) joint projects were to be such that they would add to growth of the economies of member countries.

58. In other words, rather than waiting for a complete coordination of plans, the CAEU, under the influence of its new secretary general, Dr. A. A. Al-Sagban, shifted its emphasis to Arab joint projects. It asked its secretariat to propose one agricultural joint project and another industrial, to set the wheel moving. As a result it decieded on 10/6/1974 to create :

a) The Arab Company for Development of Livestok, with a nominal capital of K.D. 50 millions.

b) The Arab Mining Company, with a nominal capital of K.D. 100 million.

59. At that point of time three important developments took place, namely :

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a) The emergence of the " Long-range Planning for Arab Countries" as a research group in the INPC (Institute of National Planning in Cairo).

b) The assistance provided by UNCTAD to CAEU in the shape of EIATE project (Economic Integration and Trade Expanison among memebers of CAEU). Among its major objectives was the assistance in plan coordination.(*)

c) The formulation by UNDP of a technical assistance project for Identification and Promotion of Multi-country projects. This was assumed to help mobilize financial resources, coming to be in abundance in the Region. The AFESD acted as a co-manager of that project, and some degree of cooperation took place with the CAEU in this respect.

60. The Long Term Planning group was initiated by Dr. I. H. A. Rahman (former Executive Secretary of UNIDO). The objective was to promote the application of Global Modelling and Systems Analysis techniques to cooperation and planning in the Arab region. The group got in touch with other groups in those fields and attempted to formulate its own approach. Thus in 1975 it managed to do some joint work with Mesarovitch and Guernier from the Club of Rome. The computer programme of the Mesarovitch-Pestel model was set on a computer in Cairo, and experimentations with it brought some interesting results on potentials of cooperation among Arab countries. However, the group felt need to develop working relations with the Latin American Barilochi group, who tailored their model to conditions in developing countries. In 1977, they got in touch with the AFESD with the purposes of turning into a pan-Arab group and putting their efforts in the service of actual operations agencies. The management of the Fund was ready to

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(*) This was assigned, early in 1975, to the present author in his capacity as Planning Expert and Leader of the team.

commission the sevices of the group in order to provide its technical departments with an overall view of the Region. This was considered as a means for improving the operations of identifying, formulating and evaluating projects eligible for promotion on the basis of an analysis of potentials of the Region and its member countries. However, the AFESD Board of Directors was not ready to allocate some of the Fund's resources to such scientific research projects. Eventually the group was dismantled. Some of its ex-members found an opportunity to invest their expertise in other projects.

61. It may be worth mentioning that other modelling exercises occured, but with different emphases. Thus the OAPEC, in collaboration with the Italian ENI group formulated a model of cooperation between OAPEC region and Europe. Further, the Centre of Arab Unity Studies (in Beirut) recently paid attention to the study of the future of the Arab World. The original proposal was to carry the work of the Long-range Planning group still further. Eventually it was decided to cover some major issues pertinent to the development of the Arab region. In a sense they came closer to the futuristic studies undertaken by Dr. I. S. Abdullah (Cairo) under the auspices of the UN University . These studies concentrate on projection, and have gone away far from plan coordination activities. Another chapter seems to have been closed.

62. The EIATE project set forth to examine in a more concrete way the concept of plan coordination, so far failing to produce tangible results. A few points of clarification were made. The first is the <u>inherent contradiction</u> in the concept of plan coordination. The argument runs as follows. Any plan proposal does not acquire the nature of a plan unless it is approved by relevant authorities. The trouble is that planning technicians formulate their proposals and submit them to those authorities. At that stage they are not normally at liberty to present their findings to the

outside world. Thus there is little room for coordination a priori. Once proposals are endorsed by authorities, it would be difficult to convince them to amend legislations to fit in with coordination requirements. This means again that there is little scope for effective coordination a posteriori.

63. Another point relates to the length of term involved. Facts of life indicate that a good deal of a medium-term (e.g. five-year) plan is inherited from pervious plans. This in fact leaves limited room for monoeuvring at either the country or the regional level. The issue gains further strength from the fact that integrational activities are by definition of a considerably long-range nature. If a long-range planning activity is undertaken on the regional level, it may be of great help to country authorities, who usually give the bulk of their attention to medium term planning.

64. The third point considered is the fallacy of talking about a " regional plan "(*). For such a thing to exist, there should be a regional legislative power. If its decisions are to be implemented that power should be in a position to overrule country authorities. This type of organism does not exist in the network of regional institutions. Even decisions by CAEU which possess a more imperative nature than those of the LAS Economic Council (not to mention decisions at the Summit level) are frequently ignored by member countries participating in their formulation, or even proposing them. The fact that even repeated requests for supplying mere information were not met, is quite indicative.

65. With these considerations in mind I advised to move first towards " coordination among planners " rather than coordinating plans. This was motivated by the observation that planners are mainly occupied with matters relating to their own economies, and possess

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(*) True there are so-called regional and global plans(e.g.FAO World Indicative Plan). But these are in the nature of background studies rather than plans proper.

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little or no knowledge of conditions or potentials of others. If they were supplied with ample information, their plan proposals would be closer than otherwise. The programme of operations of the CAEU Secretariat should be geared towards this objective.

66. The programme proposed may be summarized as follows :

a) To undertake country, sectoral and cross-sectional studies for the Region, in collaboration with other specialized agencies and research institutions. These would serve as bench mark studies, and may be considered in a matrix form, where columns stand for countries and rows for sectors and cross-sections. However it should be emphasized that these studies do not follow the traditional lines of e.g. IMF RED's . More attention has to be given to chapters on economic integration and cooperation.

b) As a synthesis those studies would lead to a regional study indicating areas of contradiction, gaps and potentials. At that stage, a gathering of Arab planners would provide the Secretariat with important observations.

c) Another stage would be to build up a regional model capable of expressing alternatives for development and integration. A second gathering of planners would bring out elements of a regional preference function in a more concrete shape.

d) This would then help the Secretariat in building up a long-term plan frame and a series of long-range studies of sectors and major economic variables to fit with them.

I would like to indicate here that it was on purpose to speak of long-term in one case, and long-range in others. In the latter, there is no unified term (e.g., 15 or 20 years) but several terms according to the nature of subject. Thus population may be considered over a longer term, energy on a still longer one. Education and manpower may be detailed for the next decade or two ; and so on. An overall plan would have a given " term " , and it would select from long-range studies what is relevant to that term.

67. It was considered that such a programme would engage the second half of the seventies. The objective of coordination among planners was assumed to be realized by 1980, and hence reflected in the 1981-85 plans. However, the door was not closed against other approaches. In particular country planners were encouraged to invite fellow planners from other Arab countries to discuss their plans on the eve of their endorsement. It was expected that this would persuade them to emphasize points of coordination and integration. Observations from other participants would help reduce contradictions and enhance coordination. Benefits may be multiplied if those discussions occured atclose dates, as a result of unified starting dates for all plans.

68. On 4/6/1975 , the CAEU approved the last proposal. It is interesting to notice that the approach was later adopted by world organizations, such as the UNCTAD and the World Bank. The emphasis there was on ensuring sources of finance, especially for least developed countries. At the same time, the Council invited member countries to construct long-range development planning units, with the assistance of its Secretariat. The latter was to prepare long-range projections taking into consideration findings of those units, and strategies declared at a regional level by specialized pan-Arab organizations. It was also to prepare development alternatives which help to realize country and regional objectives. Finally it asked the Secretariat to prepare a methodological study to eliminate discrepancies among planning concepts and practices.

69. Later the same year the Council approved the detailed programme of work. This included :

* Holding a symposium on long-range planning. This took place early 1976 in collaboration with the INPC (The long Range Planning Group).

* Undertaking country, sectoral and cross-sectional studies.

* Follow up of current plans and evaluation of development achieved during the first half of the seventies.

* Participation in discussing plan projects of member countries.

* Indentification and promotion of joint ventures.

* Coordination of planning concepts and techniques.

* Engagement in long-range planning.

* Formulation of long-range projections.

* Model-building.

The Council decided to unify plan periods starting from 1981. On 15/6/1977 it requested member countries, to provide the Secretariat with necessary information . As a result of rapid manpower movements the Council emphasized the importance of manpower development , and of the optimum allocation of labour force . Again realizing the increasing shifs of financial resources outside the Region , the CAEU asked on 7/6/1978 for the detailing of sources of financing the Arab plan proposal .

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It also invited all Arab financial institutions to contribute to the financing of projects in country plans , especially those of a joint nature and those assisting in integration. One year later the Council asked for the presentation of the frame for a joint Arab plan, and definition of sources of finance, means of execution and techniques of follow-up. The plan frame would take care of economic integration while observing the specific conditions of Arab countries. At the end of 1979 the Council invited all Arab countries (and not only memebers) to provide its secretariat with documents on their 1981-85 plans before actually launching them to enable the secretariat preparing its views on areas of coordination and complimentarity.

70. Here again efforts seem to have been fading away. Both plan coordination and joint ventures were giving way to another approach: The joint action approach. This approach derives roots from partial attempts to define rules of action in specific areas of joint action by means of so-called "strategies". Thus the CAEU defined by the end of 1973 what it considered as a strategy for Arab Economic Action. The purpose was to emphasize the need for a closer economic integration and the imperativeness of ultimate economic unity. Its resolution listed the various approaches to integration and indicated the possibility of other Arab countries joining the CAEU, selecting one approach or more. In 1974-1975, the Arab Labour Organization presented what it considered as an Arabic Startegy for economic development. Ministers of industry approved in April 1974 the principles of an industrial development strategy. Education ministers adopted a strategy in their own field.

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71. The Economic Council of LAS felt that those strategies were formulated in the absence of an overall strategy, hence liable to be contradictory. Further as Arabs engaged in various dialogues, they felt the need for a clear vision of their own strategy vs. the rest of the world. Hence it decieded early 1975 to undertake a study on the strategy of Arab joint economic action. A committee of experts-sometimes called the committe of twenty, according to its size - was formed. In 1978 a pan-Arab conference was arranged in Baghdad in collaboration with the CAEU and the Arab Economists Association. About 150 experts joined, and many presented papers and studies relating to overall strategies and issues of sectoral nature up to the end of the century.

72. From the outset it was clear that expert views differed widely. The head of the LAS economic department defined the general objectives of regional cooperation as being to increase the strength of the region against the common enemy and to accelerate development to achieve acceptable economic and social levels in a framework of social justice and active participation of peoples. For this purpose there was need for :

* mobilization of Arab human, natural and financial resources for development of the whole region.
* industrialization should be the backbone of economic growth.
* attention should be given to agriculture and particularly to closing the food gap in a world suffering from food shortages.
* least-developed countries should receive a preferntial treatment.
* while regarding manpower as the primary motivator of economic activity and treating human welfare as the basic goal of development .
* the need to catch up with technological development, and to adapt it to the region's needs.

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We have to keep these directives in mind to compare them with the conclusions of intensive work over a period of five years. He then emphasized the need of participations from all concerned with public life at all levels. He also invited a sober evaluation of past experience, and indicated the need for examining all possible alternatives without any prior bias. This meant, among other things, evaluating alternative means to integration, such as common markets, sectoral coordination, joint projects, specialized federations,etc...

73. What happened is that experts were divided into two major schools and several minor ones. One school believed in the need for an integrated overall approach, while the second were content with partial treatments. The first school indicated that mankind has reached a point where the third world should divorce itself from historical patterns of development, and look for a new framework based on more balanced cultural and political systems for the individual and society. The Arab World,being a part, should define overall and comprehensive objectives beyond economic sectors, to cover its genuine culture, political existence and behavioural patterns. It should select its optimum development paths making use of a unique incident, namely the availability of financial recources. This group gave the term "Strategy" its full meaning: It should be comprehensive, bringing development into its proper context of human life in all its aspects, and it should suggest future paths of action and weigh them against objectives.

74. The other group of thinkers, belonging to the partial outlook school, did not question the importance of global issues, but indicated that this may be time-consuming. By the time agreement is achieved favourable chances may have evaporated for good. Real developmental patterns may require actions difficult to implement in the forseeable future. For example, there is little that can be immediately done to reduce dependency on technologies developed by industrial countries. The main concern should be to introduce new

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mechanisms which render a better allocation of resources, not only feasible, but also politically desirable, through creating vested interests in cooperation for all parties concerned.

75. The partial outlook school was subdivided into a number of sub-schools. One group were happy to confine research into the peculiar and unrepeatable phenomenon of the temporary abundance of financial resources. Their theme was to suggest actions that would utilize those resources to maximize development of the whole region. Another noticed that past experiences in integration lagged considerably behind aspirations. They set themselves to evaluate them and come out with practical solutions. A third group, though sharing the same opinion noticed that modest as they were, those achievments brought about what may be considered as a small joint sector. They would be happy to suggest ways and means of letting it grow in the future without any illusions about its size. They shared with the first sub-school the view that achievments have centred around joint finance, and that this latter may be pushed ahead still further.

76. One important implication of the partial outlook was the lack of agreement on long-term goals. Once development and transformation of society were subdued, there existed a vacuum. It is inherent in the "what-could-be, rather than what-should-be" approach, a pessimistic attitude towards the possibility of securing political will around broad aspirations. It followed that to mobilize such will there was need to bring in some threats to the mere existence of political entities. Hence the term "<u>Security</u>" came to take the lead. Threats to security in various aspects of life were considered as prime motivators to achieve unanimity of opinions on joint action.

77. The final document came out as a synthesis, paying lip-service to overall objectives and listing what may be considered as priorities for the period 1981-2000. <u>Objectives</u> stated were :

a) Liberalization of man and his capabilities to participate in the development process and to enjoy its fruits.

b) National security, including cultural, military, food and technological security.

c) Confrontation with the imperialistic Zionist entity, which is closely tied to world monopolies, and whose expansionistic attitudes threaten the Arab existence itself.

d) Accelerating comprehensive development, through collective self reliance, and the achievement of ample levels for sectors and areas providing for the expanding basic needs.

e) Reducing the development gap among and within countries of the region.

f) Pushing integration towards unity, and hence bringing about basic adjustments in Arab economies and enhancing economic interdependence.

g) Setting up a new Arab Economic Order, capable of realizing the integration necessary for comprehensive development, and producing a pattern of division of labour which helps Arab countries to develop and to overcome external dependence. This would help in building up a New International Economic Order, aiming at reducing dependency, stoping the drain of the third world wealth and creating just and equitable economic relationships.

These objectives look big, and may be taken as an endorsement of the views of the first school.

78. When we come to priorities for the next two decades, we fall in the realm of the second school. Consistency is achieved by stating that priorities are limited to areas of greater weight in joint action. Other activities may be introduced later, or even within the initial period if resources so permit. The list of <u>priorities</u> runs as follows :

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a) Realization of military security for the Arab World, through strengthening its capabilities in all related fields.

b) Development of human resources and the labour force, and ensuring its mobility in response to the needs of member countries; maintaining labour force within the region and expanding employment of Arabs to reduce dependence on foreign labour.

c) Acquiring technological capabilities, and adaptation of appropriate technology through encouraging all country and regional activities in this field, and adapting them to the needs and strategic objectives of the Arab world, including national security and basic indusrtialization.

d) Realization of food security through the highest level possible of independence in satisfying the basic food needs. This includes increase in production and productivity, reduction of waste at all stages, and improvement of terms of exchange within the region and with the rest of the world.

e) Rationalization of energy through adapting oil policy to regional objectives, a better utilization of available resources of energy, and intensive cooperation in the search for substitutes.

f) Provision for basic industrial structures and development of pivotal industries :
   * military industries,
   * basic industries,
   * engineering industries, especially production tools,
   * oil industries, petrochemicals and chemicals,
   * agrarian industries,
   * building~~s~~ materials industries.

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g) Directing joint action towards cooperation in planning for development of infrastructures, and implementation of its primary units : grids for electricity, communications, transport, scientific education and practical training. These have to cater for national development and the restructuring of the Arab economy.

h) Coordination of commercial, monetary and capital relationships with the rest of the world, and gearing them towards serving the fundamental Arab causes, and the realization of the highest yield.

i) Liberating the financial sector from its absorption in the world financial markets,channeling savings towards development and providing the monetary and commercial bases for joint action.

j) Creation of a national planning activity which will be responsible for the formulation of a joint plan and its follow-up . This planning would be imperative in areas of joint action, and indicative otherwise, hence country planners could coordinate their plans through refering to it. This activity should be in continuous five year planning, starting from 1981. For this purpose there is need for unification of data bases, social accounting systems, planning techniques, raising the efficiency of planning agencies, techniques of evaluating projects at the regional level, and development of methodology for coordinating country plans to the regional plan. The need for a long-range plan based on a regional development strategy, as a framework for medium-term plans, was also emphasized.

79. To implement the strategy a regional plan for joint action was to be formulated, where the Economic Council's Secretariat would assume the role of central planner, and the other Arab organizations act as sectoral planners. The plan was to be eventually submitted to the summit meeting for approval. The plan should be implemented by Arab organizations,according to the preferences of

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each country. Follow-up is to be undertaken by executing agencies, national organizations and the Economic Council. The document called also for strengthening of joint action organisms, especially the AFESD and the AMF, implementation of national agreements and coordination of activities of national institutions. Member countries were asked to bring issues of joint economic action closer to the centre of decision-making, and to ensure consistency in views regarding various aspects of that action.

80. The strategy was refered to a group of official experts which met in Habaniya (Iraq) early 1980, and was consequently approved by the Economic Council. Eventually it was endorsed by the eleventh summit meeting held in Amman (Jordan), in November 1980. Before pursuing what happened in planning for its implementation, we should mention two incidents which are indicative of the confused state of mind concerning the scope and effectiveness of the strategy. The first relates to the views of the Iraqi government, expressed during the Habaniya meeting and further elaborated in the 1980 summit meeting. In the latter meeting, Iraq submitted a proposal for what it called the Joint Arab Development Decade. The main idea of the proposal was to allocate a sufficient amount of money, to be channeled through Arab funds and joint holding companies, for the purposes of accelerating development during the eighties, especially of least-developed countries. In fact, if that was the purpose, then the proposal should have been considered as an integral part of the programme of implementation of the strategy. On the other hand, if that programme was not considered capable of catering for the suggested objectives, then there is something wrong with the strategy, and an amendement was in order. But the two documents were presented to and endorsed by the same summit meeting. Heads of states reduced allocations from \$ 10-15 billions to \$ 5 billions, They had

in mind that the implementation of the strategy would add further financial burdens, and they started to fear their resources would be dried out in pouring into an endless pot. The net outcome was that neither was implemented!

81. The other source of confusion was the attempet of the Secretariat of the LAS to meet the directives of the 1979 summit meeting (held in Tunis) concerning improvement of economic relations among Arab countries and with other regions, and the NIEO. Among the papers prepared on these topics was a proposal for a "Charter of Regional Economic Action". This included :

* neutralization of economic action, to avoid harmful reflections of political differences.

* preferential treatments for Arab products and products of joint Arab projects.

* the Arab economic citizenship, ensuring Arab capital and other production factors rights equivalent to those of citizens; and liberating the movements and rights of Arab labour.

* rapid reduction of developmental and income gaps among and within Arab countries.

* adoption of regional planning for joint Arab projects as a means of ameliorating and regulating joint action, with full recognition of the joint economic action strategy, and the joint Arab development decades, and plans based on them. Countries were asked to include in their development plans an allocation of a given proportion of resources for financing projects of the regional plan.

* collaboration in financing common Arab needs especially with respect to national security, development of human resources and infrastructure.

* reconsideration of collective agreements in order to increase their effectiveness.

.../...

* precepitating the measures mentioned in the AMF agreement concerning settlement of current payments, and the expansion of use of the Arab accounting dinar, and paving the way for creating an Arab monetary zone.

* liberation of trade flows to help build up an integrated productive base, while giving joint integrative projects a preferential treatment vs. foreign projects with respect to finance and marketing. Entering world markets in a collective manner, according to a collective bargaining strategy, and elaboration of a regional storage policy for goods of strategic importance.

* improving the structures of joint action organizations, to raise their efficiency and ensure coordination among them, and their fufillment of tasks assigned to them by the joint action strategy.

* and in all their actions, member countries should bear in mind the ultimate goal of an Arab economic unity.

Other parts of the Charter refer to relationships with other regions and the creation of a new economic order, bearing in mind closer cooperation with the third world.

82. In a sense the Charter emphasized aspects of the strategy, and it may be claimed that the contents could have been taken care of through rephrasing the latter. However, the confusion we refered to arises from the treatment of the concept of planning. The Charter while recognizing plans emerging out of the strategy, introduced a new concept that was not proposed by the experts preparing it. Instead of mentioning planning with respect to joint action, the Charter now calls for planning of joint projects. Thus we are faced with three concepts of "regional" planning :

a) Rrgional (or joint) development planning, which is a subset of the strategy.

.../...

b) Planning of joint action according to the strategy.

c) Planning of joint projects according to the Charter, and reduction of the imperative component to finance earmarked for the projects of that plan.

83. This created some sort of a topological problem which can be illustrated as follows :

Actions related to	Areas of Joint Action			Areas of a domestic (country) nature
	included in regional plan		not included in plan	
	joint projects	others		
Development	a	b	d	f
Others	--	c	e	g

The joint action plan covers the cells a,b,c. Out of these, (a) are joint projects in areas of priority of the strategy. The part (b) may include other types of projects (e.g., country projects) which are relevant to the plan. On the other hand part (d) includes other joint and country projects in areas not covered by the plan (e.g., construction which was not included in priorities). Both (b) and (d) include types of joint action other than projects. The strategy covers cells(a),(b) and (c). Development shares(a) and (b) but includes (d) and (f) as well. This means that joint action is not a proper subset of development. Being one of the areas of priority of joint action, development planning is in principle a subset of it, which introduces logical inconsistency. A true overall strategy, on the other hand would cover all above celles, from (a) to (g), hence the development strategy itself.

.../...

84. This was the difficult situation which I faced as the head of a group formed to formulate the first joint action plan. The point may be illustrated with respect to one single detail, size and finance of the plan. In the absence of information on the size of a joint development plan, and of the volume of resources available for its finance, the size proposed for the joint action plan may look out of order. The point was resolved arbitrarily by assuming reasonable rates of growth and investment for the whole region and relating joint action to them. Actions in the form of projects were assumed to be around 10% of total investments. Those which essentially take the form of current expenditure on research were assumed to be 50% of allocations to research. These latter were assumed to gradually grow to become 1% of regional G.D.P. This led to a size of $ 62 b. It should be born in mind that not all this amount had to be provided as extra funds. The plan covers a wide range of activities, including projects of a country nature but of joint impact. The trend of assistance within the region gives an estimate of $ 17.6 b. for the five years 1981-85. Further some $ 3.5 b. may be directly financed by the countries concerned, being donor countries. This brings the size to $ 21.1 b., including the 2.5 coming from the development decade allocations. This provided a minimum of one third of the former estimate.

85. Another problem emerged as a result of the nonresponse of member countries to appeals to provide the secretariat of LAS with information on joint actions to which they would participate. A similar attitude was followed by Arab specialized agencies which did not allocate any of their resources to the identification of activities for the first plan. Ultimately the expert gorup had to rely on previous programmes proposed by those organizations. It turned out that even in cases where such programmes were approved by respective ministers or boards,

they were not brought to the attention of ministers of finance or planning. The result was that when the plan frame was presented to the Economic Council, it hardly gave any directives, but it asked for project proposals, with some indication in favour of the lower limit of the plan size. When those proposals were presented in the shape of project data sheets, two objections were raised : The first is that not all projects represented are joint projects. The second it was not accepted that proposals should be presented to the Council from a group of experts without direct involvement of country planners. Problems of sovereignty seemed to be at stake.

86. It may be claimed that the preceding paragraphs represent a digression from the subject matter of this paper. However, they help to reflect the state of mind regarding coordination of plans. Surplus countries had been leading the way out of a regional coordination. Their line of thinking seems to be along the following lines :

a) In spite of their endorsement of regional documents relating to joint action, including acceptance of regional planning as a means for mobilizing efforts and precipitating development, they have overtly expressed their refusal of the concept "regional planning". They seem to resent opening a gate inviting undersirable economic systems. They equally refuse any proposals which may be suspected to push public enterprises ahead of private ones.

b) They consider their peculiar situation to be of their own concern, and should not be left for regional institutions. In line with this thinking some of them formed the GCC, in which the weight of Saudi Arabia is quite marked.

c) Relations with the rest of the Region may be defined through general agreements (ensuring free trade and free capital movements) and through joint projects. Beyond that any cooperation or integration is to be the subject matter of deliberations of regional institutions, which are not to obtain any prerogatory rights.

d) The selection and implementation of those joint projects is not to be left to regional institutions. Final say should be to the donor countries through their Funds.

e) In general, joint actions should not supersede bilateral relationships. As mentioned before, the bulk of assistance was through bilateral channels. In spite of decisions included in documents such as the Strategy and the Charter to strengthen the multilateral funds, the AFESD and the AMF, it needed some extra efforts to gain some increase in their capitals.

f) Even projects to be financed through allocations to the "Development Decade" were subject to be selected according to criteria agreed by donor countries with no interference from regional agencies, including the Economic Council and the Summit conferences.

87. This brought the ambitions and efforts of past years to an end. In spite of missions sent by the LAS Secretariat to countries to discuss contents of the joint action plan, and the adjustments introduced in that paln, the whole project entered deep freeze. As a cover for retreat, the Economic Council decided to go ahead with one of the priorities to avoid delay. It decided to urge the relevant organizations to propose food security projects. Later, it requested financing institutions to give those projects appropriate considerations, within their normal practices of operation.

88. It is interesting to notice that Arab thinkers were disillusioned about outcomes. During our meeting in Amman, 1980, as a group of experts preparing the studies to be presented to the next summit meeting, we did not hesitate to agree with H.R.H. Prince Hassan,

Crown Prince of Jordan, that there was need for a think-tank which would help to convey to decision-makers the possible paths of action needed to achieve national objectives. Consequently the ATF (Arab Thought Forum) came into existence under the chairmanship of H.R.H. The forum is at present considering ways and means of approaching decision-makers and affecting their attitudes.

Concluding Remarks :

89. The present paper has attempted to place the issue of plan coordination in the proper contexts of development and integration . The first part indicates that, though the Arab Region shares with the rest of developing world many symptoms of underdevelopment, it does possess peculiarities of its own. The second part dealt with certain aspects of economic integration. Here again factor mobility seems to have superseded trade flows. Nevertheless that mobility has escaped proper integrative systems. They may have even worked in opposite directions. But there is still ample room for more fruitful areas of integration.

90. The third part has probed into the history of cooperation in relation to development over the last thirty years. It has been indicated how emphasis gradually shifted from general agreements and institutional coordination to trade liberalization, sectoral harmonization and full-fledged plan coordination. Lack of achievments and the rapid flow of financial resources led to a shift towards so-called joint projects. Even when attempts were made to broaden the scope and embrace all facets of joint action, there was insistence on joint projects.

91. One may be tempted to investigate more closely the concept of joint projects. The subject was dealt with in a conference held in 1974 in Cairo by the CAEU. Several studies appeared, and other conferences were held. The last of these was one prepared by the AFESD and the Arab Planning Institute in Kuwait, March 1983. Its

.../...

purpose was to supply heads of Sectoral Federations with methodological and practical issues relating to their role in the preparation of the joint action plan. Addressing that gathering on methodological issues I observed that there were various meanings for the term "joint project" :

a) The most popular one is the one relating to finance, where more than one country provide equity capital, and assume accordingly some role in management. This seems to be the meaning which settled in the minds of those who limited joint action to such projects.

b) The Economic Council, at one point, adopted a meaning devised by its secretariat. Projects to be included in the plan were those of a joint nature. Strictly speaking this would limit the scope to projects along the borders of adjacent countries, mostly in infrastructure (e.g., common water resources, electricity grids, pipelines, etc.).

c) A third meaning would be projects that help achieve a joint or common objective. For example all projects contributing to food security may be considered joint in this sense.

d) In fact the Strategy, at places, introduced a different concept, namelly those projects which help create mutual interdepence among Arab economies.

92. It seems that the secretariat of the CAEU which played an important role in fostering joint projects adopted an enlarged version of the joint finance concept. A joint project is a project in which two or more Arab countries participate. Participation may be in the shapeof financial or physical assets, land, a given technology, management, etc. The whole idea was motivated by the early successes of the RCD (Iran, Pakistan, Turkey, Starting 1964). At any rate the purely financial concept is a red herring. A certain project may succeed in attracting multilateral finance. A

posteriori it may be considered joint. What is relevant to the discussion is the other features of the project which justify a priori considering it joint, hence capable - among other things- of attracting joint financing.

93. The above is not intended to add another chapter to this essay. What I am driving at is to question the possibility of a more effective plan coordination if the joint-project school takes the lead. Going back to the history of the subject, we notice that the main "joint companies" created mostly under the auspices of the CAEU are nothing more nor less than joint holding companies. They took the shape of a specialized fund, to which certain financial assets were allocated. As time goes on, those companies are assumed to create enterprises in their fields of specialization, fields which had been selected because of their regional importance. The actual legal status of each of those enterprises may depend on conditions acceptable to the authorities of countries hosting them. But the fact remains that as the number of joint(holding) companies increases, more dispersion of the decision-making process takes place. Suppose that such enterprises were jointly managed. Decisions from the mother company, profit-oriented by nature, may contradict with those of country planners, in areas of investment, production, employment, wages, prices and trade. Such contradictions are not theoretical. In a country like Egypt, for example, some of the above aspects have brought about waves of adverse effects. A single aspect like wage rates in joint investment companies has shaken the whole economy, carrying with it mal-income-distribution effects.

94. Thus we soon have another facet of the problem of sovereignty. Capital-abundant countries managed to frustrate regional planning efforts on the basis of preserving their own sovereignty. Their insistence on confining cooperation to joint-finance projects eventually forces capital-short countries to adjust their legislations

.../...

and tailor their economies to the conditions acceptable to joint invstors. This brings in the worst aspects of multi-nationals without necessarily bringing in the benefits sometimes ascribed to them. In fact this was one of the main arguments presented by Iraq in their paper on the development decade. Unless some central agency like the CAEU or the LAS is building up an approved regional plan, defining clear roles to the so-called joint companies, both country and regional interests are liable to be lost in the jungle.

95. It seems, therefore, that there is great need for constructive work in planning at the regional level, whether liked or not. This may be implemented by some non-official body, such as the Long Term Planning Group for Arab Countries. Experience has shown that over-emphasis of formulation and measurement of common objectives may frustrate the efforts of such a group. What they do need is a break through in techniques of projection and planning at a regional level. Other types of research such as those of the UNU or the Centre of Arab Unity Studies would provide valuable inputs . But eventually there would be need to put pressure on decision makers. The ATF may be of help. But a legal father should be there. I think that the secretariat of the Economic Council, having lived and believed in the issue for quite long, is eligible to patronize the new project. This is not meant to ignore the role of the secretariat of the CAEU. But it is a fact that this institution has been more and more thrown in the shadows. Their long-standing will to build up a regional plan (and to see that it is imperative) had been calmed down by lack of resources. There may be a point in the very near future that this institution is dissolved in the Economic Council to save money!

96. While the major oil producing countries lying around the Gulf have recently devised a formula for their own cooperation, they

soon have to come out in the open space. Expected developments in oil during the eighties may soon dry up surpluses except for one or two countries at most. They are now in a better situation to appreciate the need to diversify their economies and multiply their sources of income. The main way out is industrialization, with all its technological and social impacts. But this means securing markets. It will be soon proved that general agreements such as those relating to trade and capital movements are necessary but not sufficient. If this is the case, then there will be hope that they will eventually join neighbouring countries in appreciating the need for proper planning and plan coordination.

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Table (1) : The Arab Region ; Basic Indicators , 1980 :

Country and Subregion	Area '000 Square kms.	Population ('000)	G.N.P. $ per Capita	Life Expec. at Birth (years)	Income Expec. at Birth ($ 000)	Energy Consum. kgm.per capita
Bahrain	0.6	344	5 560	63	350	6 254
Kuwait	17.8	1 374	19 830	69	1 368	6 573
Oman	212.5	984	4 380	51	223	1 435
Qatar	11.0	243	26 080	63	1 643	8 754
Saudi Arabia	2149.7	9 229	11 260	53	597	3 461
U. A. E.	83.6	983	30 070	65	1 955	6 067
Subergion (I)	2475.2	13 157	13 170	56	764	4 000
Iraq	434.9	13 025	3 020	57	172	1 305
Jordan	97.7	2 092	1 420	66	94	792
Lebanon	10.4	2 452	1 660	68	113	979
Palestine	27.1	..	..	..	..	..
Syria	185.2	8 979	1 340	65	87	867
Yemen, Arab R.	195.0	5 225	430	42	18	116
Yemen, P.D.R.	333.0	1 858	420	45	19	244
Subregion (II)	1283.3	33 631	1 825	57.5	108	890
Djibuti	22.0	352	480	44	21	197
Egypt	1001.4	40 085	580	56	32	362
Somalia	637.7	3 914	350	44	15	90
Sudan	2505.8	18 371	410	46	19	73
Subregion (III)	4166.9	62 722	515	52	27	260
Algeria	2381.7	18 919	1 870	56	105	575
Libya	1759.5	2 978	8 640	56	484	1 824
Mauritania	1030.7	1 634	440	43	19	244
Morocco	446.6	20 182	900	56	50	263
Tunisia	163.6	6 354	1 310	60	79	559
Subergion (IV)	5782.1	50 067	1 765	56	99	610
Total Arab Region	13707.5	159 577	2 225	55	127.6	780

<u>Sources</u> : U. N. Statistical Abstract - The World Bank - OAPEC
U. N. ECWA : Demographic and related Socio - economic Data Sheets.

Table (2) : Arab Region , GDP and its Structure :

Country	Sector Shares (%) , 1980						GDP at Factor cost ($ m.)
	Agri-culture	Extr - active	Other Indus.	Const - ruction	Distrib-ution	Other Services	
Kuwait	0.2	70.0	6.3	2.5	9.4	11.6	27 280
Libya	1.6	64.7	3.0	8.8	9.9	12.0	33 025
Qatar	0.7	63.5	4.9	8.8	15.8	6.3	6 131
Saudi Arabia	1.2	62.7	4.4	11.0	10.4	10.3	116 597
U. A. E.	0.7	63.5	4.9	8.8	15.8	6.3	30 067
Subregion (A)	1.1	64.0	4.5	9.2	11.1	10.1	213 100
Algeria	6.3	36.1	12.1	12.0	16.7	16.8	38 541
Iraq	7.2	63.3	5.8	3.8	9.5	10.4	35 809
Subregion (B)	6.7	49.2	9.1	8.1	13.3	13.6	74 350
Bahrain	2.1	28.1	15.0	13.2	24.6	17.0	3 255
Egypt	26.2	14.0	15.9	4.3	19.3	20.3	18 308
Jordan	7.7	4.5	15.2	9.9	38.2	24.5	2 552
Lebanon	8.5	..	18.5	3.4	39.7	29.9	3 985
Morocco	18.5	4.9	20.0	6.8	23.3	26.5	17 642
Oman	2.0	69.2	1.7	5.5	9.5	12.1	5 279
Syria	20.9	..	20.9	6.1	33.6	18.5	12 905
Tunisia	16.4	12.6	14.8	7.7	27.4	21.1	7 394
Subregion (C)	17.8	12.7	16.7	6.2	25.1	21.5	71 320
Djibuti	3.1	..	9.7	7.3	51.2	28.7	348
Mauritania	23.4	13.7	6.3	7.9	20.4	28.3	640
Somalia	60.6	0.4	7.6	3.0	19.6	8.8	1 424
Sudan	37.6	0.1	8.0	5.5	34.3	14.5	7 190
Yemen , A.R.	33.7	1.5	7.0	9.8	27.7	20.3	2 247
Yemen , P.D.R.	12.1	0.2	12.8	9.8	35.5	29.6	540
Subregion (D)	36.7	1.1	7.9	6.3	31.3	16.7	12 389
Total Arab Region	6.6	49.1	7.9	8.3	14.9	13.2	371 159

Source : AMF and others : Unified Arab Economic Report - 1982.

Table (3) : Arab Region , Structure of Final Demand , 1980 :

(% of GDE)

Country	Final Consumption		Domestic Saving	Gross Investment	Exports of Goods &Services	Imports of Goods &Services	Gross Expenditure ($ m)
	Private	Public					
Kuwait	23.2	11.6	65.2	11.2	91.0	37.0	27 280
Libya	22.1	22.6	55.3	22.5	70.2	37.4	33 025
Qatar	4.2	10.2	85.6	15.5	93.9	23.8	6 041
Saudi Arabia	18.2	22.8	59.0	25.8	67.9	34.7	116 166
U. A. E.	17.3	10.9	71.8	28.4	77.9	34.5	29 626
Subregion (A)	18.9	19.3	61.8	23.5	73.4	35.1	212 138
Algeria	45.4	14.2	40.4	41.7	36.5	37.8	40 600
Iraq	26.6	12.6	60.8	31.6	70.9	41.7	39 787
Subregion (B)	36.1	13.5	50.4	36.6	53.5	39.7	80 387
Bahrain	61.0	15.0	24.0	9.3	132.5	117.8	3 255
Egypt	63.4	14.2	22.4	27.9	33.1	38.6	23 196
Jordan	86.6	30.0	- 16.6	41.0	53.2	110.8	2 908
Lebanon	98.1	21.0	- 19.1	20.4	34.1	73.6	3 985
Morocco	66.0	22.5	11.5	21.8	19.0	29.3	17 642
Oman	17.4	22.4	60.2	24.1	71.0	34.9	5 279
Syria	66.9	23.5	9.6	25.1	18.3	33.8	12 905
Tunisia	60.8	15.1	24.1	27.4	41.7	45.0	8 570
Subregion (C)	63.7	19.3	17.0	25.0	36.0	44.0	77 740
Djibuti	68.8	30.4	0.8	8.0	36.7	43.9	404
Mauritania	72.1	28.0	- 0.1	32.2	29.2	61.5	691
Somalia	79.3	25.2	- 4.5	17.7	13.5	35.7	1 513
Sudan	85.4	11.6	3.0	14.9	7.1	19.0	7 890
Yemen, A.R.	102.0	18.4	- 20.4	43.9	6.7	71.0	2 612
Yemen, D.R.	98.0	41.6	- 39.6	48.9	11.9	100.4	668
Subregion (D)	87.3	17.2	- 4.5	23.0	10.0	37.5	13 778
Total Arab Region	34.0	18.0	48.0	26.6	59.4	38.0	384 043

Source : Same as Table (2) .

Table (4) : The Arab Region , Resource Gap , 1980-82 :

($ million)

Subregion	Foreign		Domestic		The Gap
	Exports	Imports	Savings	Investment	
(A)	155 691	74 489	131 043	49 841	81 202
(B)	42 990	31 930	40 543	29 483	11 060
(C)	27 948	34 183	13 251	19 486	- 6 235
(D)	1 373	5 167	- 627	3 167	- 3 794
Total , 1980	228 002	145 769	184 210	101 977	82 233
(A)	153 765	86 549	126 314	59 098	67 216
(B)	24 221	34 657	18 762	29 198	- 10 436
(C)	30 956	42 029	12 846	23 919	- 11 073
(D)	1 673	5 814	- 974	3 167	- 4 141
Total , 1981	210 615	169 049	156 948	115 382	41 566
(A)	128 855	91 755	105 308	68 208	37 100
(B)	21 180	33 978	22 691	35 489	- 12 798
(C)	26 305	39 253	9 567	22 515	- 12 948
(D)	1 567	5 718	- 712	3 439	- 4 151
Total , 1982	177 907	170 704	136 854	129 651	7 203

Source : AMF and others : Unified Arab Economic Report, 1982, 1983.

Table (5) : Inter- Regional Trade (% of Total Arab Trade)

Subregion	Ratios of Exports to Region's Total I	II	III	IV	Total	Ratio to Total Exports of Subregion
I	23.52	5.35	0.57	0.80	30.24	3.26
II	18.90	20.17	4.02	2.81	45.90	23.80
III	4.63	4.66	3.65	2.17	15.11	11.75
IV	0.05	0.59	0.94	7.17	8.75	1.79
Total, 1971 - 72	47.10	30.77	9.18	12.95	100.00	5.75
% of Total Imports	16.76	11.87	6.23	3.50	9.45	(7.15)
I	33.95	8.45	6.14	1.15	49.69	3.47
II	18.77	8.50	3.98	6.42	37.67	13.44
III	2.41	1.68	0.85	1.43	6.37	11.88
IV	0.10	0.38	1.72	4.07	6.27	1.55
Total, 1974 - 75	55.23	19.01	12.69	13.07	100.00	4.60
% of Total Imports	20.23	8.28	10.94	3.92	10.51	(6.40)
I	37.60	19.26	4.34	4.59	65.79	4.68
II	8.88	11.15	0.38	4.95	25.36	8.24
III	3.36	2.26	0.34	0.32	6.28	18.18
IV	0.33	0.89	0.07	1.28	2.57	0.66
Total, 1979 - 80	50.17	33.56	5.13	11.14	100.00	4.68
% of Total Imports	9.63	12.46	7.50	3.84	8.71	(6.09)

Regional breakdown same as in Table (1). Source, see below.

Table (6) : Relative Importance of ACM Trade :

Period	Ratio of Inter-ACM Trade to the Trade of ACM Countries with: Arab Countries		The Whole World	
	Exports	Imports	Exports	Imports
1971 - 1972	36.4	36.0	3.8	3.6
1974 - 1975	30.5	24.4	1.5	1.8
1979 - 1980	49.3	42.8	3.4	3.6

Source : AMF : Foregin Trade for Arab States, 1971-1982.

Table (7) : Total Exports by Commodity Groups, 1980 :

Country	Value of Total Exports	Distribution of Total Exports (%)				Share of Regional Exports
		Food & Beverages	Crude Materials	Mineral Fuels	Other Goods	
Bahrain	3 602	1.1	0.2	88.9	9.8	25.9
Kuwait	20 421	0.5	0.2	92.6	6.7	8.7
Oman	3 295	0.4	..	99.6	..	0.4
Qatar	4 465	..	..	100.0	..	2.5
Saudi Arabia	102 112	..	..	99.9	0.1	3.9
U. A. E.	20 516	1.3	0.2	94.8	3.7	3.6
Subregion (I)	154 411	0.3	0.1	98.0	1.6	4.9
Iraq	26 346	0.4	0.1	99.2	0.3	4.1
Jordan	574	17.0	29.2	0.2	53.6	49.9
Lebanon	1 129	20.0	4.9	0.3	74.8	58.0
Syria	2 108	4.2	10.3	78.9	6.6	7.0
Yemen, A.R.	23	26.5	6.2	..	67.3	28.5
Yemen, P.D.R.	472	5.3	2.7	91.6	0.4	37.5
Subregion (II)	30 652	1.8	1.6	92.1	4.5	7.7
Djibuti	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Egypt	3 047	6.2	12.6	61.5	19.7	12.0
Somalia	141	84.2	7.2	..	8.6	73.4
Sudan	542	22.2	72.1	..	5.7	34.7
Subregion (III)	3 730	11.5	21.1	50.2	17.2	17.6
Algeria	13 662	0.9	0.4	98.0	0.7	0.1
Libya	22 574	..	..	100.0	..	0.5
Mauritania	240	17.8	64.2	..	18.0	0.3
Morocco	2 450	26.9	42.6	4.9	25.6	4.6
Tunisia	2 201	3.6	6.0	53.3	37.1	4.0
Subregion (IV)	41 127	2.2	3.4	90.6	3.8	0.8
Total,						
$ million	229 920	2 305	2 771	218 681	6 163	10 923
Percentages	100	1.0	1.2	95.1	2.7	4.75

Source : AMF: Trade Among Arab Countries , 1971-1982.

Table (8) : Comosition of Total and Economaically Active Populations, Subregion (I) :

(% of Total Population)

Country	Nationals			Non-nationals		
	Males	Females	Total	Males	Females	Total
A- Total Population						
Bahrain	34.9	34.0	68.9	23.3	7.8	31.1
Kuwait	20.4	20.8	41.2	37.0	21.8	58.8
Oman	41.3	40.5	81.8	12.6	5.6	18.2
Qatar	13.5	13.4	26.9	54.3	18.8	73.1
Saudi Arabia	39.4	37.3	76.7	15.6	7.7	23.3
U. A. E.	12.5	11.6	24.1	56.5	19.4	75.9
Total Gulf	34.9	33.4	68.3	21.6	10.1	31.7
B- Economically Active Population						
Bahrain	41.8	3.7	45.5	52.0	2.5	54.5
Kuwait	22.4	2.1	24.5	67.1	8.4	75.5
Oman	59.4	3.4	62.8	34.3	2.9	37.2
Qatar	10.3	0.3	10.6	85.0	4.4	89.4
Saudi Arabia	50.0	2.6	52.6	43.5	3.9	47.4
U. A. E.	9.1	0.3	9.4	86.3	4.3	90.6
Total Gulf	40.3	2.3	42.6	53.0	4.4	57.4
C- Paricipation Rates						
Bahrain	41.3	3.8	22.8	77.1	10.9	60.5
Kuwait	36.1	3.3	19.6	59.9	12.8	42.4
Oman	44.3	2.6	23.6	83.9	16.0	62.9
Qatar	40.7	1.3	21.1	83.5	12.3	65.1
Saudi Arabia	32.7	1.8	17.7	71.9	12.8	52.3
U. A. E.	39.8	1.2	21.2	83.5	12.3	65.3
Total Gulf	34.4	2.0	18.6	73.2	12.8	53.9

Source : ECWA : Demographic and Related Socio-Economic Data Sheets, May,1982.

Table (9) : Flow of Official Aid from Arab Countries :

Year	Surpluses $ b.	G.D.P. $ b.	Official Aid $ b.	Aid as % of	
				Surpluses	G.D.P.
1974	53.2	88.3	3.0	5.6	3.4
1975	35.2	105.0	4.9	13.9	4.7
1976	35.7	125.2	4.6	12.9	3.7
1977	33.5	150.4	6.6	19.7	4.4
1978	13.4	167.9	6.9	51.5	4.1
1978	61.3	217.4	7.4	12.1	3.4
1980	87.0	297.6	11.0	12.6	3.7
1981	43.2	323.1	9.4	21.8	2.9
Total	362.5	1474.9	53.9	14.9	3.7

Source : AMF & Others : Unified Arab Economic Report , 1983.

Table (10) : Official Aid , Source & Type :

($ million)

Year	According to Source		According to Type		Total
	Bilateral	Multilateral	Grants	Loans	
1973	1 036	80	1 012	104	1 116
1974	2 639	398	2 322	715	3 037
1975	4 342	514	3 034	1 822	4 856
1976	3 913	692	2 466	2 139	4 605
1977	4 414	2 214	3 561	3 067	6 628
1978	5 576	1 335	4 980	1 931	6 911
1979	6 481	905	5 075	2 311	7 386
1980	10 126	975	7 822	3 279	11 101
1981	8 074	1 344	8 262	1 156	9 418
Total	46 601	8 457	38 534	16 524	55 058

Source : Same as Table (9).

Table (11) : Flow of Assistance among Arab Countries :

Year	Percentage Shares, Arab Subregions					Share of Non-Arab	Total in $ million
	(A)	(B)	(C)	(D)	Total		
(i) Bilateral Assistance							
1974	-	0.3	64.9	7.7	72.9	27.1	2 909
1975	0.2	1.7	69.0	9.4	80.3	19.7	4 712
1976	-	0.0	47.9	16.3	64.2	35.8	4 362
1977	1.0	- 0.2	62.9	19.8	83.5	16.5	3 303
1978	-	- 0.2	61.5	20.2	81.5	18.5	2 906
1979	-	- 0.1	78.6	13.9	92.4	7.6	4 262
1980	-	0.7	64.4	14.9	80.0	20.0	5 743
1974 - 80	0.2	0.4	64.3	14.4	79.3	20.7	28 197
(ii) National & Regional Development Funds							
1962 - 69	-	13.8	67.1	19.1	100.0	-	194
1970	-	29.4	41.2	29.4	100.0	-	29
1971	-	63.7	31.5	4.8	100.0	-	17
1972	-	-	87.1	12.9	100.0	-	45
1973	-	-	43.7	56.3	100.0	-	58
1962 - 73	-	13.4	61.9	24.7	100.0	-	343
1974	-	5.9	66.2	19.3	91.4	8.6	348
1975	-	0.1	47.9	25.2	73.2	26.8	847
1976	-	-	35.9	19.2	55.1	44.9	1 384
1977	-	2.5	35.6	19.0	57.1	42.9	2 148
1978	0.3	2.6	42.2	11.8	56.9	43.1	1 490
1979	0.5	1.8	18.5	37.0	57.8	42.2	2 154
1980	0.5	2.0	19.6	17.1	39.2	60.8	2 363
1981	-	3.1	23.3	13.4	39.8	60.2	2 801
1982	-	3.9	19.9	16.5	40.3	59.7	2 630
Total %	0.2	2.6	29.0	19.5	51.3	48.7	100.0
$ m.	26	435	4 780	3 223	8 464	8 044	16 508

Table (12) : Assistance from Development Funds by Sector :

Sector	Arab Subregions					Non-Arab	Total in $ million
	(A)	(B)	(C)	(D)	Total		
Transp. & Comm.	42.2	29.5	24.2	27.2	25.7	22.5	3 983
Energy	-	1.7	22.9	21.3	21.2	33.2	4 461
Water & Sewerage	-	-	9.2	5.1	7.1	2.4	800
Agric. & Livestock	-	-	14.4	15.8	14.1	15.9	2 472
Indus. & Mining	38.2	63.2	18.0	14.2	18.9	15.1	2 817
Others	19.6	5.6	11.3	16.4	13.0	10.9	1 975
Total	100.0	100.0	100.0	100.0	100.0	100.0	16 508

Source: Same as Table (9).