INTRA-REGIONAL TRADE IN INDUSTRIAL PRODUCTS: PAST TRENDS & FUTURE PROSPECTS

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Abstract

This paper examines recent developments and future prospects of intra-regional trade in industrial products in the region covered by the Economic and Social Commission for Western Asia (ESCWA). It analyzes the underlying dynamic shifts in the intra-regional export structure as well as the extent to which changes in the structure of industrial exports are caused by the changes in comparative advantage or changes in trade policies. Prospects of intra-regional exports in industrial products are highlighted against the background of the ongoing unilateral trade liberalization in Arab countries, the global trade liberalization in the wake of the Uruguay Round and the European Initiative to create a free trade zone with neighboring ESCWA countries around the Mediterranean. Given these developments, further regional cooperation in intra-regional trade such as the creation of an Arab free trade area would provide a solid basis for regional integration in terms of markets for industrial production. Such a regional grouping would stimulate domestic as well as foreign investment and would also strengthen the bargaining position of individual Arab countries seeking integration based on reciprocal trade liberalization with the outside world.

ملخص

تبحث هذه الورقة التطورات الحديثة والتوقعات المستقبلية في مجال تجارة المنتجات الصناعية فيما بين دول اللجنة الاقتصادية والاجتماعية لغربي آسيا (الاسكوا)، كما تحلل التحولات الديناميكية الأساسية لهيكل التصدير الاقليمي، ومدى تأثر التغيرات في الميزة النسبية أو السياسات التجارية في التغير في هيكل الصادرات الصناعية. وتبرز الورقة التوقعات الخاصة بالصادرات البينية الاقليمية في ظل التحرير الفردي المستمر للتجارة من جانب الدول العربية، وتحرير التجارة العالمية في أعقاب جولة أوروجواي، والمبادرة الاوروبية لخلق منطقة تجارة حرة مع دول الاسكوا المجاورةالمطلة على البحر الأبيض المتوسط. وعلى ضوء هذه التطورات، من المتوقع أن يوفر تعاون اقليمي أكبر في مجال التجارة البينية الاقليمية، مثل انشاء منطقة تجارة حرة بين الدول العربية، أساساً متيناً للتكامل الاقليمي في أسواق المنتجات الصناعية. فمثل هذا التجمع الاقليمي من شأنه أن يشجع الاستثمارات المحلية والاجنبية وأن يعزز المركز التفاوضي لكل دولة عربية تسعى إلى التكامل المعتمد على تحرير التجارة المتبادل مع العالم الخارجي.

INTRODUCTION

Over the past three decades, there has been considerable interest on the part of Arab countries in the ESCWA region in the role that diversification and industrialisation policies can play in accelerating growth. Two successive strategies have prevailed in developing the industrial potential of Arab countries. First, there was the era of the import-substitution strategy aimed at protecting domestic industry, which was seen as essential for development . This era coincided with huge investments in state-owned industrial enterprises and human skills unsuited to a competitive market economy. Since the mid-1980s, there has been a change in the development strategy of many Arab countries, from import-substitution to a more market and export-oriented policy. This has shifted the focus of discussion to the contribution of industrial products exports to raising the growth rate of both domestic output and exports.

The renewed interest in export diversification of industrial products also stems from the attempts by Arab oil exporting countries to reduce their reliance on one commodity. Most of these countries have often diversified into petrochmicals and energy-intensive industries whose products were being exported mostly to industrial markets. The relative importance of trade in industrial products within the ESCWA region has grown quite steadily since the 1970's , more or less in line with the slightly increased share of manufacturing in GDP. In virtually all Arab countries in the region, a shift in production has taken place between 1970 and 1993. Most noticeably, in oil exporting countries the share of energy in total output has declined although it remains predominant, while that of industrial products has expanded.

Although there has been a dynamic shift in the region's export structure towards a growing share of manufactured exports, the latter have yet to become an engine of growth for Arab economies and a basis for regional co-operation in intra-industry trade. In fact, intra- regional ESCWA trade has undegone limited expansion during the last three decades and its share in total regional trade has remained as small as 10% at most. Moreover, data on the product composition of intra-regional exports show that energy products are still the largest product group accounting for more than one half of all intra-regional exports.

Meanwhile, there have been major changes in the international trading environment that may have significant implications for the prospects of total regional as well as intra-regional trade. Many countries in the ESCWA region have embarked on comprehensive programs of liberalization and reform to take advantage of the possibilities of attracting greater foreign investment. The implementation of the Uruguay Round Agreements for global liberalization of trade in goods and services is expected to result in new trading opportunities for countries that are well integrated into the world economy. The regional integration efforts which have taken place in North America and Europe and, most recently, the European Union's initiative to create free trade areas with the neighboring Southern Mediterranean countries, are all used to gain competitiveness and to build similar mutually beneficial economic relations among member countries of such unions.

The aim of this paper is to shed light on trends in the evolution of intra-regional ESCWA trade in industrial products and to discuss the effects of the aforementioned changes on its future directions. The paper is organized as follows. The first Section provides some evidence on recent trends in intra-regional export diversification into industrial products. Subsequently, it examines

the factors that limit intra-trade expansion, including the extent of restrictive commercial practices affecting intra-regional trade in industrial products. The second section examines in three subsections future prospects of intra-regional trade in industrial products. First, intra-regional export prospects of industrial products are discussed in light of the existing export capacity of Arab countries in ESCWA region. An attempt is then made to determine implications for intra-regional trading prospects from both the global liberalization made possible by the Uruguay Round and the European Union's initiative to create free trade areas with the neighboring Mediterranean countries in the ESCWA region. The final Section presents the main conclusions.

I. TRENDS IN INTRA-REGIONAL TRADE IN INDUSTRIAL PRODUCTS[1]

The principal focus of this Section is to give evidence on recent trends in intra-regional trade in manufactured goods of Arab countries in the ESCWA region. In particular, the paper will attempt to show how changes in the product composition of industrial exports bound for the region compare with changes in the structure of industrial exports to all destinations and the extent to which they are caused by changes in underlying comparative advantage or by changes in trade policies.

A. Characteristics of Intra-Regional Trade in Industrial Products

The following analysis examines trends of intra-regional trade as viewed from the export side, since by definition[2] intra-regional imports equal intra-regional exports after the costs of transport and insurance are added. To begin with, a change has already taken place in the overall trade structure of Arab countries in the ESCWA region during the 1974-93 period. As can be seen from Table (1), the average share of energy exports has declined while that of industrial products has expanded, standing at around 19 percent in 1993 (as compared with 3.5 percent in 1974). This shift in trade partly reflects the growing trend in ESCWA region, especially, in oil exporting countries to diversify exports from raw materials (crude oil, basic chemicals and metals) to downstream petrochemical products.

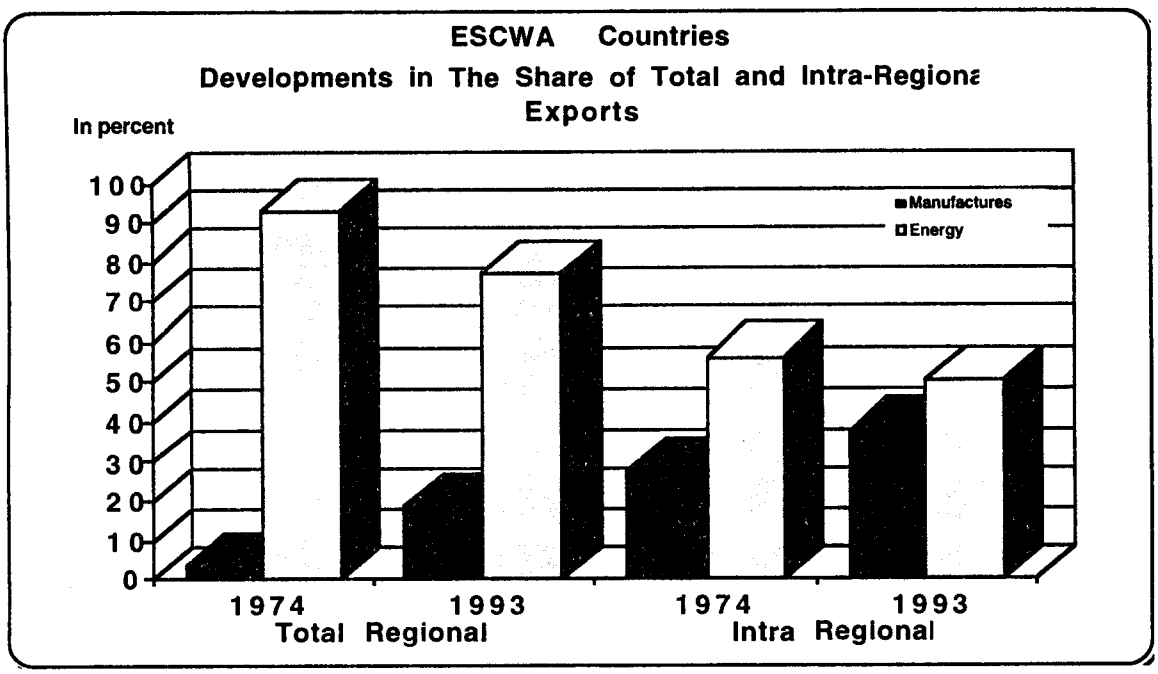
A by-product of the change in the overall trade structure of the ESCWA region is the increased share of intra-regional trade in industrial products. The statistics reported in Table (2) indicate that the average share of intra-regional exports of energy products - though still accounting for around one half of total intra-regional exports - has declined, while the average share of industrial exports has increased, standing at 29 percent in 1993, as opposed to around 8 percent in 1974. The countries that have achieved the greatest gains in terms of share of industrial product exports in total exports to the ESCWA region have been Jordan, Lebanon, Oman, Qatar, Saudi Arabia, and UAE. The largest shares of manufactured exports in total exports that go to the region have been achieved by Lebanon (79 percent) and Jordan (51 percent). Holding their relative

[1] In this paper, the definition of industrial products comprise chemicals (SITC section 5), manufactured goods (SITC section 6), machinery and transport equipment (SITC section 7), and miscellaneous manufactured articles (SITC section 8).

[2] However the reported trade statistics of ESCWA countries show wide differences between intra-regional imports and exports after approximated cost of transport and insurance were added. It appears that many of the discrepancies are related to different recording and product classification applied by ESCWA countries.

endowments fixed, this shows that both countries have managed to export a wider range of industrial goods to the ESCWA region than other Arab countries.

Chart (1)



Source: see tables (1) & (2).

Regarding the flow of intra-regional trade in industrial products by destination, this has been predominantly bilateral. Since information on the direction of intra-regional exchange in industrial products by country is not available for many ESCWA countries, table (3) employs a 1993 matrix of the origins and destinations of all intra-regional trade. As can be shown from the table, two ESCWA countries, namely Saudi Arabia and the UAE account for over 60 percent of ESCWA intra-regional exports. Moreover, Saudi Arabian exports to Bahrain (mostly crude oil) constitute that single largest bilateral trade flow (about US $ 1.3 billion), followed by Saudi Arabian exports to the UAE (around US $0.9 billion) and the UAE exports to Saudi Arabia (around US $0.6 billion).

Nevertheless, these figures understate the relative importance of the markets of the ESCWA region to Lebanese and Jordanian exports which account for 48 and 27 percent of their respective exports to all destinations.

As regards the relative importance of intra-regional exports of industrial products in total regional exports of industrial products to all destinations, the reported statistics in table (4) show that intra-regional exports account for only 9 percent of all the region's exports. The larger share of the region's exports of industrial products goes to different destinations, primarily the OECD countries and North America.

More striking is that ESCWA countries as a group absorb less than one percent of world exports of industrial products. As such, ESCWA countries have a higher than average propensity to trade with each other in industrial products. For several ESCWA countries the intra-regional export shares of industrial products are considerably higher than the group average. About 27 to 28 percent of Jordan, Kuwait and Saudi Arabia's exports of industrial products go to the region as do 42 and 50 percent of all of Syrian and Lebanese exports of industrial exports.

B. Trends in the Product Composition of Intra-Regional Industrial Exports

To shed some light on industrial products that are of primary importance in intra-regional trade, seven main categories of industrial products are compiled in table (4). The basic commodity trade data used in this table are classified by broad factor-intensity groupings. For instance, consumer goods comprising textiles and clothing, leather, footwear and travel goods are in general labor intensive. Products that include chemicals, machinery and transport equipment, and electrical goods are more capital and skill intensive goods.

The percentage composition shown in table (4) indicates that the region's average share in the group of capital-intensive products ranked highest, reaching 50 percent of intra-regional manufactured exports. In this product group, the share of chemical exports (organic petrochemicals such as fertilizers and inorganic chemicals such as phosphatic fertilizers) have grown rapidly, accounting for an average of 38 percent of intra-regional manufactured exports. The relative importance of chemicals varies in the intra-regional export basket of individual ESCWA countries. For instance, chemicals account for approximately 40 percent and 58 percent of Saudi Arabia and Jordan's manufactured exports to the region, making them the largest exporters of chemicals to the region.

In the capital-intensive product category, the share of machinery and transport equipment ranked second in intra-regional industrial exports and accounted for an average of 19 percent in 1993. Products of particular importance in this category include electric equipment and machinery, and transport equipment, of which Saudi Arabia, Lebanon, and Jordan are the largest exporters to the region. Metal manufactures (iron, steel) ranked third in intra-regional exports of capital-intensive products with a share of 9 percent. Major exporters to the region are Egypt, Qatar, Lebanon, and Saudi Arabia.

In the labor-intensive industrial goods, the share of textiles and clothing ranked highest reaching an average 15 percent of intra-regional exports of manufacturers in 1993. The shares of textiles and clothing in the manufactured exports that go to the region from Egypt (25), Lebanon (21). and Syria (18) are the highest among ESCWA countries.

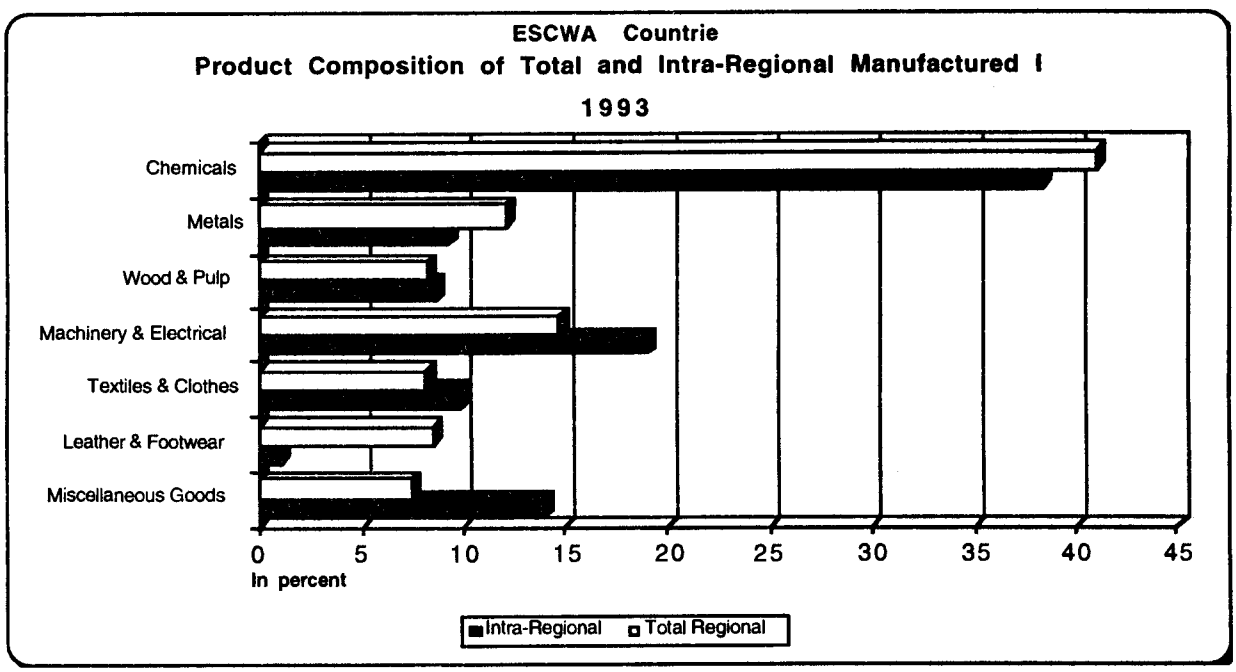
Regarding the remaining categories of industrial products - namely miscellaneous products, wood and furniture, pulp and paper products, leather and footwear - that are generally labor-intensive industrial goods produced by import-competing and infant industries in ESCWA countries, these account for small shares in intra-regional industrial exports.

As regards the comparative evolution of the intra-regional export basket and the total regional export basket of industrial products throughout the period 1974-93, the data show a similar pattern underlies both export baskets. Such a result is consistent with comparative advantage

expectations, that countries will export a range of goods on the basis of their factor endowments. Nevertheless, it should be mentioned here that the rapid gains in comparative advantage in petrochemicals and other downstream energy-intensive products by oil exporting countries occurred not in the regional markets but in the larger and relatively more open markets of the industrial countries.

In contrast, Jordan whose share of chemicals in its export basket of industrial products to the region was higher than any other ESCWA country, an explanation might be that Jordan has used regional markets as a launching "platform" for its chemical exports (mostly, pharmaceuticals and phosphatic fertilizers) in order to acquire a new comparative advantage in such goods.

Chart (2)



Source: see table (4).

To conclude on the actual commodity structure of intra-regional exports, although there has been increased regional trading in industrial goods, chiefly chemicals, electrical articles, machinery, clothing and textiles, the level of sophistication and diversity of industrial products in the ESCWA region as well as their non-competitiveness have been important factors constraining intra-regional expansion

C. The Extent of Trade Policies in ESCWA Countries

It is largely acknowledged that the level and pattern of intra-regional trade in industrial products has been influenced by trade policies of Arab countries in the ESCWA region. Import-substitution pursued with the aid of tariff and non-tariff barriers has been widely employed in ESCWA countries. Tables (5) and (6) show the extent of tariff barriers in ESCWA countries. First table (5) summarizes that high unweighted tariffs in Egypt, Jordan, Kuwait, Lebanon, and Syria range between 90 to 150 percent and actually reach 200 percent in Yemen. The average

tariffs weighted by imports shown in the table are generally lower and have generally been reduced in many ESCWA countries throughout the period 1981-90. This indicates that tariff barriers which were predominantly used as an instrument for maximizing government revenues have been substituted for other internal taxes, as a result of trade policy reforms in countries such as Egypt and Jordan. To a large extent, high import weighted tariff levels in the other ESCWA countries might be viewed as protection for domestic industries.

ESCWA countries also impose tariff escalation whereby higher tariffs are applied to imports of industrial products at a higher stage of processing. This tariff escalation is illustrated by the data summary in table (6) which reports both low and high levels of tariffs on each industrial product category. Tariff rates are highest on consumer goods comprising textiles and clothing, and processed food products. In addition, there is wide dispersion in the level of tariffs on consumer goods across ESCWA countries. For instance, tariff rates on processed food products range between 5 percent in Bahrain and up to 100 percent in Syria. High tariff rates on textiles and clothing range from 80 percent in Egypt, 90 percent in Lebanon and up to 100 percent in Syria, indicating that some ESCWA countries continue to use it to protect import-competing industries.

Furthermore, ESCWA countries have also resorted to para-tariffs, non-tariff barriers to restrict imports of industrial products from each other. Frequent non-tariff measures imposed by these countries include other high special charges and import fees, import prohibitions, import licensing, government monopoly over imports of intermediate products.

D. Policy Intervention and Intra-regional Trade in Industrial Products

To overcome the protection in many ESCWA countries and to stimulate intra-regional trade, Arab countries resorted to signing a series of bilateral and multilateral agreements which involved the exchange of tariff exemptions product by product. Because many Arab countries trade in similar industrial products, and because such a product-by-product negotiating process of liberalization allows countries to pick and choose among products, only very few Arab manufactured products remain candidates for tariff exemptions. Moreover, the disparities in tariff levels among the ESCWA countries provide little incentive for relatively low tariff and non-tariff countries (such as the GCC) to exchange concessions with high-tariff countries.

The apparent reluctance of Arab countries to come forward with a complete preferential scheme covering all industrial products of Arab origin has limited the scope of intra-regional trade expansion through the two types of trade intervention: bilateral and multilateral trade arrangements through the Arab League.

II. FUTURE PROSPECTS FOR INTRA-REGIONAL TRADE IN INDUSTRIAL PRODUCTS

This section briefly discusses and assesses intra-regional trade prospects in light of the major changes that have recently occurred in internal and external markets: (A)the increasing move to openness as a development strategy in ESCWA countries; (B)the new trading opportunities offered by the global liberalization of industrial products, as a result of the Uruguay Round, and; (C) the European Union's Mediterranean initiative.

A. Unilateral Trade Liberalization in ESCWA Region

As shown previously, the restrictive trade policy regimes that have prevailed in many of the ESCWA countries in the past two decades discouraged domestic producers from exploiting economies of scale in the larger regional markets. More recently, there have been shifts towards liberalizing international trade. In addition to the GCC countries (Bahrain, Kuwait, Qatar, Oman, Saudi Arabia, UAE) and Lebanon which all enjoyed relatively open trading regimes, changes towards greater outward-orientation are also taking place in countries such as Egypt, Jordan and Yemen. Such openness is the channel for ESCWA countries to benefit from integration with the world economy and to open to each other.

Internal liberalization enables greater competition in products and factor markets. Competition is also fostered by greater openness to foreign producers, and by the joint implemention and enforcment of transparency and simplicity in the administrative mechanism of trade regimes. These are prerequisites to successful investment and trading activities which need to meet as little uncertainty as possible regarding quality control regulations, customs valuation, service providers in the ports, the taxes to be paid, or the time spent for customs clearance.

Most ESCWA countries are at various stages of implementing trade policies aimed at improving competitiveness. Moreover, many countries have dynamic entrepreneurial traditions that the reform incentives could induce to invest in export-oriented activities, especially to the neigboring markets of ESCWA countries.

The recent shifts that are taking place in many ESCWA countries towards reductions in and transparency of tariffs and non-tariff measures, and simpler administrative mechanisms governing trade regimes would also provide new incentives to exporters from the region to exploit trading opportunities in the markets of ESCWA countries. Accordingly, reciprocal market liberalization by ESCWA countries should improve transparency and predictability of ESCWA countries' trade regimes vis-a-vis each other. This being a prerequisite to substantial increases in intra-regional trade in industrial products.

Most ESCWA countries have in general similar factor endowments and thus have acquired a comparative advantage in similar products. For intra-regional trade to expand in the future it should therefore involve more trade in similar but slightly differentiated products, or what is commonly called, intra-industry trade.

There are persuasive reasons why intra-industry trade should become increasingly important to the ESCWA region. The importance of intra-industry trade grows with rising per capita income and with the diversity of industrial capacity. As more countries in the region diversify their industries and integrate into world markets, their growing intra-industry specialization will provide incentive to more intra-industry trade within the region. To the extent that ESCWA countries lower tariff barriers facing imports from each other to a level comparable with that applied by industrial countries, the degree of intra-industry trade among ESCWA countries will be higher.

B. Global Liberalization

The Uruguay Round achieved substantial liberalization of manufactured goods. Developed country tariffs on industrial products will be lowered from an average rate of 6.3 percent to 3.8 percent (an overall reduction of 40 percent), although tariff reductions will be lower than average for products of importance to ESCWA countries (such as textiles, clothing, footwear, and some machinery).

Many preferential arrangements that benefited most countries in the ESCWA region (such as the Multi-Fibre Arrangements) are being phased out under the Round's Agreement. In addition, the preference margins which benefited some industrial exports of ESCWA countries under the Generalized System of Preference (GSP) are being eroded as a result of the global liberalization. So the region's exports will face increasing competition in their traditional developed markets. To become more competitive and take advantage of opportunities presented by the enhanced market access that the Uruguay Round results offer, ESCWA countries have to restructure their industries, reduce costs and improve the quality of their products to compete in world markets.

In the meantime, the likely displacement (trade diversion) of ESCWA countries' exports of industrial products to industrial country markets raises concern about the issue of compensation through other access opportunities. Arguably, ESCWA country markets might be potential candidates for the forgone trading opportunities in industrial products. As shown previously, ESCWA countries have a higher average propensity to trade with each other in industrial products than with the world. This is a reflection that there are regional trading opportunities in industrial products which some ESCWA countries should take advantage of. To help achieve these potential gains in intra-regional trade ESCWA countries should accelerate their unilateral liberalization and open up to each other so that domestic firms could take advantage of the opportunities presented by the enhanced regional market access and expand intra-industry trade within the region.

C. The European Union's Mediterranean Initiative

Another major change that is expected to have important implications for the trading prospects of the ESCWA region is the European Union's initiative to achieve free trade agreements with the Mediterranean countries in the region. This initiative consists of improved market access for industrial product exports of some ESCWA countries. Moreover, a key implication of the agreements is that it enables signatory countries from the ESCWA region to commit themselves to a harmonization process of their domestic laws and standards with international norms - thereby making it easier for domestic producers to penetrate foreign markets. In counterpart, the European Union is committed to the provision of financial assistance for the adjustment costs resulting from the free trade agreements.

The expected payoff of such free trade arrangements is an improvement in productivity and specialization in production and the export of higher value-added industrial products to the European market. This is also a way to ensure that Mediterranean countries in the ESCWA region benefit from the growth and income generation effects of global liberalization.

Counterarguments of the European- Mediterranean agreements stress that "locking in" policy commitments for domestic market access with the World Trade Organization (WTO) and the adoption of international standards and norms rather than the European ones is a superior option which allows countries to take advantage of world market openings. Nevertheless, if one examines the learning-by-doing in export-oriented industries, these started generally by aligning their production standards to one major foreign market for access before learning to adapt production to international norms.

As far as intra-regional trade prospects are concerned, it is expected that the free trade agreements with the EU will create strong incentives for ESCWA countries to open to each other, and thus intra-regional trade expansion is likely to be a result of such a process. Since ESCWA country signatories of the agreements with the EU will try to offer market access to the EU investors in order to avoid trade diversion to the benefit of other more attractive ESCWA countries, therefore, a best policy to avoid such trade diversion would be that the ESCWA countries open up to each other.

Also, to avoid the potential for intra-regional trade diversion resulting from the EU free trade agreements with the Mediterranean countries in the ESCWA region, it is important to ensure intra-industry integration of ESCWA countries through the rules of origin that are included in the agreements. This may enhance backward and forward linkages among ESCWA countries and usher in intra-industry trade increases.

List (1)

PROPOSED EURO-MEDITERRANEAN FREE TRADE AGREEMENTS

I. OBJECTIVES	CANDIDATES
1. Reciprocal Free Trade in all industrial products.	ESCWA COUNTRIES: Egypt - Jordan - Lebanon - Syria
2. Preferential & Reciprocal Access for Agricultural Products.	OTHER ARAB MEDITER-RANEAN COUNTRIES: Algeria - Morocco - Tunisia
3. Gradual Liberalization of Trade in Services and Capital.	(Tunisia concluded the FTA Agreement in 1995).
4. EU Support for Integration of Mediterranean Countries.	

II. CONTENTS OF LIBERALIZATION IN INDUSTRIAL PRODUCTS (Phase out of Tariffs and Non-Tariffs on all Imports)	DURATION
1. Intermediate Inputs and Capital Goods (Front loaded)	5 Years Transition
2. Consumer goods (Textiles, Clothing, Leather, Apparel Footwear, Furniture, etc.)	12 Years Transition (Back Loaded)
3. Industrial Products not mentioned in one of the above categories	Immediate Liberalization (upon entry into for ce of the Agreement).

SUMMARY AND CONCLUSIONS

Intra-regional trade in industrial goods as a proportion of total regional trade has grown-slowly over the past two decades - but has stayed relatively small, reaching a share of 9 percent of all regional exports of industrial products. On the other hand, the ESCWA region absorbs less than one percent of world exports of industrial products. Therefore, ESCWA countries have a higher propensity to trade in industrial products with each another, given their low propensity to trade with the world.

In our review of the characterization of intra-regional trade in industrial products, we identified forces likely to stimulate further increases in the medium to long-run: (A) trade liberalization enhances competitiveness of industrial products that are produced in ESCWA countries; (B) Similarities in the process of diversification of manufactured products in ESCWA countries, as a result of similar factor endowments (oil and oil products), suggests that the spread of manufacturing and the growing intra-industry specialization would provide a stimulus to regional intra-industry trade expansion. And finally; (C) to the extent that ESCWA countries would seek to take advantage of the new trading opportunities provided by the global liberalization of manufactured products in the post-Uruguay Round, and to the extent that some of them would gain further market access in the European Union through a free trade agreement (FTA) new incentives will be created for ESCWA countries to open up to each another and greater intra-regional trade in manufactured products among the ESCWA countries is likely to be achieved.

Given this favorable trading environment, further regional co-operation in intra-regional trade such as the creation of an Arab free trade area would provide a solid basis for regional integration in terms of markets for industrial and agricultural production. Such a regional grouping would stimulate domestic as well as foreign investment and would also strengthen the negotiations position of individual ESCWA countries seeking integration based on reciprocal trade liberalization with the outside world.

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TABLE (1)

ESCWA COUNTRIES: DEVELOPMENTS IN INDUSTRIAL PRODUCT EXPORTS AND MANUFACTURING OUTPUT 1974 - 1993

Country	Total Exports (US$ Million)		Share of Total Exports (%)				Total Output (US$ Million)		Share of Total Output (%)(2)			
			Manufactured Products		Energy Products				Manufacturing		Energy	
	1974	1993	1974	1993	1974	1993	1974	1993	1974	1993	1974	1993
Bahrain	1271.7	6497.0	12.2	31.3	85.8	66.1	773.5	4504.0	16.3	15.2	46.8	17.4
Egypt	1516.3	4918.0	26.1	37.4	8.5	49.8	10732.4	44178.0	17.8	17.7	2.6	8.0
Jordan	153.4	998.0	16.8	51.1	-	-	752.6	4765.0	12.2	13.7	4.5	3.3
kuwait	10324.9	8707.0	3.2	4.3	96.4	94.8	13004.8	23913.0	4.5	8.6	79.2	43.4
Lebanon (1)	1427.3	663.0	71.9	75.0	0.5	0.8	3495.6	6208.0	16.6	9.1	0.0	0.0
Oman	1137.7	7251.0	0.0	15.2	99.8	78.6	1645.9	11480.0	0.3	4.3	68.4	43.1
Qatar	1489.9	3176.0	0.4	13.6	98.2	83.3	2403.5	7326.0	1.0	11.2	80.5	32.6
Saudi Arabia	31242.0	42395.0	0.1	7.4	99.8	91.1	27842.3	116039.0	5.1	9.2	79.4	35.7
Syria	784.3	3274.0	8.4	11.5	55.0	66.7	4273.1	13766.0	-	7.0	-	7.1
U.A.E	5300.7	22118.0	0.7	38.3	98.7	56.2	7867.9	35677.0	1.0	8.1	80.5	36.3
Yemen	-	1167.0	-	1.6	-	74.7	-	4730.0	-	12.6	-	8.4
Memo: (ESCWA COUNTRIES) TOTAL	61781.3	101164.0					84128.2	358746.0				
AVERAGE			3.5	18.6	93.2	76.6			6.4	9.9	58.7	21.8

Source: Arab Monetary Fund, Joint Arab Economic Report data base.

1) Data for 1973 were used.
2) Individual Country GDP at factor cost.

TABLE (2)

ESCWA COUNTRIES: DEVELOPMENTS IN INTRA - REGIONAL EXPORTS OF INDUSTRIAL PRODUCTS 1974 - 1993

Exporter	Value of Intra - Region Exports		Share of Manufactured Exports in All Intra Regional Exports (%)		Share of Energy Exports in All Intra-Regional Exports (%)	
	1974	1993	1974	1993	1974	1993
	(US$ million)					
Bahrain	217.0	370.0	8.1	9.0	91.0	75.0
Egypt	73.0	353.0	19.1	13.7	0.0	1.4
Jordan	57.0	274.0	39.0	51.0	0.0	0.0
Kuwait	267.0	292.0	30.0	35.0	29.8	35.0
Lebanon	784.0	318.0	75.0	78.7	0.0	0.0
Oman	1.0	596.8	3.8	6.8	-	60.3
Qatar	15.0	263.0	-	10.1	99.8	87.0
Saudi Arabia	1242.0	3058.0	0.5	29.5	99.0	61.8
Syria	90.0	665.0	26.4	23.8	15.5	16.6
U.A.E.	96.0	1916.0	-	-	-	-
Yemen	1.0	69.0	-	1.0	10.0	10.0
Memo: ESCWA Countries: Total (US$ million)	2843.0	8172.3				
Average (%)			8.3	29.0	78.3	50.5

Source: as in Table (1)

TABLE (3)

ESCWA COUNTRIES: THE ORIGINS AND DEST INATIONS OF INTRA-REGIONAL TRADE:

DESTINATIONS OF EXPORTS, 1993

EXPORTER (Partner Country)	Importers (Millions of U.S. Dollars)													SHARE OF INTRA-REGIONAL IN TOTAL EXPORTS (%)
	JORDAN	EMIRATES	BAHRAIN	SAUDI ARABIA	SYRIA	OMAN	QATAR	KUWAIT	LEBANON	EGYPT	YEMEN	TOTAL (INTRA-REGIONAL)	TOTAL (WORLD)	
Bahrain	13.9	69.9		200.4	0.5	12.0	24.0	45.4	1.3	2.5	0.2	370.1	6,497	5.7
Egypt	38.9	20.9	3.9	216.6	35.3	2.6	9.8	.....	24.8		.....	352.8	4,918	7.2
Jordan		44.0	20.5	115.7	27.6	3.3	14.4	.....	25.3	6.6	16.2	273.6	998	27.4
Kuwait	.....	96.7	18.8	111.6	14.3	12.7	11.3		11.0	15.2	.....	291.6	8,707	3.3
Lebanon	47.0	63.6	10.6	106.8	58.5	1.8	11.7	.....		17.8	.....	317.8	663	47.9
Oman	1.5	505.3	45.9	32.5	.....		5.4	.....	5.8	0.1	.....	596.5	4,813	12.4
Qatar	7.5	132.9	8.4	92.8	1.8	8.8		.....	.....	10.5	.....	262.7	3,176	8.3
Saudi Arabia	58.0	868.6	1,332.7		48.1	66.8	83.3	416.8	43.0	74.5	66.0	3,057.8	42,395	7.2
Syria (1)	62.1	20.2	6.7	151.4		.....	7.6	42.8	356.1	18.0	.....	664.9	3,274	20.3
U.A.E.	55.5		190.3	565.5	43.3	104.2	350.8	380.9	49.5	32.9	142.7	1,915.6	22,118	8.7
Yemen	.....	13.6	.....	55.0	.....	.....	.....	.....	.....	.....		68.6	1,167	5.9

Source : As in Table (1).

1) Exports and Re-exports.

TABLE (4)

ESCWA Countries : Product Composition of Intra - Regional Manufactured Exports, 1993

Country	Value of Intra Regional Manufactured Exports (US $ Million)	Share of Intra-Regional in All Regional Manufactured Exports (%)	Share of Manufactured Exports in percent						
			Chemicals	Machinery & Electric Equipment	Metal Manufactures	Wood, Pulp Furniture, Paper	Textiles & Clothing	Leather Footwear, Travel Goods	Other Manufactured Articles
Bahrain	33.3	1.6	-	-	-	-	-	-	-
Egypt	48.4	2.6	14.5	4.0	40.8	6.0	18.4	2.6	13.6
Jordan	139.7	27.4	63.0	4.8	4.4	3.1	4.9	1.1	18.7
Kuwait	102.2	27.3	-	-	-	-	-	-	-
Lebanon	250.3	50.3	16.8	9.7	12.4	8.2	20.8	8.1	24.0
Oman	40.6	3.7	-	-	-	-	-	-	-
Qatar	26.6	6.2	28.8	0.2	69.0	0.1	0.2	0.0	1.7
Saudi Arabia	902.0	28.7	40.0	21.6	7.7	9.2	8.8	0.2	12.5
Syria	158.3	42.0	2.1	1.3	-	-	14.6	-	82.0
U.A.E.	-	-	-	-	-	-	-	-	-
Yemen	0.7	3.7	0.0	0.0	60.0	0.0	0.0	0.0	40.0
Memo: (ESCWA Countries) - Intra-Regional: (1) Value of Manufactured Exports	1702.2	9.1							
(2) Average share of Total Exports (%)	29.0		38.4	19.0	9.2	8.6	9.8	1.1	13.9
- Exports to the World: (3) Value of Manufactured Exports	18792.0								
(4) Average share of Total Exports (%)	18.6		41.0	14.7	12.1	8.2	8.1	8.5	7.4

Source: As in Table (1).

TABLE (5)

ESCWA COUNTRIES : AVERAGE TARIFFS ON IMPORTS OF INDUSTRIAL PRODUCTS

Country	Unweighted Tariff Average			Weighted Tariff Average		
	Low	High	Tariff Year	1981	1988	1990
Bahrain	5.0	35.0	(1993)	1.7	3.4	3.0
Egypt	2.5	120.0	(1990)	35.3	29.0	14.9
Jordan	0.0	50.0	(1994)	24.6	21.3	17.8
Kuwait	4.0	100.0	(1993)	3.5	7.0	-
Lebanon	0.0	90.0		-	-	17.5
Oman	4.0	20.0		1.5	3.5	2.5
Qatar	4.0	20.0		1.8	2.6	5.0
Saudi Arabia	0.0	30.0	(1991)	2.5	8.0	11.0
Syria	10.0	150.0		12.4	15.1	16.4
U.A.E.	0.0	4.0		1.2	0.6	0.4
Yeman	5.0	200.0	(1994)	-	-	19.1
Average (Developing Countries)	22.0 (2)	81.0 (3	(1987)			

Source Components of Weighted tariff averages were collected from the Arab Monetary Funds Joint Arab Economic Report Data Base; Unweighted tariff averages were from national sources.

(1) Weighted tariff average for each ESCWA country is obtained from dividing the values of import duties by the total import values.

(2) The Lowest tariff average is found in East Asia (World Development Report 1991).

(3) The highest tariff average is found in South Asia region (World Development Report 1991).

TABLE (6)

ESCWA COUNTRIES: TARIFF ESCALATION ON IMPORTS OF INDUSTRIAL PRODUCTS

Country	Chenicals		Processed Food		Textiles & Clothing		Machinery & Equipment	
	Low	High	Low	High	Low	High	Low	High
Bahrain	0.0	5.0	5.0	10.0	5.0	10.0	5.0	10.0
Egypt	0.0	30.0	10.0	100.0	7.0	80.0	7.0	30.0
Jordan	0.0	28.0	20.0	85.0	20.0	85.0	0.0	25.0
Kuwait	4.0	20.0	15.0	25.0	0.0	15.0	0.0	20.0
Lebanon	0.0	28.0	18.0	90.0	18.0	90.0	7.0	90.0
Oman		5.0		5.0		5.0		5.0
Qatar	4.0	20.0		4.0		4.0		4.0
Saudi Arabia	12.0	20.0	12.0	20.0	12.0	12.0	12.0	20.0
Syria	1.0	40.0	50.0	100.0	50.0	100.0	1.0	40.0
U.A.E.		4.0		4.0		4.0		4.0
Yemen	0.0	25.0	50.0	100.0	50.0	25.0		50.0
Average Developing Countries (1)	0.0	100.0	5.0	150.0	8.7	150.0	0.0	34.0
Average Developed Countries (1)	0.1	7.2	4.4	10.5	1.7	14.6	0.4	6.3
Average (European Union)	0.0	17.5	N.A.	24.0	0.0	17.0	0.4	15.0

Source UNCTAD, Trade Control Measures in Developing Countries, 1987, IMF,Exchange Arrangements and Exchange Restrictions, Annual Report, several issues, GATT (1994)

(1) Pre-Uruguay Round average tariff levels.

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