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FINANCIAL FLOWS AND INTEGRATION IN THE MIDDLE EAST

by Susan Battles

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I. INTRODUCTION

The fundamental importance of capital flows for greater economic development of the Middle East as well as for greater economic co-operation and integration within this region, has long been recognized. A sufficient flow of capital, while not a sufficient condition in and of itself, is yet a necessary condition for the process of industrialization and development of any country. A greater economic development of the Middle Eastern countries, in turn, could be expected to further facilitate co-operation and integration among them in fields such as trade and industry.

During the 1970's and early 1980's, the major integrating factor in the Middle East was in fact capital flows. The oil-exporting countries of the region (the largest of which are Iraq, Iran, Kuwait, Libya, Qatar, Saudi Arabia and the United Arab Emirates), due to a large increase in the price of oil in 1973-4 and again in 1978-9, augmented significantly their amount of financial aid to other Arab countries during this period, a peak being reached in 1980. Countries with the largest oil surpluses were in fact the most generous: Saudi Arabia, Kuwait, Qatar and the UAE.

At the same time, the huge increase in revenues befalling the oil-exporting countries allowed them to embark on ambitious development plans, in the petroleum industry as well as in other areas. Their scarce populations led them to demand large increases in the number of migrant workers, a significant part of which came from the other Arab countries. The remittances of these Arab migrant workers thus came to constitute the other major form of capital flows, even surpassing official flows of assistance in some countries.

Other forms of capital flows were not non-existent: joint-ventures, private inter-Arab bank loans, direct and portfolio investments, as well as some commercial credits. However, from the numerous works that have been done on capital flows within the Middle East from 1973 to 1983, we may conclude that official development assistance and immigrant remittances far dominated other flows.

Notwithstanding the large surpluses in the oil-exporting Arab countries, there is a consensus regarding the rather limited amount, compared to the total, that ended up in the Arab region during the oil boom period. Furthermore, the effects of these surpluses on economic development in both the poorer Arab countries as well as the oil-producing countries themselves are rather ambiguous, in the sense that the results of industrialization programs financed by oil in all countries have fallen far short of expectations.

Both of these phenomena have been explained with reference to the "rentier mentality" of the Gulf countries in their investment decisions[1]. In short, a rentier mentality can be described as the mindframe resulting from gains due not to production but to a windfall of good luck, of Providence. As such a rentier mentality can be considered anti-developmental in that it expects easy and fast profits; the planned, risk-calculated, long-term projects associated with investing in developing countries are not very befitting this mentality.

As a result, the Arab oil-producing countries were attracted especially to Western markets, and financial investments, as opposed to direct ones, were largely preferred for several years following 1973. In terms of direct investments, both abroad and at home, speculative or fast-profit activities were preferred far above longer-term investments.

In explaining the rather limited nature of capital flows to other Arab countries from the oil-producing ones during the years of high oil prices, we must also take into account the structural obstacles to greater investment in the Arab countries. As in other underdeveloped countries, the inadequacy of physical and institutional infrastructure has discouraged capital flows into the poorer Arab countries, despite their potential productive and natural richness.

1. Hazem Beblawi, "The Arab Oil Era (1973-1983) A Story of Lost Opportunity", *Journal of Arab Affairs*, Vol. 5, No. 1, 1986, pp.15-34.

Despite the above qualifications, it must be concluded that the period from 1974 to 1981 did witness on the whole a significant flow of capital from the oil-rich Arab countries to the poorer Arab countries, particularly in the form of official assistance, but even more so in the form of remittances; both of these flows constituted a significant percentage of the receiving countries' GNP for these years.

Our paper will deal, however, with the period from 1984 to the present day, with a particular emphasis on most recent years. Besides the significant changes in the global political and economic environment since 1984, many new situations have arisen in the Middle East as well. Just to give a few of the most important examples, the price of petroleum has fallen tremendously during the last 10 years, leading to a fall in inter-Arab aid as well; the Gulf wars have changed the political and economic landscapes of the countries involved; and most recently the Israeli-Palestinian agreements concerning the occupied territories suggest that peace may be approaching in the region, with all the political and economic ramifications that this could have.

Given these new situations, our goal is to examine in as much detail as possible the capital flows involving the Middle East during the past 10 years, in order to determine the degree of financial integration within the region and between the countries of the region and the rest of the world. The term "financial integration" will be taken to be a functional one, defined as the existence of a market capable of providing the financial services necessary for funding the investment requirements of the region. Such a market would involve the collective reduction of information and transactions costs of conceived projects, in a spirit of regional co-operation.[2]

Our test of the degree of financial integration will be the level of capital flows from one area, or country, to another. Such a definition of financial integration will

2. For similar definitions, see Antun F. Harik, "Financial Integration in the Arab East: Problems and Prospects", in *The Problems of Arab Economic Development and Integration*, Proceedings of a Symposium held at Yarmouk University, Jordan, November 4-5 1980, edited by Dr. A. Guecioueur, pp.119-143; and Clement Henry Moore, "Des intermediaires financiers pour l'integration arabe?", *Etudes Internationales* (Tunis), No. 26, 1/88, pp.75-93.

allow us to discuss not only the degree of integration within the region but also between the region and the rest of the world.

In the first part of our paper (Sections II and III), we describe what has occurred during the past 10 years; such an interest is justified as the trends which emerge should be helpful in understanding the financial situation of the Middle East in the present and future time. In the second part (Sections IV and V), on the other hand, we analyse changes in either capacity or incentives of the region towards greater financial integration given the altered situations in the Middle East as noted above.

Our hypothesis is that while the region may have made relatively little progress towards financial integration over the past 10 years, these trends have less to do with reduced capacity or potential than with the continued problematic of incentives. The continued existence of obstacles of a structural nature, it will be argued, is and will continue to be a far greater blockage of further financial integration in the Middle East than problems of reduced capacity.

Furthermore, we argue that many of these obstacles also prevent a greater financial integration of the Middle East with the rest of the world. Hence our emphasis in the last section is on ways to promote capital flows, both within and to the Middle East, and thus hopefully a greater development and integration of the region.

II. CAPITAL FLOWS WITHIN THE MIDDLE EAST

A. Aid Flows

1. *Bilateral*

The period from 1984 to the present day has seen a general steady decline in the magnitudes of capital flows within the Middle East. Official concessional flows of aid have fallen the most, and of these, particularly bilateral aid. This is true despite the temporary rise following the Gulf crisis and war in 1990.

Bilateral aid from Arab donor countries to other countries in the region has consistently exhibited several characteristics. First of all, the major donor countries have been Saudi Arabia, Kuwait, the United Arab Emirates, and Qatar, with Saudi Arabia representing alone 70% of total Arab aid to the region during the 1980's. Libya, Iraq, and Algeria have also been considered donor countries, though due to the greatly reduced role of the latter two in recent years and the relatively small amounts of aid disbursed by Libya, we shall focus primarily on the Gulf donor countries in our paper.

Bilateral assistance has been, and continues to be, by far the most important form of Arab aid, and a major part of this aid has been in the form of grants, primarily for balance of payments and budget financing. Furthermore, each of the three major Gulf donors has a national agency which oversees the granting of concessionary loans and project aid, the most important part of which has gone toward infrastructure projects. The role of the Ministry of Finance in the granting of bilateral aid is preeminant, however, in each country.

Bilateral Arab aid has also been known for its "untied" nature, with recipient countries' governments free to use the aid as they choose fit. Unfortunately, the geographical distribution of Arab bilateral aid is not known with any great accuracy; in particular, a detailed breakdown of the geographical distribution of Saudi aid is unavailable.[3] Furthermore, a certain percentage of total bilateral assistance has certainly gone totally undeclared by the Arab donor and recipient countries, or territories.

Despite the fact that these empirical difficulties prevent us from matching specific donor countries to specific recipients by accurate magnitudes of aid flows, we may still present a fairly good idea of those countries which have been, and continue to be, the main recipients of Arab bilateral aid. To begin with, it must be noted that bilateral assistance has often been forthcoming as the result of political events and Arab summits in the Middle East. A good example of this is the Arab summit meeting in Baghdad in 1978, at which Arab donors pledged an annual amount of $3.5 billion for Jordan, Syria, and the Palestinians for a ten-year period.

Indeed, the "confrontation states" of the Israel-Arab conflict received the lion's share of the donor countries' bilateral aid contributions up until the end of the 1980's, at which time aid to Egypt was resumed while total aid amounts declined. In fact, net disbursements of bilateral concessional Arab assistance for the largest recipient after 1983, Syria, actually became negative for 1988-1989, indicating greater outflows from that country to its donors in repayments of past concessional loans than inflows of new aid (see Table 1).

Other examples abound of the influence of political events in the Middle East on bilateral aid flows within the region. During the Iran-Iraq war (1980-1988), it has been declared that Saudi Arabia provided Iraq with a total of $5.8 billion in cash grants, $9.2 billion in concessionary (long-term interest free) loans, $6.8 billion in oil to be eventually repaid, and $3.7 billion in military equipment and other items.[4]

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3. Pierre van den Boogaerde, *Financial Assistance from Arab Countries and Arab Regional Institutions*, IMF, September 1991.
4. From the *Middle East Economic Digest (MEED)*, January 25, 1991, p.26, quoted from Eliyahu Kanovsky, "The Economic Consequences of the Persian Gulf War: Accelerating OPEC's Demise", The Washington Institute for Near East Policy Paper, No.3, 1992, p.8.

Together with $96 million of development loans and $58 million of "other" disbursements, Saudi Arabia has declared to have provided Iraq with over $25 billion worth of assistance during that period, an effort which more than likely distracted from aid efforts to other countries in the region.[5]

More recently, the Irakian invasion of Kuwait and the ensuing Gulf war impacted on the distribution and flow of bilateral aid from the Arab Gulf countries to other countries in the region. While Jordan, Yemen and the Palestinians lost millions of dollars of assistance due to their stance during the conflict[6] , other countries like Egypt, Syria and Turkey benefited royally from their support of the Gulf states (see Table 1 for figures of total net receipts from Arab countries in 1990).

These changes in the amounts of bilateral aid flows were not to last, however, as total bilateral aid received by Egypt, Syria, and Turkey from the Gulf states declined as early as in 1991 from its temporary high in 1990, falling to an all-time low in 1992. The list of main recipients since 1990 has remained relatively stable, however; Egypt has maintained its place as the largest recipient since 1990, followed by Turkey, Morocco, Syria and Bahrain.[7]

As an indication of possible future trends, we may point out the fact that the Gulf countries no longer have the large oil surpluses of the '70's and early '80's to distribute, and indeed Saudi Arabia and even Kuwait are going through relatively lean times themselves, as we will see in Section IV. On the other hand, though, it is possible that the negative attitudes expressed toward the Gulf states in many Middle Eastern countries by the populations there during the most recent Gulf crisis may have some impact on the aid policies of the Gulf states.

In particular, it may be noted that the decline of Arab aid in the latter part of the 1980's coincided with severe recessions in the recipient countries. As a measure of

5. Boogaerde, ibid, p.4.
6. According to the PLO it lost its annual support of $72 million from Saudi Arabia, $48 million from Iraq, $24 million from Kuwait, not to mention lost Gulf grants to the occupied territories. (Source: Philip Mattar, "The PLO and the Gulf Crisis", *The Middle East Journal*, Vol. 48, No.1, Winter 1994, p.44)
7. OECD, *Development Cooperation 1993 Report*, pp.101-103.

"defence", it may occur to the Gulf countries that a steep reduction in their aid to the poorer countries in the region may not be such a good policy. A recent turnabout by Saudi Arabia, Kuwait and the United Arab Emirates concerning the giving of aid to the Palestinians may indicate a move in this direction.[8]

We have not as yet considered the importance of bilateral aid flows to the recipient countries in terms of their GNP, and more generally, economic development. These aspects of aid flows will be touched upon briefly at the end of this section, together with a discussion of the importance and uses of remittances and other capital flows within the Middle East.

2. *Multilateral*

There are 12 Arab multilateral organizations that operate in the giving of concessional aid to Middle Eastern countries. The largest of these are the Arab Fund for Economic and Social Development (AFSED) and the Islamic Development Bank, followed by the OPEC Fund for International Development. Financial flows from these three funds, along with the Arab Bank for Economic Development in Africa, are in fact congregated in the reporting of aid from Arab multilateral agencies to Middle Eastern countries by the Organization for Economic Co-operation and Development (see Table 2).

The importance of the financial flows from these agencies is rather insignificant in comparison to bilateral flows. It has been noted that in recent years net receipts of aid from these agencies have rarely exceeded 6% of Middle Eastern countries' total net receipts of development aid. Indeed, in many years these countries have been making net repayments to the agencies.[9]

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8. Most recently, Kuwait and the United Arab Emirates have pledged $8 million, and Saudi Arabia $10 million. for the new Palestinian administration. Saudi Arabia has also decided to finance, with $30 million, a $128 million infrastructural project in the Territories. (*Il Sole 24 Ore*, June 17, 1994, p.4.)
9. *Middle East Economic Survey (MEES)*, 29 April 1991, p.B1.

Furthermore, although aid disbursed by these agencies did not fall quite as drastically as bilateral aid did over the 1980's, in most recent years net disbursements by these agencies have become smaller, even negative. In fact, only the Arab Fund for Economic and Social Development has remained a significant source of aid.[10]

Finally, the Arab aid agencies have in recent years become more involved in the co-financing of development projects in the Middle East. Cofinancing occurs not only among Arab agencies, but also with other bilateral and multilateral donors, particularly with the World Bank.[11] The major part of cumulative financing has been directed toward infrastructural projects, especially those related to energy. Other areas of interest have been agriculture, transport and communications, industry and mining.[12]

In terms of nonconcessional assistance, the Islamic Development Bank provides largely short-term trade finance facilities. Likewise, the Arab Monetary Fund provides balance of payments assistance in the form of nonconcessional loans.

Among Arab recipient countries of aid from the above agencies, the largest have been Morocco, Tunisia, and Yemen, and over the past few years, Egypt (see Table 2). The largest donors to the agencies are the largest bilateral donors, Saudi Arabia and Kuwait. Several other Arab countries donate small amounts to the various funds as well.

B. Remittances

For many years financial flows originating from Arab migrant workers in the Middle East have constituted the greatest transfer of funds in the region. The largest importer of labor has been Saudi Arabia, followed by the UAE, Kuwait and Oman, in that order. Other labor importers have included Libya and Iraq, while Jordan and Yemen were up until recently both labor importers and exporters.

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10. OECD, *Development Cooperation 1993 Report.*
11. Boogaerde, pp.5-6.
12. Boogaerde, p.74.

The labor-surplus countries that have received large flows of remittances from their migrants include Egypt, whose workers have migrated to the Gulf, Jordan and Iraq; Jordan, whose most qualified workers often migrated to the Gulf; and Yemen, Syria and Lebanon. Palestinians also formed a large group of migrant workers in the Gulf until most recently.

In the 1980's, remittances often constituted an important part of GNP for many of the sender countries, in addition to providing precious foreign exchange and balance of payments relief. For South Yemen, the percentage of remittances to GNP reached as high as 50%; for North Yemen, 20%; for Jordan, 20%; and for Egypt, 10%.[13]

In Table 7 we have reproduced some of the most recent existing statistics on workers' remittances in the Middle East and North Africa. It is widely believed, however, that official data on remittances greatly underestimate real magnitudes of these flows. The major reason for this is that a large part of remittances does not pass through official channels, as individuals try to avoid the more costly official exchange rates by using money changers and/or carrying transfers in cash or kind.

The Gulf conflict of 1990 and its impact on the number of Arab migrant workers in the oil-rich countries illustrates the sensitivity of remittances to political events in the Middle East. It has been estimated that 1.5 million Arab workers were sent back to their home countries, especially Jordanians, Palestinians and Yemenites, but also Egyptians, who lost their jobs in Iraq.

Even before this tremendous upset in migrant patterns and hence remittances, there were moves in many of the Gulf countries to reduce their dependency on foreign labor through policies to encourage the hiring of nationals. Asian labor had also become very prominent, even more so than Arab labor in many Gulf countries.[14]

For the future it is difficult to predict the trends for inter-Arab migration. In favor of its perpetuation and perhaps increase will be the Gulf's continuing need for labor,

13. Boogaerde, p.84.
14. Jayseer Abdel Jaber, "Inter-Arab Labor Movements: Problems and Prospects", in *Economic Development of the Arab Countries, Selected Issued,* edited by Said El-Naggar, IMF, 1993, pp. 155-56.

especially if economic growth in this region is at a relatively high level. Factors which, on the other hand, would decrease the importance of these flows include policies in the Gulf countries themselves, the economic situation of the Gulf countries, and political relations between the countries of the region. For example, although Egyptian workers have been replacing other Arab workers in the Gulf since the conflict in 1990, there has also been since then an increased preference in the Gulf countries for Asian workers due to political reasons.

C. Direct Investments, Portfolio Investments, And Other Private Flows

It is very difficult to empirically speak about inter-regional direct investments given the dearth of data on the topic. In general, it is known that foreign direct investment from any source is severely lacking in most Middle Eastern countries, despite recent world-wide trends of increased FDI (see Table 8).

Furthermore, the dramatic fall of oil revenues in the Gulf during the 1980's and the resulting slowdown in most Middle Eastern economies is believed to have had a most immediate and dramatic negative impact on inter-regional investments.[15] While no breakdown is available of Arab sources of FDI flows into Arab countries, indications are that a significant part had originated from the United Arab Emirates and Kuwait.[16] In most recent times, there is evidence that Kuwait and Saudi Arabia are investing in Lebanon, mostly in real estate[17], as well as in a few schemes for the revitalization of the public sector in Syria.[18]

The reasons for only very light flows of FDI within the Middle East are related, of course, to the investment climate in the countries there. Poor macroeconomic policies

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15. Ghassan El Rifai, "Investment Policies and Major Determinants of Capital Flows to Arab Countries", in *Economic Development of the Arab Countries*, ibid, p.73.
16. Ahmed Abisourour, "Arab Capital Flows: Recent Trends and Policy Implications", in *Economic Development of the Arab Countries*, ibid, p.97.
17. *MEES*, 1 November 1993
18. Fred H. Lawson, "Domestic Transformation and Foreign Steadfastness in Contemporary Syria", *The Middle East Journal*, Vol. 48, No. 1, Winter 1994, pp.47-64.

and hence low potential for long-term growth certainly play a part, as well as factors of political instability and generally underdeveloped financial systems and infrastructure. Given its importance, we take this issue up in our discussion of incentives for improving capital flows in the Middle East in the last section of the paper.

Inter-regional portfolio investment is an even rarer phenomenon in the Middle East. The lack of portfolio flows into equities is a direct result of the limited development of securities markets in the Middle East. This situation remains true despite the emergence over the last two years of equity markets in the Gulf; these markets remain relatively small and closed to outside investors.

In fact, one of the major problems in promoting greater portfolio flows in the region is not the lack of markets, but rather the lack of publicly issued securities. Another serious problem lies with the lack of adequate and properly enforced listing regulations.

All the same, we have included some figures for foreign portfolio investment in countries of the Middle East and North Africa in Table 9, though a breakdown by source is not available. It may also be noted that at the present time it is the Tel Aviv stock market which dominates the region, with a daily turnover of $120 million, compared with Amman's $6 million and Cairo's $1.5 million.[19]

Intra-Arab bond investment flows are furthermore non-existent, except for some past Kuwaiti bond issues. Despite the increase in foreign participation ratios in bond markets around the world, in Arab countries the lack of sufficient financial instruments and proper market mechanisms, as well as the existence of legal restrictions on foreign participation in domestic securities markets severely limit these kind of financial flows.[20]

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19. *MEED*, 13 May 1994, p.6.
20. Ahmed Abisourour, ibid, p.102.

Generally speaking, inter-regional medium- and long-term capital flows provided by the private sector have been more than limited. Official flows, particularly of official concessional aid, have provided the large bulk of medium- and long-term capital flows in the Middle East to the present day.

To conclude this section we will attempt to briefly summarize findings concerning: 1) the impact that the above inter-regional capital flows have had upon the economic development of the specific countries involved; and 2) the impact of these flows on integration of the region.

First of all, there is not total agreement as to whether these capital flows have been beneficial or not for the countries involved. In the case of bilateral and multilateral capital flows, some writers have found that in some cases these flows actually hinder development rather than foster it. This is particularly the case when aid flows are used to put off much-needed economic reforms, or else used primarily to boost consumption that is not met by higher production, leading to inflation and balance-of-payments difficulties. Egypt is quite often cited as an example of the first case, whereas Jordan of the second.

On the other hand, others have pointed out the contribution of aid flows to the improvement of the well-being of the population in the countries involved. A strong case can be made for the use of moderate, conditional aid flows to ease difficulties in implementing economic reforms as well. Furthermore, it is not so clear that aid flows have always had a predominately inflationary effect on the recipient countries, with little impact on growth. The empirical results are far from conclusive.[21]

In the case of workers' remittances, similar arguments have been made on both sides. Some authors have found that remittances in the Arab world have contributed only marginally at best to development while fuelling inflation[22], and compounding

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21. Boogaerde, p.87.
22. See, for example, Robert E. Looney, "Worker Remittances in the Arab World: Blessing or Burden?", *The Jerusalem Journal of International Relations*, Vol. 12, No.2, 1990, pp.22-48.

the balance of payments difficulties faced by the labor-exporting countries. Furthermore, the hope that remittances might be channelled into productive investments has been dampened by evidence that investments have been mostly in land and housing, and not tradable or productive activities.

Finally, evidence for the impact of inter-regional flows of direct and portfolio investment is lacking due to the relative insignificance of these flows. Arab investments in Egypt, mostly before Camp David, have been largely criticized as having been of a largely speculative nature, in areas of fast, high profits, with little social gain.[23] However, as argued elsewhere, this result can be attributed to the incentives in government policy as well as the general business climate.[24] The positive aspects that are generally attributed to private investment flows will lead us to focus on incentives to increase these flows in the Middle East in Section V.

It is not easy to give a clear-cut answer to the question as to whether inter-regional capital flows have up to the present day furthered economic integration of the Middle East. A few observations are in order, however. To begin with, the total flows of official assistance, both bilateral and multilateral, and workers' remittances, have constituted a huge transfer of resources within the region. For certain countries, like Jordan, Yemen and Egypt, these flows have represented a significant part of their total GNP (roughly 38% for Jordan; 42% for South Yemen and 22% for North Yemen; and 13% for Egypt).[25]

However, there is little evidence that these flows have led to a self-sustained growth in capital flows, or that they have in any way increased inter-regional financial capabilities of a permanent, long-term nature. Instead, the capital flows that we have

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23. See, for example, Robert Springborg, "Egypt", in *Economic and Political Liberalization in the Middle East*, edited by Tim Niblock and Emma Murphy, 1993; or, Mohamed Ibrahim and Abdul Rahman, "The Extent of the Contribution of the Arab Oil States' Direct Investments to the Development of the Egyptian Economy", *Development and Socio-Economic Progress*, Vol. 4, Issue 43, October-December 1988, pp. 42-57.
24. Heba Handoussa and Nemat Shafik, "The Economics of Peace: The Egyptian Case", in *The Economics of Middle East Peace*, edited by Stanley Fischer, Dani Rodrik, and Elias Tuma, 1993.
25. Boogaerde, ibid, p.87.

examined have been in many cases politically determined, and are often of a relatively short-term nature. Despite the fact that workers' remittances are somewhat more structural than official aid flows, overall we may say that capital flows in the Middle East have not drastically changed the productive capabilities there. Furthermore, as a large part of the capital flows are political transfers rather than economic ones, it would seem that these capital transfers remain relatively limited, even fragile.

III. CAPITAL FLOWS WITH THE REST OF THE WORLD

A. Aid Flows

1.*Bilateral*

Egypt and Israel are by far the largest recipients of outside aid within the Middle East (see Table 3). This fact underlines the prime importance of these two countries for the foreign policy of the U.S., by far their largest donor. Egypt is the favorite recipient country of many donors to the Middle East, however, while Israel also receives aid from Western Europe, particularly Germany.

As seen in Table 5, the U.S. has additionally given aid to Jordan, Morocco, Turkey and a few other countries over the last 10 years, but always to a much lesser degree. Yet, due to its enormous contributions to Israel and Egypt, the U.S. is considered to be the region's prime donor, as confirmed by the fact that the U.S. gave 48.1% of its total developmental aid to the Middle East and North Africa in 1991, and 58.9% in 1992, figures much higher than for any other OECD country.[26]

Other countries which give over 10% of their total aid budgets to the Middle East/North Africa region include Austria, France, Germany, Italy and Spain. These figures overlook, though, a bias in these aid flows as well; in nearly every case Egypt is a main recipient, though Morocco is ahead for France, and Turkey for Germany. In

26. See: OCDE, *Rapport 1992, Cooperation pour le developpement*, p. A-54, and the *Development Cooperation 1993 Report.*

fact, Egypt was the largest recipient of all OECD aid for the period 1990-1992, a position it had held a decade earlier as well.[27] For the years 1994-1995, $3 billion in aid to Egypt alone is expected from the international community, half of which will be in the form of grants.[28] More generally speaking, though, the individual contributions of the European countries have been more evenly spread among the Middle Eastern/North African countries; the cases of West Germany and France in Table 5 serve as examples.

Japan has also been a substantial contributor to aid flows to the Middle East, especially over the last five years. Again the lion's share of this aid has gone to Egypt, though some diversification has occurred toward Turkey, Jordan, Syria and Yemen (see Table 5). The total amount that the region accounts for in Japan's total aid budget only comes to 10%, however, as Japan is much more focused on South East Asia.

2. *Multilateral Aid*

The major outside multilateral donors involved in the Middle East are the European Economic Community, the World Bank and the IMF, and various agencies of the U.N. Figures for contributions of the EEC to various countries in the Middle East and North Africa are given in Table 4; again, Egypt has consistently been the major recipient of aid, though the EEC and its various institutions have given substantial sums to other countries in some years through the financial protocols the EEC maintains with the individual countries of the region.

These protocols consist mainly of European Investment Bank loans and EC budget grants. For example, in the $5.26 billion of grants and loans the EC has committed to the entire Mediterranean region for 1992-1996, $2.4 billion of this sum is in financial protocols. The majority of this will go to Egypt, followed quite far behind by Jordan, Lebanon, and Israel, in that order.

27.OCDE, ibid.
28. *MEED*, 11 February 1994.

In general, however, contributions from individual EC members, particularly through bilateral lending, have been far more significant than those of the EC multilateral institutions. Of particular note is the fact that the EC and its member states have accounted for 60% of all total aid to the Palestinians in recent years, and constitute the largest pledger of aid to the autonomous Palestinian areas for 1994-98.[29] Total EC countries' aid to Egypt, Syria, Morocco, Tunisia and Jordan has also been of significance in terms of total aid received by these countries.

The total net receipts from all other outside multilateral agencies are given in Table 6; these include aid and loans from the World Bank, the IMF, the African Development Bank, and various U.N. organizations. Not shown in the table is the increase, by 27%, of loan commitments by the World Bank to the region in 1993.[30] Of further interest is the recent role of the World Bank in the organizing of future aid to the Palestinian territories.

A major contribution of the U.N. to the Middle East not shown in Table 6 is that of the work of the United Nations Refugee and Works Agency (UNRWA) in the Occupied Territories. The expenditures of the UNRWA averaged $100 million annually from 1987 to 1991, or about 4.5% of the GDP of the Occupied Territories.[31]

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29. *MEES*, October 4, 1993, p. B2.
30. Telex Mediterranee, 20 Decembre 1993, p.4.
31. World Bank, *Developing the Occupied Territories, An Investment in Peace, Volume 2: The Economy*, September 1993, p. 105. We have not generally included data for the Occupied Territories in our paper due to the difficulty in obtaining them. In the above-cited source, however, we are told that for the same period, 1987-1991, the breakdown of other donors' annual assistance was the following:

U.N. Development Program ....$7 million
E.C. ....$15 million
Jordan..........................$50 million for 1987- 1988; about $15 million thereafter

Other identifiable Arab
governmental aid................$15 million for 1988-89; no figures available afterwards.

B. Remittances

Workers' remittances from countries outside the region are mostly the fact of North African workers' remittances from Western Europe, and Turkish remittances from West Germany (see Table 7). Net flows of these Arab workers' remittances from the EC countries grew in the 1980's[32]; however, given the pressures within the West European countries and at the Community level to reduce the flow of immigrants, growth in financial flows from this source will be uncertain at best in the near future.

C. Foreign Direct Investments, Portfolio Investments, and Other Private Flows

Foreign direct investment, as we have already seen, is rather limited in the Middle East by any source. The figures in Table 10 confirm this for the major industrialized countries. With the exception of Turkey, foreign direct investments in the poorest Middle Eastern and North African countries has been very modest, even negative.

Not shown in the table, however, are the foreign direct investment figures in the Gulf states, which receive proportionally more investment than their neighbors. U.S.-based oil companies are by far the most important investors in the region, especially in Saudi Arabia and the UAE; before 1990 investments were made in Egypt as well.

In the 1980's, U.S. and Japanese investments covered close to 90% of all FDI in Saudi Arabia. This amounted to over 70% of all U.S. FDI in the Middle East, and 68% of Japan's.

After the U.S., other investors in the region, in order of importance, are France, Germany, Italy, Japan and the Netherlands.[33] Up until 1990, French FDI was focused primarily on Morocco and Tunisia; in more recent years, more FDI has been focused on Turkey.[34] All the same, the net total of all foreign direct investment to

32. Mina Toksoz, *Pockets of Influence*, p.38.
33. Ghassan El-Rifai, ibid, pp.78-79; p.67.
34. *Le Monde*, 15 avril 1992, p.6.

the region of the Middle East and North Africa has been estimated to have only been $1.5 billion for 1992, and $1.9 billion for 1993.[35]

Portfolio investments have been, as already mentioned, rather insignificant in the Middle East by any source. External financing through bonds has been most limited as well; in this area, the region of the Middle East and North Africa is way below the annual average for all developing countries.[36] Commercial bank finance is mostly limited to a few countries in North Africa.

One rather important source of financing from the industrialized countries to the region has been export credits. Net flows of export credits to particular countries are given in Table 10; these figures are only for private export credits, however. The magnitudes of export credits given to some countries become more apparent when the proportion of export credits to total debt is considered, as we shall do in the next section of the paper.

We conclude this section with a few remarks about what capital flows between the Middle East/North Africa and the rest of the world can tell us about the integration of this region with the outside world. This integration can, in fact, be described as a "one-way integration", due to the region's position of having the highest percentage of flight capital as a share of GDP in the world. The ratio of flight capital to GDP reaches more than 150% for Egypt, Jordan and Syria, though the phenomenon is in no way limited to these countries.[37] The attractive financial markets of the industrialized countries, particularly in Western Europe and the U.S., have long received a large share of the wealth of the Gulf states as well.

Despite the private sector reorientation of external finance to developing countries, and hence the rising share of FDI in total financing, along with bond and equity portfolio flows, the region of the Middle East and North Africa continues to depend

35. World Bank, *World Debt Tables 1993-94.*
36. World Bank, *Global Economic Prospects and the Developing Countries 1993*, p.15.
37. World Bank, ibid, p.6, p.24.

upon concessional official financing for a major part of its external financing. The proportion of total net aid from the industrialized countries that is given to the region has furthermore fallen over the past decade, from 30.7% of the total in 1980 to 16.4% in 1991.[38] In short, in terms of financial flows from the outside world, the Middle East is rather marginally concerned, and hence financial integration of the region is presently limited.

IV. FINANCIAL DEPENDENCE OF THE REGION

A. A Comparison of Capital Flows within the Region with those with the Rest of the World

A brief review of the relevant aid statistics suffices to conclude that the total aid flows from the outside world are several times greater than those within the region. While bilateral aid (gross and net disbursements) from the Arab countries to the region declined during the 1980's up to 1990, that of the industrialized countries, particularly gross disbursements, has been on an upward trend up to the present day (at least in nominal terms).

Multilateral aid, both from the international institutions and the EEC shows a general upward trend as well, despite exceptions for particular years. This aid is many times larger than multilateral aid given by the Arab agencies; aid given by the EEC alone is, for the major number of years, greater than all the Arab agencies together.

Hence, despite the relative unimportance of aid flows to the Middle East and North Africa for the outside world, to the recipients of these flows they may be of utmost importance. The heavy indebtedness of many countries of the region may render concessional inflows an even necessary counterbalance.

38. World Bank, ibid, p.48.

B. The Indebtedness of the Arab Countries

During the course of the 1980's several countries of the Middle East and North Africa became seriously indebted, both in absolute terms and in terms of their GNP and their ability to pay (see Tables 11 and 12). These countries include the following: Algeria, Egypt, Jordan, Morocco, Syria, Tunisia, and Turkey. Apart from the fact that most of these countries continue to service important debts, there have been additions to the list in most recent years, as Iran's debt has continued to increase, and Saudi Arabia has joined the group of indebted countries since the Gulf War in 1990.

Of all the above countries, it is Algeria which has had the most onerous debt charge in recent years, with debt servicing representing nearly 75% of its revenues from oil and gas sales, its only exports and main source of all revenue. Morocco, in comparison, has only had a ratio of debt servicing to total exports of about one-third that of Algeria. In fact, in December 1993 Algeria concluded an agreement with the IMF to restructure its debts in order to reduce its charge.[39] Most recently a rescheduling agreement was made with its official creditors, accompanied by new financing by the IMF, the World Bank and the European Community.

Yet another characteristic of Algeria's debt is the huge portion constituted by export credits. From 1985 to 1987, export credits represented 60% of Algeria's total debt stock, falling to an average of 45% for 1988-1990, rising again toward 64% in the early 1990's.[40] The largest creditor to Algeria has been France, though seconded in this by Italy and Japan.

Export credits are an important feature of Iran's steadily rising debt as well, representing about 50% of total debt stocks for every year from 1985 to 1989, and rising to an average of 76% in the early 1990's.[41] Iran most recently had to negotiate

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39. *Le Monde*, 16 decembre 1993, p.22.
40. Calculations based on information in The World Bank, *World Debt Tables 1993-1994*.
41. World Bank, ibid.

a restructuring of its debt payments for 1993-1994.[42] More generally, export credits have come to represent one-third of total debt stock for the entire North Africa and Middle East region for every year since 1990.[43]

Egypt's debt had reached over $50 billion by the end of the 1980's, and debt servicing was approximately one-third of total exports. A good portion of this debt was related to military expenditures, particularly from the U.S.[44]

Following the Gulf War, the U.S. and the Arab Gulf countries provided Egypt with $13 billion in debt forgiveness and an exceptional grant for $3.6 billion. Egypt's debt to other official creditors- Japan and Western Europe- was furthermore rescheduled at a meeting of the Paris Club in 1990. Another rescheduling occurred in May 1991 to half Egypt's outstanding debt over the period up to mid-1994; as part of the agreement, however, Egypt is following a structural adjustment program of the IMF.[45]

Following the Gulf War in 1990, Jordan accumulated arrears of interest and principle, amounting to roughly $1.3 billion by mid-1992. A recent agreement with its Paris Club creditors rescheduled Jordan's foreign debt payments over 20 years, including a 10-year grace period. Jordan will continue to depend on inflows of foreign capital, however, for some time to come.[46]

Turkey is likewise in a rather bad position, as its total debt has risen from $55 billion at the end of 1992 to $65.8 billion in September 1993. Two-thirds of this debt is held by the public sector alone.[47]

A special category of indebted countries in the region were those that had held large debts with the former Soviet bloc up until most recently. The most important country in this regard is Syria; though most of the Eastern bloc's assistance had been

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42. *Le Monde*, 3 mai 1994.
43. World Bank, ibid.
44. Heba Handoussa, ibid, p.26
45. Heba Handoussa, ibid.
46. Hani Abu-Jabarah, "The Economics of Peace: Jordan", in *The Economics of Middle East Peace*, ibid; and Katia Salame-Hardy, "Le Proche-Orient: La montee de la dette", *Le Monde*, 3 mai 1994.
47. *Le Monde*, ibid.

concessionary, it is estimated that Syria owes the Warsaw Pact governments between $10 and $18 billion in military debts.[48]

A debt agreement just this year between Russia and Syria will allow this latter to write off 80-90% of its debts with the former; the rest will be paid on Syria's behalf by two Gulf states.[49] It might be added that a large portion of Yemen's debt is similarly contracted with the ex-Soviet bloc.

Total debt of the North Africa and Middle East region was projected to reach over $194 billion in 1993, and total long-term debt outstanding, over $147 billion. Over half of this total debt is bilateral debt held with official creditors.

The general trend among countries in the region is one of increasing debt, exacerbated by the arrival of new debtors like Saudi Arabia and increasing military expenditures in the region since 1990. While the region as a whole is not as seriously indebted as others, the situations of the individual countries discussed above could cause further difficulties and rescheduling. For many of these countries the debt burden will continue to weigh heavily on their government budgets and balance of payments for some years to come.

C. The Financial Position of the OPEC Arab Countries

The OPEC Arab countries include Iraq, Kuwait, Libya, Qatar, Saudi Arabia, and the United Arab Emirates. The financial situation of Iraq is the most unequivocal: the eight years of war with Iran, and then the Gulf War in 1990 have brought economic ruin to Iraq. The economic burden facing Iraq is staggering, and the continuing U.N. embargo has led to a large deprivation of most of its population. Some estimate that it could possibly take a decade or even longer for the country to recover when the embargo is finally lifted.[50]

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48. Fred H. Lawson, ibid, p.49.
49. *MEES*, 9 May 1994, p.B9.
50. Eliyahu Kanovsky, ibid.

The financial situation of Kuwait is of a different order. During and immediately following the invasion and the Gulf War there was a loss of oil output and revenues, and since the end of the conflict Kuwait has had to reduce sharply its financial assets, from an estimated amount of $100 billion before the war to about $35 billion, in order to finance reconstruction. The Kuwaiti government has also been running a budget deficit financed by borrowing. A large part of this borrowing - $19 billion- was incurred with local, commercial banks, strongly solicited by the government. Other sources of financing have been found on the international capital markets, the estimations of which run from $8 to $30 billion.[51]

An IMF report on Kuwait in early 1993 was quite optimistic about the country's economic potential. In fact, the country has largely recovered from damage inflicted by the conflict in 1990, its GDP doubling between 1991 and 1992.

However, many reservations were made about Kuwait's financial policy, and there is general consensus that corrective measures are needed to reduce government deficits. In 1990/91, the budget deficit was equivalent to 70% of GDP, and in 1991/92, it was 62% of GDP.[52]

While the deficit was reduced for 1992/1993 and 1993/1994 (19% of GDP according to Kuwait's Central Bank), the government's deficit for 1994/1995 is expected to widen unless defence and other spending is reduced.[53] Generally speaking, though, Kuwait is not facing a financial crisis, and it has been estimated that it could, at least in theory, continue to fund itself at the present rate without major policy changes for the next five to ten years. Of course, this fact may also undermine determination by the Kuwaiti government to implement economic reforms at the present time, thus putting Kuwait at greater risk in the future.

The financial situation of Libya is not that different from some of the other OPEC Arab countries. Lower revenues due to lower oil prices have translated into an erosion of financial assets by current deficits since the end of the 1980's.

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51. Katia Salame-Hardy, "Le Koweit: Incertitudes", *Le Monde*, 3 mai 1994.
52. *MEES*, 11 October 1993, and *MEES*, 24 June 1994..
53. *MEES*, 2 May 1994.

The Libyan economy in general has evidenced negative real growth in recent years. Furthermore, more government budget deficits and current account deficits seem to be on the agenda for the future, given the continuing low oil and gas prices, and difficulties in conducting normal business due to the embargo measures brought against the Libyan economy by the U.S. and the U.N..

The economy of Qatar was badly affected by falling oil prices at the end of 1993, as evidenced by the government's difficult financial situation there. In fact, delays in government payments to contractors have become even longer, and the government has had to increase its borrowing in recent times.

The government of Qatar has had consistent budget deficits since the early 1980's; in the ten years up to and including 1993/1994, it has accumulated a public debt of over $12 billion dollars.[54] It is expected that Qatar will continue to run deficits until substantial Liquid Natural Gas (LNG) revenues start to accrue at the beginning of the next decade from the very large and ambitious new gas plants that are to be built over the next few years. In the meantime, the country will most likely have to deal with serious financial constraints.

Saudi Arabia has had large government budget deficits and current account deficits since 1983. Unlike Kuwait, on the eve of the Gulf War Saudi Arabia had already run down to a very low level its reserves, and begun borrowing both externally and domestically. By 1992, Saudi Arabia's total debt stock had almost quadrupled in four years to $56 billion, though if domestic treasury instruments are discounted, this amount comes to $30 billion.[55]

An IMF report on the Saudi economy issued in April 1993 warned of mounting budgetary and external current account deficits and urged the Saudi authorities to begin a review of economic policies, leading to reforms. In particular, spending must be reduced as with the current oil glut it will be difficult to rely on increased oil revenues to make up the difference. A reduction in defence spending, nearly one-third

54. *MEES*, 6 June 1994.
55. *MEES*, 24 August 1992.

of total expenditures, will be necessary, as well as the eventual introduction of taxes and the reduction of subsidies.[56] In fact, the 1994 Saudi budget calls for a 20% reduction in spending, in order to bring the deficit down to little more than $1 billion. Saudi figures have put the 1993 budget deficit at about $7.5 billion, or roughly 6.5% of GDP. In reality, it was probably much larger than this.

Saudi Arabia is a very wealthy country, and the amount of its debt remains quite manageable with respect to its GNP and export earnings. The country's financial position will force it to make major changes concerning fiscal policy, however, if it is to assure its future wealth.

The economy of the United Arab Emirates has in most recent times begun to slow down with respect to its rapid growth rate of the previous two years. However, the government deficits of the UAE are quite manageable, and a fall in this deficit is forecasted for 1994. In addition, the Emirates have not contracted any official foreign debt, net foreign assets of the banking system are positive, and the country has the highest credit rating in the Middle East.

On the negative side, the lower dependence on oil revenues achieved in recent years within the Emirates as a whole does not apply to Abu Dhabi and Dubai, and government revenues are likewise still heavily dependent on oil revenues. For the future, then, lower earnings can be foreseen for the United Arab Emirates' economy.

Overall, we may conclude that while none of the OPEC Arab countries is currently faced with a dramatic financial situation, the persistent problems related to lower revenues and current deficits will obviously force their governments to make delicate choices about spending, including that on aid to other countries in the region. Furthermore, these countries' continued use of private resources to finance deficits through their own financial systems may also affect the total amount of financial resources available within the region of the Middle East for productive investments.

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56. *MEES*, 9 August 1993.

V. INCENTIVES FOR GREATER FINANCIAL INTEGRATION

In this section we will discuss basically four major incentive structures to increase greater capital flows both within the region and between the region and the outside world. These are the following: 1) macroeconomic policies; 2) legal and administrative measures; 3) financial structures and policies; and 4) peace in the region. Though we will basically discuss each separately, in reality the coincidence of all incentives would obviously produce the best results.

Macroeconomic policies have a large impact on foreign direct investments and portfolio investments in that they can be a large determining factor of the investment climate in a country. The macroeconomic policies that seem to be of particular importance for the creation of an attractive investment climate are those destined to avoid overvalued exchange rates, B.O.P.difficulties, too high a spread between domestic and foreign interest rates, and that encourage a greater liberalization of the economy, particularly the trade sector, and a general environment of stable growth.

In particular, exchange rate risk, in addition to overvalued currencies, is perceived as one of the greatest risks of investing in many countries of the region.[57] Uncertainty surrounding macroeconomic policy and variables is, in general, a strong deterrent to foreign investors.

Balance of payments difficulties is another deterrent due to the risk of foreign exchange shortages in the country in question; in such a situation, the country may find it necessary to limit the external flow of foreign exchange by other sectors of the economy. It becomes difficult, then, for a foreign investor to conduct business on a normal basis when there is not sufficient foreign exchange for imports and the transfer of dividends and capital.

Liberalization is important, particularly in the area of trade, as it is much more attractive for a foreign investor to come into a country if importing necessary inputs is not a problem, and if goods produced may be exported, particularly given the current

57. Handoussa,ibid.

preference of FDI for exporting sectors.[58] Liberalization in other sectors may be important as well, especially in the financial and industrial sectors.

Finally, there is evidence that the existence of a satisfactory physical and human infrastructure is an important determinant. In particular, in one study of seven countries from North Africa and the Middle East, a strong correlation was found between literacy rates and FDI flows. The importance of finding sufficient and well-trained labor on the spot may be especially true for export industries, given their need to be competitive.[59]

The need for improved legal and administrative procedures is also evident in the case of the Middle East if countries of the region are to attract greater investments. Major complaints concern the excessive bureaucratic red tape in many countries of the region, as well as the often hostile attitudes of the various bureaucratic administrations toward foreign investors. The often vague legal framework in which foreign investors must work is also a discouragement.

In terms of legal structures, it must be mentioned that up until the last few years, many countries in North Africa and the Middle East had legal restrictions on foreign direct investment that were either prohibitory or limiting. Nearly all countries in the region have now adopted more lenient laws, some even encouraging, toward foreign direct investment. Various incentives have been designed as well, particularly tax incentives.

However, the long experience of Egypt with laws to encourage FDI should be of some guidance as to the rather disappointing results that many countries have experienced. In fact, Egypt has had an open door policy toward FDI since the 1970's, and many laws and amendments have been passed to encourage FDI. The problem has been rather the overall macroeconomic situation in Egypt and macroeconomic

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58. Ghassan El-Rifai, ibid, p.87.
59. Ghassan El-Rifai, ibid.

policies adopted by the government that have undermined confidence in Egypt's economic potential and thereby deterred FDI.[60]

In our discussion of capital flows in the Middle East, it was apparent that the development of a more elaborate financial system and financial instruments would be a large incentive to increasing capital flows, particularly among the countries of the region, but also to the region from the outside. Major suggestions include the development of securities markets, in particular a regional securities market, the encouragement of equity capital and other financial instruments, the creation of a regional development bank, and the liberalization of financial markets. Of course, without conducive macroeconomic policies and a stable environment, the chances of success for more developed financial systems, currently lacking in the entire region, would be limited.

The recent peace agreement between Israel and the PLO, and the beginning of a Palestinian administration in parts of the Occupied Territories, have led to a lot of speculation and study on the possible economic effects of peace for the region. While the actual results are to be seen, we add a few comments here about possible effects of peace on capital flows.

In terms of the most important source of capital flows for the region, official aid, it is widely believed that these flows will tend to increase with the peaceful resolution of the Israeli-Arab conflict. Indeed, recent pledges by many donors, particularly in the West, seem to sustain this hypothesis. However, dissident voices warn of possible disappointment, as pledges and actual disbursements do not always go hand in hand. The many claims on the countries of the EEC for aid and financing, and a tendency for the U.S. to reduce aid once the strategic motivation is reduced, are quoted as possible factors supporting such a hypothesis. Assistance from Japan is not expected

60. See, Robert Springborg, "Egypt", in *Economic and Political Liberalization in the Middle East* ibid, pp.155-57.

to increase by much, either, given that country's greater preoccupation with other areas of the world.

It is believed that the decrease in the risk of war in the region and thus greater stability will encourage foreign investment. However, without more conducive macroeconomic policies as mentioned above, it seems unlikely that peace and stability alone will work miracles. As one writer on Egypt notes, it is not the possibility of war in the region which seems to have been the major deterrent to foreign investors in the past; investors have instead complained about inadequate infrastructure, bureaucratic obstacles, rigid labor laws, domestic political instability, and the unsustainability of macroeconomic policy.[61] Indeed, without due attention to these matters, with or without peace it is unlikely that investment will increase in the region.

In particular, the value of the foreign assets held by the citizens of many Middle Eastern countries is estimated to be huge, including those of Egypt, Lebanon, Syria, Jordan, and the Gulf countries; assets held by the Palestinian diaspora are also valued to be quite important. One of the first sources of capital inflows that governments in the region could think to attract, then, is the large amount of capital flight from their own countries and territories. The opportunity of peace and stability, if accompanied by the creation of the structures and environment necessary for the greater flow of capital into the region, would then improve the region's chances of a two-way integration- both within and with the outside world.

VI. CONCLUSION

To conclude our discussion on financial flows and integration in the Middle East, we make here just a few observations. Firstly, from our findings here, it seems rather obvious to us that several of the countries of the region are and will continue to be

61. Handoussa, ibid, pp.44-45.

rather heavily dependent on flows emanating from outside the region. Inter-regional flows, while still of some importance, have dwindled, and there is little reason to think that they will increase dramatically in the near future.

Secondly, though financial flows from official sources have been most important, in addition to workers' remittances, up to the present, financial conditions both within and outside the region call for a greater use of private resources as well. In fact, perhaps the strongest recommendation we can make here is for the countries of the region to adopt economic policies, as discussed earlier, to encourage a return of flight capital to the respective countries of the region. Of course, such policies would also encourage flows from abroad in general, and a further development of the region's financial markets.

Hence, while the advent of peace in the region may go far in stimulating a climate of optimism, by itself alone peace will not create miracles. Much more will be needed if the Middle East is to be able to finance its development in any self-sustained way, thus avoiding marginalization within the broader world economy.

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Table 1. Total Bilateral Official Development Assistance* Received from Arab Countries**

(Millions of US$)

	19 84		19 85		19 86		19 87		19 88		19 89		19 90		19 91	
Recipient Country	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Algeria	0	0	9,1	9,1	27,9	27,9	51,6	51,6	27,2	27,2	25,4	22,2	14	8	1,9	1,9
Bahrain	208,4	198,1	83,8	71,6	109,9	98,2	11,1	-0,8	9,5	-4,6	5,2	-8,6	146,6	132,7	53,2	43,8
Egypt	3,2	-24,6	3,2	-24,7	80,6	54,2	104	74,5	10,4	-16,1	15,3	-14,5	2212,7	2185,7	531,8	510,1
Iran	0	0	0,1	0,1	0	0	0,1	0,1	0	0	0	0	34,3	34,3	10	10
Iraq	0	-1,9	0	-0,3	0,2	0,2	10	10	9,1	9,1	0	0	55,3	55,3	0	0
Jordan	655,2	602	489,9	453,4	463,7	434,4	420	395,2	323,1	283,2	174,6	128,7	456,1	425,9	4,4	4,4
Lebanon	1,3	0,1	13,5	12,2	3,9	2,7	18,5	18,2	11,7	11,2	3,7	3,7	148,2	148,2	60,2	60,2
Marocco	93,3	73,4	422,1	403,9	95,9	85,6	26	15,5	46,2	20,3	22,3	-2,4	389,7	361,1	490	470,3
Oman	69,5	54	73,4	59,4	65,2	52,7	13,8	-1,6	2,2	-14,8	12,5	-4,8	60,1	47,6	17,2	-2,1
Syria	601,5	601,5	559,7	559,7	631,8	631,8	588	588	5	-13,5	6,5	-15,6	584,6	579	133,4	121,5
Tunisia	30,4	8,5	30	5,2	64	39,8	58,5	30,1	40,8	3,4	87,8	41,6	131,6	100	14,7	2,5
Turkey	34,1	31,3	42,1	31,8	40,7	25,3	45,3	14,1	16,8	-42,7	18,5	-42,5	691,6	630,6	517	453,9
Yemen	205,5	187,2	162,3	138,3	110,2	89,4	171	144,1	66,5	25,7	80,1	46,3	172	136,5	13,7	4,7
Totals	1902,4	1729,6	1889,2	1719,7	1694	1542,2	1517,9	1339	568,5	288,4	451,9	154,1	5096,8	4844,9	1847,5	1681,2

Notes

* Official Development Assistance (ODA) refers to grants and loans with at least a 25% concessional element, for the purpose of economic development.

** Arab Countries here refers to Algeria, Iraq, Kuwait, Libya, Qatar, Saudi Arabia and the United Arab Emirates.

Source: OECD, Geographical Distribution of Financial Flows to Developing Countries 1988/1991, Paris, 1993, also for 1984/1987.

Additional Note: Approximately 1/3 or more of Arab bilateral aid is geographically not allocated, depending on the year. Part of this amount is known to have gone to the PLO and the Palestinian Occupied Territories, and for the years 1980-1988, a large sum went to Iraq, through this does not show up here in these figures. Other recipients of "geographically" unallocated Arab aid are a matter of speculation

Table 2. Total Multilateral Official Development Assistance from Arab Agencies*

(Millions of US$)

	19 84		19 85		19 86		19 87		19 88		19 89		19 90		19 91	
Recipient Country	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Algeria	0	-1	3,7	2,5	4,7	3,5	5,4	3,8	8,5	5,8	7,5	5,7	0,7	-1,8	3,4	-3,8
Bahrain	0	-0,7	0	-0,8	0	-0,8	0,1	-0,8	1	0,1	2,3	2,3	3	1,8	0,7	-1,2
Egypt	-1,3	-8,2	0	-7,7	1	-5,4	0	-8,4	0	-9,2	76,2	66,2	2,2	-4,4	46,3	36,5
Iran	0	0	0	0	0	0	0	0	0	0	0	0	0,1	0,1	0	0
Iraq	5,1	4,8	4,4	3,9	8,6	7,9	0,2	-0,7	0,7	-2,3	7,5	7	12,5	11,7	0	0
Jordan	6,4	2,9	3,5	-0,3	5,7	1	11,9	7,1	4,9	-2	5,6	1,2	4,2	0,9	23,3	11,2
Lebanon	0,7	-1,4	0,6	-1,2	0	-1,4	0	0	1,1	-0,1	0,2	0,2	0,4	0	3,1	-5,5
Marocco	4,5	2,4	11,3	8,2	1,9	-0,8	10,1	6,6	28,7	24,4	23,5	18,3	28,7	25,4	76,3	67,3
Oman	3,9	3,6	1,8	1,4	0,4	-0,4	1,2	0,5	0,2	-0,6	7,5	1	8	0,7	5,5	-2,1
Syria	6,3	2,4	11,6	7,1	15,4	10,6	4,7	-0,9	9	8,1	17,6	6,5	1,3	-2,2	18,4	2,8
Tunisia	3,4	1,5	6,3	4,4	4,8	1,2	12,5	8,9	15,9	9,8	19,4	14,7	37,4	34,8	43,1	34,7
Turkey	0,3	0	1	-0,8	1,7	-0,2	2,5	1,5	2,8	0,3	2,1	0,3	2,1	-0,8	0,6	-1,3
Yemen	8,6	3,1	15	8,3	17,6	11,2	15	4,1	38,8	15,3	42,6	23,9	29	11,1	24,2	-24,9
Totals	37,9	9,4	59,2	24,94	61,8	26,7	63,6	21,7	111,6	49,6	212	147,3	129,6	77,3	244,9	113,7

Notes

* Arab Agencies include the BADEA, AFESD, the Islamic Development Bank and OFID.

Source: OECD, Geographical Distribution of Financial Flows to Developing Countries 1988/1991, Paris, 1993, also for 1984/1987.

Table 3. Total Official Aid Flows from DAC Countries*

(Millions of US$)

	19 84		19 85		19 86		19 87		19 88		19 89		19 90		19 91	
Recipient Country	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Algeria	125,6	112,1	157,5	142	142,9	1194	172	144,9	145,7	0	125,5	0	268	0	358,4	0
Bahrain	0,8	0,6	0,8	0,8	1,5	1,5	1,1	1,1	1,1	1,1	3,2	3,2	1,9	1,9	0,9	0,9
Egypt	1726,7	1650,6	1767	18,8	1670	1566,2	1625,2	1565,3	1594	1434,8	1541,3	1409,2	3409,2	3171,3	9069,6	4158
Iran	18	2	15,4	1	19,8	13,4	53,7	6	60,8	52,1	62,1	60	104,2	34,5	123,6	82,5
Iraq	6,4	-0,4	29,1	20	29,3	20,9	82	79,2	13,6	-0,7	12,7	-5	15,3	-8,6	431,3	431,2
Israel	311	1255,9	241,9	1978,3	2013,8	1937	1348,3	1249,5	1349,9	1239,4	1299	1188,1	1510,2	1370,7	1856,3	1715,1
Jordan	77,4	63,8	85,2	70,5	128,7	109,5	198,1	174,8	158	122,9	147,4	130,7	480,7	434,6	711,2	683,8
Lebanon	58,4	54,9	47,5	44,7	40,5	38,5	66,4	64,1	101,5	99,1	83,3	83,3	71,7	71,7	62,6	58,9
Marocco	275,2	247,7	350,4	317,8	362,9	292,1	392,8	348,9	427,5	404,4	466,9	402,8	633,5	595,3	635	546,7
Oman	6,5	6,5	14,7	14,7	29,4	29,4	15,2	15,2	13,9	13,9	16,9	16,9	12,3	11,3	14,7	12,7
Syria	16,9	15,2	15,7	13,1	45,7	41,4	93,5	88,7	178	168,3	114,4	109	82,1	69,4	261,5	236,2
Tunisia	175	140,7	156,4	121,7	199,9	147,1	278,1	205,1	301,9	237	269,4	180,4	341,3	214,2	384,4	263,2
Turkey	328,2	188,7	258,8	136,7	397,7	234,7	536,4	385,1	549,1	303,3	499,4	191	937,8	598,4	1266,8	946,2
Yemen	83	82,2	84,6	84,3	117,5	115,2	150,4	147,8	177,8	18,6	205	195,1	180,1	128	231,1	220,8
Totals	3209,1	3820,5	3229,33	2937,44	5199,6	5740,9	4982	4475,7	5072,8	4092,68	4846,5	3964,7	8048,3	6692,7	15407,4	9356,2

Notes

* These include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland, the UK, and the USA.

Source: OECD, Geographical Distribution of Financial Flows to Developing Countries 1988/1991, Paris, 1993, also for 1984/1987.

Table 4. Total Official Aid Flows from EEC+Member Countries (Gross)

(Millions of US$)

Recipient Country	19 84 EEC	19 84 EEC + Memb.	19 85 EEC	19 85 EEC + Memb.	19 86 EEC	19 86 EEC + Memb.	19 87 EEC	19 87 EEC + Memb.	19 88 EEC	19 88 EEC + Memb.	19 89 EEC	19 89 EEC + Memb.	19 90 EEC	19 90 EEC + Memb.	19 91 EEC	19 91 EEC + Memb.
Algeria	2,9	56,2	7	56,8	3,2	68	7,5	89,8	5,4	92,8	21,2	101,7	10	170,7	12,3	259,5
Bahrain	0	0,4	0	0,5	0	1,1	0	0,5	0	0,6	0	0,6	0	0,6	0	0,4
Egypt	38	320,3	34,3	266,6	22,6	307,7	69,6	469,3	77,2	550,1	65,3	463,1	47,9	725,6	290	843,2
Iran	0	9,9	0	8	19,8	10	0	42,6	0	46,1	0	42,9	1,9	67,6	0,2	63,2
Iraq	0	3,7	0	5,1	0	5	0	7,4	0	8,5	0	6,8	0	7	0	70
Israel	0	92,3	0,1	69,1	0,1	102,6	1,3	123,2	1,6	124,4	2,8	108,8	1,6	162,5	34	71,9
Jordan	3,7	32,8	5,4	50,4	5,6	48,7	3,1	54,6	3,6	52,8	4,2	52,3	6,6	220,1	193,2	365,1
Lebanon	0,7	24,9	6,2	25,3	5,8	33,1	6,6	44,3	5,4	75,9	19,1	73,3	29,4	78,5	7	39,8
Marocco	3,9	159,4	29,4	254,6	11,2	284	9,6	285,3	2,8	275	5,2	29,6	29,3	415,2	49	512,1
Oman	0	1,2	0	1,5	0	1,9	0	1,6	0	3	0	2,8	0	3,9	0	3,7
Syria	1,9	14,3	2	15,5	4,8	37,9	0,6	43,6	5	71	2	71,8	9,5	72,6	0,8	136,3
Tunisia	12,5	129,4	8,9	127,3	16	164,4	27,4	238,6	47,4	241,3	31,6	196,9	25	260,7	447,6	347,2
Turkey	28,3	131	15,5	132	87,7	297,7	27	357,3	18,2	345,2	1	30,8	2,8	548,5	233,1	683,6
Yemen	3,3	43,5	1,5	34,8	0	61,5	2,5	85,3	5,6	118,5	1,9	92,4	1,8	112,7	2,3	103,7
Totals	95,2	1019,3	110,3	1047,5	176,8	1423,6	155,2	1843,4	172,2	2005,2	154,3	1273,8	165,8	2846,2	1269,5	3499,7

Source: OECD, Geographical Distribution of Financial Flows to Developing Countries 1988/1991, Paris, 1993, also for 1984/1987.

Table 5. Total Bilateral Official Aid Flows from Major Donors: West Germany (W.G.), France (FR.), the U.S. and Japan (J.) (Gross).

(Millions of US$)

	19 84				19 85				19 86				19 87			
Recipient Country	W.G.	FR.	U.S.	J.	W.G.	FR.	U.S.	J.	W.G.	FR.	U.S.	J.	W.G.	FR.	U.S.	J.
Algeria	3,6	46,6	0	2,8	3,4	43,5	1	2,8	5,1	56,4	0	0,9	8,3	70,1	0	0,4
Bahrain	0	0,4	0	0,2	0	0,5	0	0,3	0,5	0,6	0	0,3	0	0,5	0	0,5
Egypt	143,5	50,5	1294	100,8	138,2	41,2	1401	95,6	112,9	93	1189	157,5	174,7	109,5	1046	111,5
Iran	5,4	3,5	0	2,1	4	3,5	0	1,8	4,2	4,5	0	2,4	36,5	5	0	2,1
Iraq	0,5	2,7	0	2,2	0,6	2,6	0	23,2	1,1	3,2	0	23,6	2,9	4	0	73
Israel	88,9	2	1218	0,2	65,3	2,1	1972	0,2	95,2	3,1	1910	0,3	111,3	4,4	1225	0,4
Jordan	12,8	4,5	25	22,2	22,8	2,3	22	15,6	23,2	3,5	42	40,9	33,7	3,3	111	29,9
Lebanon	3,7	16,3	29,5	0,6	3,2	9,8	24		5,2	15,4	10	0,1	8,1	19,9	22	0,1
Marocco	32,6	113,1	73	38,5	42,6	174,2	97	22,3	102,5	146,7	69	15,2	41,3	222,5	87	24
Oman	0,2	0,2	4	1,4	0,6	0,2	11	2,2	0,8	0,3	26	1,5	0,5	0,2	13	0,6
Syria	3,5	7,5	1	2,9	2,3	7	0	1,4	19,1	13,1	0	11,2	9,1	13,2	0	49,1
Tunisia	36,3	56,3	29	19,9	28	55,1	20	11,4	29,1	64,8	35	7,9	44,9	66	46	5,7
Turkey	9,2	7,5	175	3,5	68,8	4,6	101	33,9	163,5	10,3	100	78,2	307,5	14,8	21	174,2
Yemen	12,4	1,6	30	0,9	9,7	2,1	39	10,5	15,5	4,1	40	15,8	32,3	3	45	21,8
Totals	352,6	312,7	2878,5	198,2	389,5	348,7	3688	221,2	577,9	419	3421	359,77	811,1	536,4	2616	493,3

Source: OECD, Geographical Distribution of Financial Flows to Developing Countries 1988/1991, Paris, 1993, also for 1984/1987.

Table 5. Total Bilateral Official Aid Flows from Major Donors: West Germany (W.G.), France (FR.), the U.S. and Japan (J.) (Gross). (Continued)

(Millions of US$)

	19 88				19 89				19 90				19 91			
Recipient Country	W.G.	FR.	U.S.	J.	W.G.	FR.	U.S.	J.	W.G.	FR.	U.S.	J.	W.G.	FR.	U.S.	J.
Algeria	17,2	66	0	1,2	11,8	63,8	0	1,7	15,4	131,2	0	4,6	9,6	177,7	0	6,6
Bahrain	0,1	0,5	0	0,5	0,1	0,4	0	2,7	0,1	0,4	0	1,3	0	0,4	0	0,5
Egypt	218	73,1	862	186,7	218	68,8	969	108,3	351,2	149,7	2477	169,8	236,9	163,6	7779	640.8
Iran	39,6	4,8	0	2,2	37,7	4,4	0	3,5	56,3	6,2	0	7,4	47,2	6,7	0	10,2
Iraq	2,3	3,6	0	4,1	1,9	3,2	0	3,7	3,3	3,2	0	4	2,5	0,7	336	0,1
Israel	111,8	5,1	1225	0,4	92,2	4,9	1189	0,4	134,9	6,1	1340	0,5	522,1	5,6	1303	6,6
Jordan	32,5	6	74	20,3	29,5	3,8	70	14,3	174,7	10,6	66	165,9	128	20,9	38	443,1
Lebanon	14,3	33,5	20	0,2	9,2	27,3	19	1,1	9,8	25,9	12	0,1	9,5	13	18	0,1
Marocco	81,8	160	88	28,3	86,9	185,4	97	25,7	71,1	243,7	67	111,6	68,7	312,7	74	32,5
Oman	0,9	0,4	9	2	1	0,4	8	6,1	2,3	0,5	5	3,4	1,3	0,5	7	4
Syria	53	13	0	111	57,3	12,1	0	42,2	46,4	16,6	0	15,4	118,3	14,3	0	121
Tunisia	57	53,4	49	42	49,2	64,7	51	36,5	61,1	89,9	44	35,6	69,3	104,4	24	30,3
Turkey	279,5	24,8	32	155,8	227,2	43,1	60	92	429,2	73,6	13	345,5	322,8	61,6	325	451
Yemen	33,1	9	27	29,1	27,4	3,5	40	72,2	38	16,7	43	23	23,5	20,1	21	105,3
Totals	941,1	453,2	2386	583,8	792,1	485,8	2503	410,4	1393,8	774,3	4067	888,1	1559,7	902,2	9925	1211,3

Source: OECD, Geographical Distribution of Financial Flows to Developing Countries 1988/1991, Paris, 1993, also for 1984/1987.

Table 6. Total Net Receipts from All Multilateral Agencies (Except the EEC and Arab Agencies).
(Millions of US$)

Recipient Country	1984	1985	1986	1987	1988	1989	1990	1991
Algeria	31,9	116,8	97,5	62	77	112,5	272	388,1
Bahrain	1,4	0,9	0,8	0,8	0,9	0,4	0,7	0,5
Egypt	303,1	255,3	180,5	134,7	11,8	54,9	-25,5	-40,9
Iran	-37,7	-33,9	-40,9	-44,3	-63,5	-30,8	-32,7	61
Iraq	-4	-4,2	-2,9	-3	-5,6	5,5	-1,9	121
Israel	-12,1	-14,2	-13,9	-12,5	-16,9	-38	0	0
Jordan	28,5	53,1	68,5	73	19,4	17,7	92	14,4
Lebanon	23	21,7	14	9,5	19	11,1	3,8	6,6
Marocco	222	254,1	373,1	348,8	361,1	365,6	526,9	473,5
Oman	22,1	5	-1	4,7	1,1	2,2	-0,5	5,6
Syria	44,8	31,9	42,7	21,5	21,6	24,9	27,6	17,8
Tunisia	29	100,5	136,8	124,4	163	157,2	239	377,9
Turkey	487,7	602	614	712,2	662,1	140,7	318,9	168,9
Yemen	49,4	61,7	52,4	51,2	78,9	96	88,1	89,6
Totals	1189,1	1450,7	1521,6	1483	1329,9	919,9	1420,3	1594,4

Source: OECD, Geographical Distribution of Financial Flows to Developing Countries 1988/1991, Paris, 1993, also for 1984/1987.

Table 7. Workers' remittances in the Middle East/North Africa (for Selected Countries)

(Millions of US$)

	1985	1986	1987	1988	1989	1990	1991	1992
Algeria*	329	313	358	487	379	345	352	233
Egypt	3212	2506	3604	3770	3293	4284	4054	6104
Jordan	1022,2	1183,8	938	895	627,1	499,3	447,9	843,7
Marocco	967	1398	1587	1303	1336	2006	1990	2170
Syria	350	323	334	360	430	385	350	550
Tunisia	271	361	486	544	488	599	570	578
Turkey	1714	1634	2021	1776	3040	3246	2819	3008
Yemen	785	570	714	326	409	1366	800	...
Totals	7628	8288,8	10042	9461	10002,1	12730,3	11382,9	13486,7

* Data for Algeria available only up to 1991 here

Source: IMF, 1993, Balance of Payments Statistics Yearbook. Data for Yemen are from "World Debt Tables" (The World Bank, 1993-1994). and IMF, 1994, International Financial Statistics, July.

Table 8. Foreign Direct Investments in Countries of the Middle East/North Africa.
(Millions of US$)

Recipient Country	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Algeria	-14	-2	11	-11	8	4	-4	-39	...	?
Bahrain	140,7	101,3	-31,9	-35,9	222,1	180,9	-3,5	-6,9	-8,5	?
Egypt	713	1175	1211	929	1178	1228	722	191	455	?
Iran	-	-	-	-	-	-	-	-	-	-
Israel	29	44	81	154	169	87	-64	-161	-340	-373
Jordan	74,8	25,7	18,8	38,3	23,8	-18,1	69,1	-25,6	44,1	...
Kuwait	-95	-70	-248	-115	-254	-558	-10	-7	-532	...
Libya	-17	119	-177	-213	42	90	54	...	...	...
Marocco	47	20	1	60	85	167	165	320	424	...
Oman	158	161	140	35	92	112	141	149	59	?
Saudi Arabia	4850	491	967	-1175	-328	-593	1864	160	...	-
Syria	-	-	-	-	-	-	-	-	-	-
Tunisia	115	114	62	91	63	74	76	122	374	...
Turkey	113	99	125	106	354	663	700	783	779	662
Yemen, N	6,6	2,8	5,1	1,1	-	-	-	-	-	-
Yemen, S.	-	-	-	-	-	-	-	-	-	-
Totals	6121,1	2280,8	2165	-135,5	1654,9	1436,8	3709,6	1485,5	1254,6	289

Source: IMF, 1993, Balance of Payments Statistics Yearbook; IMF, 1993, International Financial Statistics Yearbook, and IMF, 1994, International Financial Statistics, July.

Table 9. Foreign Portfolio Investments in Countries of the Middle East/North Africa.

(Millions of US$)

Recipient Country	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Algeria	-	-	-	-	2	-	-	-	...	...
Bahrain	-	-	-	-	-	-	-80,6	-34,6	...	...
Egypt	1	20	-	2	-	-	15	21	6	...
Iran	-	-	-	-	-	-	-	-	-	...
Israel	213	302	390	168	4122	1017	-204	540	-606	1751
Jordan	-	-	-	-	-	-	-	-	...	...
Kuwait	209	-346	-485	219	-487	-398	...	-450	317	...
Libya	47	55	-67	-2976	-221	-52	-115	...	...	...
Marocco	-	-	-	-	-	-	-	-	-	-
Oman	-	-	-	-	-	-	-	-	-	...
Saudi Arabia	13406	8412	3451	6150	3057	-1786	-3340	470	...	...
Syria	-	-	-	-	-	-	-	-	-	...
Tunisia	91	30	33	8	5	-7	2	18	46	...
Turkey	-	-	146	282	1178	1586	547	648	2411	3917
Yemen, N	-1,2	-0,7	-	1,1	-	-	...	...	...	...
Yemen, S.	-	-	-	-	-	-	...	...	...	...
Totals	13965,8	8472,3	3468	3854,1	7656	360	-3175,6	1212,4	2174	5668

Source: IMF, 1993, Balance of Payments Statistics Yearbook and IMF, 1993, International Financial Statistics Yearbook, and IMF, 1994, International Financial Statistics, July.

Table 10. Total Debt of Selected Countries of the Middle East/North Africa
(Millions of US$)

	1985	1986	1987	1988	1989	1990	1991	1992
Algeria	18242	22634	24395	26038	26999	27637	27919	26349
Egypt	42136	46342	52197	52671	51696	40435	41008	40431
Iran	6057	5827	6144	5831	6518	9020	11332	14166
Jordan	4168	5019	6391	6666	7329	8269	8649	7977
Lebanon	860	850	946	977	1021	1783	1560	1812
Morocco	16528	17889	20777	21011	21601	23478	21304	21418
Oman	2330	2957	2846	2931	2967	2734	2899	2854
Syria	10819	12919	15999	16384	16882	16448	16867	16513
Tunisia	4884	5943	6817	6807	6970	7737	8330	8476
Turkey	26008	32832	40783	40782	41364	49148	50226	54772
Yemen	3339	3881	4583	5245	5595	6300	6329	6516
Totals	135371	157093	181878	185343	188942	192989	196423	201284

Source: The World Bank, World Debt Tables, 1993-1994.

Table 11. Private Sector Net Flows from DAC Countries to Countries in the Middle East/North Africa: Foreign Direct Investment (FDI); Export Credits (EC)
(Millions of US$)

	19 88		19 89		19 90		19 91	
	FDI	EC	FDI	EC	FDI	EC	FDI	EC
Recipient Country								
Algeria	15,1	60,9	-2,5	305,5	6,1	523,8	9,7	1809,2
Bahrain	34,8	3,8	45,9	-7,9	27,1	-18,5	-0,5	114,9
Egypt	40,5	-488,1	115,7	588,3	-170,9	-671,2	-279,8	-737,1
Iran	60,5	666,5	-19,4	1466,6	-361,9	1096,2	22,6	860,4
Iraq	0,2	-101,6	2,7	449,8	0,4	-888,7	-3	-1273
Israel	93,8	82,5	88,4	-45,6	89,5	-105,4	103,3	81,1
Jordan	-4,3	311,5	0,5	511,5	-0,7	147,4	-0,1	25,6
Lebanon	-0,3	17,7	1,6	-4	6,5	-13,9	1,6	-7,6
Marocco	3,3	-85,4	53,4	167	33,2	96,7	66	171,9
Oman	-3,9	-122	4,9	-368,9	2,3	35,9	7	6,5
Syria	120,7	-28,3	73,8	31,2	71,5	-18,8	62,3	-19,2
Tunisia	17,3	-13,2	14,6	-43,3	25,3	48,3	0,9	-105,5
Turkey	862,1	515,5	435,2	185,9	304,8	-108,7	365,6	94,5
Yemen	8,2	-32,4	13,7	-68,2	12,5	-26,7	4,4	-25,1
Totals	1248	726,5	828,5	3167,9	45,7	96,4	360	996,6

Source: OECD, Geographical Distribution of Financial Flows to Developing Countries 1988/1991, Paris, 1993, also for 1984/1987.

Table 12. Debt Indicators for Countries of the Middle East/North Africa:Total External Debt to Exports of Goods and Services (EDT/XGS); Total External Debt to Gross National Product (EDT/GNP); Total Debt Service to Exports of Goods and Services (TDS/XGS)

(Millions of US $)

		1985			1986			1987			1988	
	EDT/XGS	EDT/GNP	TDS/XGS	EDT/XGS	EDT/GNP	TDS/XGS	EDT/XGS	EDT/GNP	TDS/XGS	EDT/XGS	EDT/GNP	TDS/XGS
Algeria	3,6	46,6	0	3,4	43,5	1	5,1	56,4	0	8,3	70,1	0
Egypt	143,5	50,5	1294	138,2	41,2	1401	112,9	93	1189	174,7	109,5	1046
Jordan	12,8	4,5	25	22,8	2,3	22	23,2	3,5	42	33,7	3,3	111
Lebanon	3,7	16,3	29,5	3,2	9,8	24	5,2	15,4	10	8,1	19,9	22
Marocco	32,6	113,1	73	42,6	174,2	97	102,5	146,7	69	41,3	222,5	87
Oman	0,2	0,2	4	0,6	0,2	11	0,8	0,3	26	0,5	0,2	13
Syria	3,5	7,5	1	2,3	7	0	19,1	13,1	0	9,1	13,2	0
Tunisia	36,3	56,3	29	28	55,1	20	29,1	64,8	35	44,9	66	46
Turkey	9,2	7,5	175	68,8	4,6	101	163,5	10,3	100	307,5	14,8	21
Yemen	12,4	1,6	30	9,7	2,1	39	15,5	4,1	40	32,3	3	45
Totals	257,8	304,1	1660,5	319,6	340	1716	476,9	407,6	1511	660,4	522,5	1391

Table 12. Debt Indicators for Countries of the Middle East/North Africa:Total External Debt to Exports of Goods and Services (EDT/XGS); Total External Debt to Gross National Product (EDT/GNP); Total Debt Service to Exports of Goods and Services (TDS/XGS) (Continued)

(Millions of US $)

	1989			1990			1991			1992		
	EDT/XGS	EDT/GNP	TDS/XGS	EDT/XGS	EDT/GNP	TDS/XGS	EDT/XGS	EDT/GNP	TDS/XGS	EDT/XGS	EDT/GNP	TDS/XGS
Algeria	257,5	50,4	66,8	199	47,8	63,1	244,3	68,6	69,5	204,3	61,3	71,9
Egypt	436,7	166	28,5	315,4	127,8	26,3	283	134,5	16,4	246,6	116,8	15,4
Iran	2344,8	5,3	164,3	44,7	7,5	3,2	56,4	9,7	4	67,5	12,8	3,9
Jordan	243,2	199,5	21	268,5	234	20,2	283,7	232,5	21,1	229,9	179,1	20
Lebanon	73	35	6,5	128,2	59,3	7,1	97,8	32,6	7	93,4	30,2	7,1
Marocco	340,2	99,6	33	281,9	94	21,3	285,5	80,3	25,9	...	77,8	...
Oman	67,2	40,4	14,4	46,4	29	12,5	...	31,6	...	...	27,6	...
Syria	397,8	169,8	25,3	301,2	127,5	26,9	...	104,1	...	...	...	...
Tunisia	138,1	71,9	22	131,1	64,2	24,2	137,8	66,2	22,8	125,5	55,5	20,4
Turkey	188,7	53,5	32,4	195	46,1	29,2	194,6	47,4	31,7	193,2	50,6	31,9
Yemen	258,8	89,9	12	212,8	100,7	5,7	286,1	86,2	9,1	...	...	...
Totals	4746	981,3	426,2	2124,2	937,9	239,7	1869,2	893,7	207,5	1160,4	611,7	170,6

Source: The World Bank, World Debt Tables, 1993-1994.