



An overview and analysis of the Middle East softwood market

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for the American Forest & Paper Association**

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1. Introduction

The report provides an overview and analysis of the Middle Eastern market for softwood and engineered wood products, with the aim of better targeting AF&PA marketing efforts in the region.

The report defines the Middle East in its broadest terms, encompassing:

- 5 countries in North Africa – Algeria, Egypt, Libya, Morocco & Tunisia
- The 6 GCC¹ countries in the Arabian Gulf – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.
- 4 Eastern Mediterranean & Levantine countries – Israel, Jordan, Lebanon & Syria.
- Iran, Iraq and Yemen.



The report draws on a range of statistical sources: for the economic overview – mainly the World Bank, CIA World Fact Book and the Economist; for wood trade – mainly FAO, US Census Bureau, Eurostat, Global Trade Atlas, New Zealand Ministry of Agriculture & Forestry and Forest Industries Intelligence Ltd; for construction data – mainly the Financial Times, AME Info and Forest Industries Intelligence Ltd.

In addition to statistical sources, the report draws on 6 years experience of travelling within the Middle East on behalf of the AHEC for their market development programme.

2. Aim of the report

The aim of this report is to provide a basis of knowledge on the Middle East & North Africa region and to compare and contrast the different markets within the region, with a view to gaining a better understanding of them and to determine which may be most suitable for a future programme of market development by AF&PA. This decision will be based on numerous factors, including overall market size, in terms of demand for wood products, macro-economic data, such as population size and growth, as well as economic performance and stability and, of course, ease of market access.

This report is not designed to provide a complete analysis of the various markets for softwood and engineered wood products in the region, but merely as an introduction to them and as a basis from which further research should be undertaken.

¹ Gulf Co-operation Council

3. Regional overview

3.1 Macro-economic context

Table 1: Macroeconomic indicators for Middle Eastern countries

Country	Population, total	Population growth	GDP ²	GDP growth	GDP per capita	Inflation
	Million	Current Annual %	2004 Current US\$ billion	2004 Annual %	2004 Current US\$	Current Annual %
GCC members						
Bahrain	0.7	1.5	13.0	5.6	19,200	2.1
Kuwait	2.3	3.4	48.0	6.8	21,300	2.3
Oman	3.0	3.3	38.1	1.2	13,100	0.2
Qatar	0.9	2.6	19.5	8.7	23,200	3.0
Saudi Arabia	26.4	2.3	310.2	5.0	12,000	0.8
UAE	2.6	1.5	63.7	5.7	25,200	3.2
North Africa						
Algeria	32.5	1.2	212.3	6.1	6,600	3.1
Egypt	77.5	1.8	316.3	4.5	4,200	9.5
Libya	5.8	2.3	37.5	4.9	6,700	2.9
Morocco	32.7	1.6	134.6	4.4	4,200	2.1
Tunisia	10.1	1.0	70.9	5.1	7,100	4.1
Eastern Mediterranean & Levant						
Israel	6.3	1.2	129.0	3.9	20,800	0.0
Jordan	5.8	2.6	25.5	5.1	4,500	3.2
Lebanon	3.8	1.3	18.8	4.0	5,000	2.0
Syria	18.4	2.3	60.4	2.3	3,400	2.1
Others						
Iran	68.0	0.9	516.7	6.3	7,700	15.5
Iraq	26.1	2.7	54.4	52.3	2,100	25.4
Yemen	20.7	3.5	16.3	1.9	800	12.2

Table 1 shows macro-economic indicators for Middle Eastern countries. Among the GCC members, Saudi Arabia stands out as the largest market in terms of population and GDP. However, all GCC markets are characterised by rapid population growth as well as relatively high GDP growth and per capita income. Among the North African markets, Egypt stands out from the rest because of its considerable population and GDP. However, Egypt does suffer from relatively low per capita income. With reference to the Eastern Mediterranean and Levantine countries, Israel has by far the highest per capita income (equal to some Gulf states) and the highest annual GDP. Iran stands out as a very large and wealthy economy, with above average GDP growth. However, per capita income is fairly low and US trade with this market is somewhat restricted. Iraq, on the other hand, whilst still in the midst of internal conflict, has the potential to become a very significant market for wood products for its rebuilding programme.

Population growth is likely to be a driver of wood demand throughout the region. Some countries in the Middle East, notably the Gulf, have extremely high population growth and the average for the GCC member countries is 2.4%, while the average population growth for the rest of the region is 1.9%. One result of this fast growing population is a low average age and,

² All GDP figures refer to purchasing power parity (PPP)

therefore, an immediate need for schools, universities, libraries and other public buildings and basic infrastructure to be built.

The Middle East region has a total area of over 10.9 million square kilometres, which makes it 1 million square kilometres larger than the US. The total population in July 2005 was estimated to be 343 million, as compared to the US's 296 million.

3.2 Wood trade & consumption

Table 2: Softwood sawn lumber imports, exports and consumption – 2004

Country	Sawn lumber		
	Imports	Exports	Apparent Consumption
Units	m3	m3	m3
Bahrain	13,400	65	13,335
Kuwait	100,446	0	100,446
Oman	1,391	0	1,391
Qatar	24,383	0	24,383
Saudi Arabia	1,193,069	0	1,193,069
UAE	393,860	700	393,160
Algeria	906,999	0	906,999
Egypt	1,159,962	0	1,159,962
Libya	41,488	0	41,488
Morocco	693,064	0	693,064
Tunisia	303,183	0	303,183
Israel	245,069	0	245,069
Jordan	35,631	0	35,631
Lebanon	90,076	8,100	81,976
Syria	215,751	115	215,636
Iran	229,398	0	229,398
Iraq	736	0	736
Yemen	27,977	0	27,977

Table 2 shows softwood sawn lumber imports, exports and consumption across the eighteen Middle Eastern and North African markets. Softwood logs are not a major import item in most of these markets and have been omitted from the table. Furthermore, the US softwood industry is not interested in increasing exports of softwood logs to this region. It must be noted that trade statistics for this region are difficult to come by and often unreliable. Therefore, the figures used in this table should not be taken as exact values, but more as a guideline.

What is immediately obvious from the table is that Egypt and Saudi Arabia are by far the largest markets for softwood lumber in the region. In addition, however, Algeria, the United Arab Emirates and Morocco are also sizeable importers of softwoods, followed by Tunisia, Israel, Syria and Iran

Exports of softwoods from these markets are minimal, as they are not producer countries. As a result, any outward trade can be accounted for by re-exports to neighbouring markets. Lebanon, with its strategic position on the Mediterranean coast, re-exports significant quantities of wood products into Syria, Iraq and Jordan. At the same time, the UAE – notably Dubai – is a trading hub and supplies both hardwood and softwood products to many other Gulf markets and East Africa, as well as Iran.

Table 3 Softwood sawn lumber imports by supplying country/region – 2004

Country	Softwood sawn lumber imports by supplying country/region – 2004 (m3)								
	USA	Canada	Russia	Romania	Brazil	Chile	NZ	EU	Total
Bahrain	44	1,235	0	11,000	0	0	0	1,121	13,400
Kuwait	30	19,084	0	26,507	0	54,183	0	662	100,446
Oman	0	35	0	1,231	0	0	0	125	1,391
Qatar	0	496	0	12,033	0	0	0	11,854	24,383
Saudi Arabia	472	98,997	5,471	195,362	0	211,629	0	681,138	1,193,069
UAE	1,575	42,941	4,483	78,799	0	256,177	7,037	2,848	393,860
Algeria	0	0	0	64,028	0	0	0	842,971	906,999
Egypt	1,586	0	695,844	31,410	0	0	0	432,708	1,159,962
Libya	128	0	2,397	28,205	0	0	0	10,886	41,488
Morocco	0	528	5,822	55,276	75,790	72,571	0	483,077	693,064
Tunisia	324	0	5,559	47,131	0	0	0	250,169	303,183
Israel	710	379	21,422	25,843	1,335	0	0	195,380	245,069
Jordan	27	994	767	27,761	0	0	0	6,082	35,631
Lebanon	529	130	23,235	65,419	0	0	0	763	90,076
Syria	892	0	111,296	98,239	0	0	0	5,324	215,751
Iran	0	272	229,126	0	0	0	0	0	229,398
Iraq	0	0	630	106	0	0	0	0	736
Yemen	0	0	0	3,548	0	0	0	24,429	27,977

Table 3 outlines the supply countries from which markets in the Middle East and North Africa source their softwood lumber. Once again, these figures should not be taken at face value, but should be used more as a guide.

It is immediately apparent that in many cases, Romania is the most significant supplier of softwood the region. One reason for the substantial supply of pine from Romania to Saudi Arabia is the fact that many Romanian sawmills are actually Saudi-owned and of course, proximity to the Middle East reduces the transport costs. Russia is also a significant supplier, particularly in the case of Egypt, as well as Syria and Iran. Russia is the main supplier to Egypt, due to the heavy demands of the massive Egyptian furniture industry for a consistent supply of cheap raw material. Russia is also a significant supplier to Iran and Syria for the simple reason that these countries have not had particularly amicable political relationships with Western Europe and the United States.

The European Union and, notably, Scandinavia, is also a very significant supplier of softwood to the Middle East and, particularly, North Africa. It is the most important supplier of pine and larch to Saudi Arabia, but also to Algeria, Egypt, Morocco and Tunisia. This is mainly for geographical and political reasons, such as ties to the former French colonial power.

Of the other major softwood supply countries in the world, Chile and Canada stand out as important contributors to the Middle East, with significant exports to Saudi Arabia and the United Arab Emirates, as well as Kuwait. In addition, New Zealand does export modest quantities of both pine logs and lumber to the UAE. These Gulf countries seem to have the most open markets to foreign products and are not tied to any one particular supplier.

In addition, Brazil exports significant volumes of elliotis pine to Morocco each year, plus a very small volume to Israel. Israel also imports small quantities of radiata pine from South Africa on an annual basis.

As for American softwood exports to the region, the volumes are very small and only account for a fraction of each market. However, it is interesting to note that US softwood lumber was exported to eleven of the eighteen markets in the region in 2004.

Table 4 Direct exports of US softwood and panel products by value – 2004

Country	Direct exports of US softwood & panel products by value, 2004											Total	
	Logs	Lumb	Treat. lumb	Flr	Ven	Moul-dings	Dimen	Ply	Hard-board	Part-board	MDF		
Value	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Bahrain	0	7,392	0	0	0	0	0	0	0	0	0	0	7,392
Kuwait	0	36,778	0	0	0	0	0	0	0	58,248	0	0	95,026
Oman	0	0	0	0	0	0	0	0	0	0	0	0	0
Qatar	0	0	0	0	0	0	0	0	0	0	0	0	0
Saudi Arabia	22,040	399,144	0	0	439,292	5,026	2,822	46,000	66,787	181,906	83,764	0	1,246,781
UAE	95,607	52,272	17,157	0	406,146	0	0	3,333	88,096	102,143	0	0	1,428,175
Algeria	0	0	0	0	0	0	0	0	0	0	0	0	0
Egypt	165,363	454,406	0	0	755,823	0	0	0	0	0	0	0	1,375,592
Libya	0	33,945	0	0	0	0	0	0	0	0	0	0	33,945
Morocco	0	0	0	0	0	0	0	0	9,950	0	0	0	9,950
Tunisia	0	115,316	0	0	0	0	0	0	0	0	0	0	115,316
Israel	97,374	306,055	0	60,942	918,399	0	0	0	47,045	0	3,463	0	1,433,278
Jordan	0	15,081	0	0	0	0	0	0	11,244	0	0	0	26,325
Lebanon	30,264	450,942	0	16,166	164,308	0	0	0	0	0	0	0	661,680
Syria	0	286,206	0	0	120,916	0	0	0	0	10,000	0	0	417,122
Iran	0	0	0	0	0	0	0	0	0	0	0	0	0
Iraq	0	0	0	0	0	0	0	0	0	0	0	0	0
Yemen	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	410,648	2,157,537	17,157	76,658	2,804,884	5,026	2,822	49,333	223,122	352,297	87,227	0	6,850,582

Table 4 shows direct exports of US softwood and panels products to the Middle East and North Africa by value last year. It is perhaps surprising to note that nearly \$7 million worth of these products were exported to the region, with little or no marketing and promotion at all. It is also interesting to note that the majority of this value was accounted for by lumber and veneer. Unsurprisingly, the main markets for softwood lumber were also the main markets for veneer, as matching lumber and veneer would be needed for joinery products, such as doors. The main lumber and veneer markets in 2004, were Egypt, Israel, Lebanon, Saudi Arabia, Syria and the United Arab Emirates, the latter of which also imported some treated softwood lumber last year – most likely yellow pine.

In addition to sawn lumber and veneer, the third most exported item from the United States was softwood logs. The volumes were not large, however, and, with the exception of Egypt, few markets in the region have much capacity for log conversion on a large scale and even fewer have kilning facilities. After logs, particleboard and hardboard were also exported to region in modest volumes, while exports of other panel products, such as plywood and MDF were minimal. Exports of OSB to the region were nil last year.

From the above table, three and, perhaps four, markets stand out as importing a reasonably wide range of American softwood and engineered products. Saudi Arabia imported some, if not great volumes, of nearly all products last year, with the exception of flooring, treated lumber and OSB. A fairly wide range of products was also sent to the UAE, Israel and Lebanon.

3.3. General trade structure & trading Issues

Each Middle Eastern & North African market differs enormously in its wood product trade structure. However, one common factor remains throughout most markets, which is that few specialist timber importers exist and that much of the softwood imported into the region is by general building materials distributors. This is particularly relevant in the Gulf markets, where numerous general traders (often Indian or Palestinian) have set up small- to medium-sized businesses which have the ability to buy and sell whatever the market needs at any one time. Saudi Arabia, Israel and Jordan stand out as exceptions to this rule, where specialist timber importers and distributors do exist, while in Egypt, much of the softwood is imported directly by furniture manufacturers. Agents play an important role in the region and the appointment of an agent can significantly help to overcome local credit or trading issues, which may not be obvious to the overseas supplier.

Inter-trading of wood products between markets is common, notably within the members of the GCC. As much as one third of exports to the UAE may be destined for re-export to the neighbouring markets of Iran, Qatar and Oman, while Saudi Arabia also supplies Bahrain, Qatar and Yemen. Furthermore, some countries have developed a system of supplying others which have been subject to US trade sanctions. Iran, which has a lack of deep water ports, is able to buy wood products from the UAE, which are shipped on shallow-draught traditional vessels.

One unifying factor between all Middle Eastern & North African markets, with the exceptions of Israel and Iran, is the Arabic language. As a result, numerous extended Arab families have set up a network of importing and trading businesses throughout the region. This can help with purchasing power in the smaller markets, but is also helps to increase awareness of specific products across a number of countries at the same time. English is also commonly used across all markets within the region, with the exceptions of Morocco, Algeria and Tunisia, where French is spoken.

Unlike in other regions of the world, business in the Middle East is carried out on a mutual trust basis, where sellers and buyers establish a long-term business relationship. Field research has shown that importers prefer to stay with one supplier, with whom they have established trust and mutual understanding. They have also expressed an unwillingness to buy wood products from a company about which they know very little and suggest that the most successful shippers are the ones who frequently travel to the region, allowing for face-to-face business.

3.4 Construction sector overview

There is nothing new about the massive construction boom that is currently underway in the Middle East and, notably, the Arabian Gulf. For some years now, the skylines of Abu Dhabi, Dubai, Doha, Manama and Riyadh have been constantly changing, as new hotels, offices, shopping malls, apartments and houses appear on an almost daily basis.

Many of the outstanding construction projects are not only changing the region's landscape, they are also fundamentally altering what were previously primarily oil-based economies. The United Arab Emirates dominates the Gulf construction sector with \$34.6 billion worth of projects under construction in 2005, accounting for 64 per cent of the total value of projects under construction in all six of the GCC states. Saudi Arabia occupies the second slot with \$7.68 billion worth, while Qatar stands in third place with \$4.5 billion, followed by Kuwait, Bahrain and Oman. Construction activity is running at its highest level in over 20 years. The region has a growing population and expanding housing needs. In Qatar, the construction sector's contribution to GDP witnessed a 73 per cent jump between 2002 and 2005, while in the UAE, growth was 40 per cent for the same period. As of June 2005, there were a total of 1,825 construction projects being implemented within the GCC. The UAE leads the market with 820 projects accounting for 46 per cent of the total. One such project currently underway is the Burj Dubai, which promises to be the tallest building in the world and to eclipse the current record-holding Taipei Tower by over 300 metres. Additionally in Dubai, work has started on a new airport, despite the fact that the current one is only five years old and half-finished! Tourism is expected to increase at such an alarming rate, that Dubai's airports will handle 65 million passengers per year by 2015. Elsewhere in the region, 214 building construction projects are underway in Bahrain, 209 in Qatar, 208 in Saudi Arabia, 207 in Kuwait and 167 in Oman.

Steel, glass, concrete and marble are the key building products used across the region and, in general, there is very little wood-frame housing. However, recent visits to the Gulf, in particular, have shown that there is developing interest in low-cost, wood-frame housing for the many thousands of migrant workers from South Asia. There are the obvious concerns about suitability in the hot and, sometimes, humid climate and there is also a fairly low understanding of wood as a construction material. This said, the governments of Sharjah and Dubai in the UAE have stated that they would welcome investment from the private sector in low-cost housing schemes for expatriate workers.

3.5 Furniture & joinery sectors overview

Most, if not all, markets in the region now support a number of both furniture and joinery manufacturing facilities. Until fairly recently, many markets in the Persian Gulf imported all finished goods and virtually no manufacturing was carried out domestically. Today, however, a large number of facilities have opened up across the Gulf - particularly in Dubai - to service the ever-expanding needs of the burgeoning construction sector. In the case of Egypt, furniture manufacturing is a tradition that goes back over two thousand years and, today, the country boasts one of the largest industries in the world. Elsewhere in the region, furniture imports play a key role, while furniture is also manufactured by local craftsmen and small factories. In general, joinery and door and window framing is carried out locally and the standards of finished products vary significantly. Overall, there are very few large and fully-mechanised factories across the region and most products are custom-made and finished by hand.

3.6 Flooring sector overview

Stone, marble and carpet are the standard floor coverings used across the region, but there is also a tradition of using wood in certain markets and developing fashion for wood floors in others. Egyptian homes have boasted wooden floors for many years, while in the Persian Gulf, wood flooring is beginning to attract a great deal of consumer interest and the markets are starting to understand the benefits of using it.

4. Selected individual market overviews

This section of the report is aimed to provide a more in-depth understanding of individual markets within the Middle East and North Africa region. However, individual overviews will not include certain markets in the region, as these may not necessarily be suitable for a programme of market development by AF&PA for reasons of political instability, lack of market access, lack of market potential and other factors. The markets that will be excluded from this section are Algeria, Iran, Iraq, Syria and Yemen.

4.1 Bahrain



Country facts

Capital city:	Manama
Land area:	665 sq. km (3.5 times Wash. DC)
Population (2005):	0.7 million (0.2 million non-nationals)
Pop. growth (2005):	1.5%
GDP (2004):	\$13 billion
GDP growth (2004):	5.6%

Background

Bahrain's small size and central location among Persian Gulf countries require it to play a delicate balancing act in foreign affairs among its larger neighbours. Facing declining oil reserves, Bahrain has turned to petroleum processing and refining and has transformed itself into an international banking centre. The new amir, installed in 1999, has pushed economic and political reforms and has worked to improve relations with the Shi'a community. In February 2001, Bahraini voters approved a referendum on the National Action Charter - the centrepiece of the amir's political liberalisation programme. In February 2002, Amir HAMAD bin Isa Al Khalifa proclaimed himself king. In October 2002, Bahrainis elected members of the lower house of Bahrain's reconstituted bicameral legislature, the National Assembly.

Economic overview

In well-to-do Bahrain, petroleum production and refining account for about 60% of export receipts, 60% of government revenues, and 30% of GDP. With its highly developed communication and transport facilities, Bahrain is home to numerous multinational firms with business in the Gulf. The lion's share of exports consists of petroleum products made from refining imported crude. Construction proceeds on several major industrial projects. Unemployment, especially among the young, and the depletion of oil and underground water resources are major long-term economic problems. In September 2004, Bahrain signed a Free Trade Agreement (FTA) with the United States - the first such agreement undertaken by a Gulf state. Both countries must ratify the FTA before it is enforced.

Construction

As with all markets in the Persian Gulf, Bahrain is currently experiencing a period of significant development and the construction sector is booming. Various public and private sector construction projects are underway in Bahrain or have recently been completed, including the Bahrain Bay Development, which has been established for a \$1.5bn mixed-use project to the North of Manama. The three-phase project includes 4.3 million square feet of land reclamation and will include a number of hotels, banks and other commercial centres.

Although on a much smaller scale than the UAE, Bahrain is very similar in the level and type of construction development.

4.2 Kuwait



Country facts

Capital city:	Kuwait City
Land area:	17,820 sq. km (Slightly smaller than NJ)
Population (2005):	2.3 million (1.3 million non-nationals)
Pop. growth (2005):	3.4%
GDP (2004):	\$48 billion
GDP growth (2004):	6.8%

Background

Britain oversaw foreign relations and defense for the ruling Kuwaiti Al-Sabah dynasty from 1899 until independence in 1961. Kuwait was attacked and overrun by Iraq on 2 August 1990. Following several weeks of aerial bombardment, a US-led, UN coalition began a ground assault on 23 February 1991 that liberated Kuwait in four days. Kuwait spent more than \$5 billion to repair oil infrastructure damaged during 1990-91.

Economic overview

Kuwait is a small, rich, relatively open economy with proved crude oil reserves of about 96 billion barrels - 10% of world reserves. Petroleum accounts for nearly half of GDP, 95% of export revenues, and 80% of government income. Kuwait's climate limits agricultural development. Consequently, with the exception of fish, it depends almost wholly on food imports. About 75% of potable water must be distilled or imported. Kuwait continues its discussions with foreign oil companies to develop fields in the northern part of the country.

Until 2003, the country continued to live under the shadow of Saddam Hussein and this slowed development, as most Kuwaitis preferred to invest overseas. In the wake of Saddam's removal, the country is, once again, able to commit huge sums of money to internal investment and development. The result is a booming economy and a fast-developing construction sector.

Construction

Kuwait has suffered a ten year gap in development, due to the ever-present threat of the Saddam Hussein-led, hostile Iraqi regime. However, today, construction is just beginning to take off once again, as Kuwaiti national feel that it is safe to invest at home. Hundreds of projects are underway and these include commercial projects, housing developments and the improvement and modernisation of general infrastructure.

4.3 Oman



Country facts

Capital city:	Muscat
Land area:	212,460 sq. km (Slightly smaller than KS)
Population (2005):	3.0 million (600,000 non-nationals)
Pop. growth (2005):	3.3%
GDP (2004):	\$38.1 billion
GDP growth (2004):	1.2%

Background

In 1970, Qaboos bin Said Al Said ousted his father and has ruled as sultan ever since. His extensive modernisation programme has opened the country

to the outside world and has preserved a long-standing political and military relationship with the UK. Oman's moderate, independent foreign policy has sought to maintain good relations with all Middle Eastern countries.

Economic overview

Oman is a middle-income economy in the Middle East with notable oil and gas resources, a substantial trade surplus, and low inflation. The government is privatising its utilities and diversifying its economy to attract foreign investment. Oman continues to liberalise its markets and joined the World Trade Organization (WTO) in November 2000. To reduce unemployment and limit dependence on foreign countries, the government is encouraging the replacement of expatriate workers with local people, i.e., Omanisation. Training in information technology, business management, and English support this objective. Industrial development plans focus on gas resources, metal manufacturing, petrochemicals, and international trans-shipment ports.

Construction

Unlike its neighbour - the UAE - Oman has a history of slow, but steady development and this also applies to construction. Projects are underway in the country, but not on the scale of Dubai or Qatar and many tend to be related to the sultan, as he is the largest employer in the country. This said, there are some very high-end hotel developments in Oman and although there may not be a large quantity of projects, the quality is the highest in the region.

4.4 Qatar



Country facts

Capital city:	Doha
Land area:	11,437 sq. km (Slightly smaller than C T)
Population (2005):	0.9 million
Pop. growth (2005):	2.6%
GDP (2004):	\$19.5 billion
GDP growth (2004):	8.7%

Background

Ruled by the Al Thani family since the mid-1800s, Qatar transformed itself from a poor British protectorate noted mainly for pearling into an independent state with significant oil and natural gas revenues. During the late 1980s and early 1990s, the Qatari economy was crippled by a continuous siphoning off of petroleum revenues by the amir, who had ruled the country since 1972. His son, the current Amir Hamad bin Khalifa Al Thani, overthrew him in a bloodless coup in 1995. In 2001, Qatar resolved its longstanding border disputes with both Bahrain and Saudi Arabia. Oil and natural gas revenues enable Qatar to have one of the highest per capita incomes in the world.

Economic overview

Oil and gas account for more than 55% of GDP, roughly 85% of export earnings, and 70% of government revenues. Oil and gas have given Qatar a per capita GDP about 80% of that of the leading West European industrial countries. Proved oil reserves of 16 billion barrels should ensure continued output at current levels for 23 years. Qatar's proved reserves of natural gas exceed 14 trillion cubic meters, more than 5% of the world total and third largest in the world. Long-term goals feature the development of offshore natural gas reserves to offset the ultimate decline in oil production. In recent years, Qatar has consistently posted trade surpluses largely because of high oil prices and increased natural gas exports, becoming one of the world's fastest growing and highest per-capita income countries.

Construction

As one might expect in a country with such substantial economic growth, the scale of construction in Qatar is only matched – in relative terms – by that in the UAE. There are currently 209 large construction projects underway, including hotel, commercial and private developments.

4.5 Saudi Arabia



Country facts

Capital city:	Riyadh
Land area:	1,960,582 sq. km (Just over one fifth of US)
Population (2005):	26.4 million (5.6 million non-nationals)
Pop. growth (2005):	2.3%
GDP (2004):	\$310.2 billion
GDP growth (2004):	5.0%

Background

In 1902, Abd Al-Aziz bin Abd al-Rahman Al Saud captured Riyadh and set out on a 30-year campaign to unify the Arabian Peninsula. A son of Abd Al-Aziz rules the country today, and the country's Basic Law stipulates that the throne shall remain in the hands of the ageing sons and grandsons of the kingdom's founder. Following Iraq's invasion of Kuwait in 1990, Saudi Arabia accepted the Kuwaiti royal family and 400,000 refugees while allowing Western and Arab troops to deploy on its soil for the liberation of Kuwait the following year. The continuing presence of foreign troops on Saudi soil after Operation Desert Storm remained a source of tension between the royal family and the public until the US military's near-complete withdrawal to neighbouring Qatar in 2003. The first major terrorist attacks in Saudi Arabia in several years, which occurred in May and November 2003, prompted renewed efforts on the part of the Saudi government to counter domestic terrorism and extremism, which also coincided with a slight upsurge in media freedom and announcement of government plans to phase in partial political representation. A burgeoning population, aquifer depletion, and an economy largely dependent on petroleum output and prices are all ongoing governmental concerns.

Economic overview

This is an oil-based economy with strong government controls over major economic activities. Saudi Arabia possesses 25% of the world's proven petroleum reserves, ranks as the largest exporter of petroleum, and plays a leading role in OPEC. The petroleum sector accounts for roughly 75% of budget revenues, 45% of GDP, and 90% of export earnings. About 40% of GDP comes from the private sector. Roughly five and a half million foreign workers play an important role in the Saudi economy, for example, in the oil and service sectors. The government in 1999 announced plans to begin privatising the electricity companies, which follows the ongoing privatisation of the telecommunications company. The government is encouraging private sector growth to lessen the kingdom's dependence on oil and increase employment opportunities for the swelling Saudi population. Priorities for government spending in the short-term include additional funds for education and for the water and sewage systems. Economic reforms proceed cautiously because of deep-rooted political and social conservatism.

Construction

The changing skyline along Jeddah's cornice and in Riyadh with its landmark 70-storey Al-Faisaliah Tower, are witness to the acceleration in construction activity throughout the Kingdom in recent years. More than \$1 billion of hotel and office building projects in Riyadh

alone are being developed. Population growth and surging oil revenues are the key dynamics stimulating both public and private sector investment in construction projects. The government now has more than sufficient resources to embark on long-planned improvements and a long-awaited expansion of infrastructure, transport and municipal services.

In total, current infrastructure and public sector building programmes are valued at some \$35 billion. Plans include building 600 new factories, schools, doubling desalination capacity, increasing electrical generation and distribution. Some 600,000 new homes are to be built in the next four years with many more planned. Jeddah Chamber of Commerce and Industry has estimated that the Kingdom requires at least 1 million new homes in the next five years to address population growth needs. Similarly the Ministry of Education has outlined a \$4 billion plan to build another 4,000 schools. There is particularly high demand for housing in the fast expanding capital, Riyadh. One estimate is that, overall, the Kingdom will need to go much further with its housing programmes, both government and privately sponsored, than even currently envisaged. Some estimates calculate a need to double the number of houses and apartments to 9 million in the next 15 years to cope with projected demand.

4.6 United Arab Emirates



Country facts

Capital city:	Abu Dhabi
Land area:	82,880 sq. km (Slightly smaller than ME)
Population (2005):	2.6 million (1.6 million non-nationals)
Pop. growth (2005):	1.5%
GDP (2004):	\$63.7 billion
GDP growth (2004):	5.7%

Background

The Trucial States of the Persian Gulf coast granted the UK control of their defense and foreign affairs in 19th century treaties. In 1971, six of these states - Abu Dhabi, Ajman, Al Fujairah, Sharjah, Dubai, and Umm al Quwain - merged to form the United Arab Emirates (UAE). They were joined in 1972 by Ras al Khaimah. The UAE's per capita GDP is on par with those of leading West European nations. Its generosity with oil revenues and its moderate foreign policy stance have allowed the UAE to play a vital role in the affairs of the region.

Economic overview

The UAE has an open economy with a high per capita income and a sizable annual trade surplus. Its wealth is based on oil and gas output (about 30% of GDP), and the fortunes of the economy fluctuate with the prices of those commodities. Since the discovery of oil in the UAE more than 30 years ago, the UAE has undergone a profound transformation from an impoverished region of small desert principalities to a modern state with a high standard of living. At present levels of production, oil and gas reserves should last for more than 100 years. The government has increased spending on job creation and infrastructure expansion and is opening up its utilities to greater private sector involvement. In April 2004, the UAE signed a Trade and Investment Framework Agreement (TIFA) with Washington and in November 2004 agreed to undertake negotiations toward a Free Trade Agreement (FTA) with the United States.

Construction

The United Arab Emirates dominates the Gulf construction sector with \$34.6 billion worth of projects under construction in 2005, accounting for 64 per cent of the total value of projects under construction in all six of the GCC states. As of June 2005, there were a total of 1,825 construction projects being implemented within the GCC. The UAE leads the market with 820 projects accounting for 46 per cent of the total. One such project currently underway is the Burj Dubai, which promises to be the tallest building in the world and to eclipse the current record-holding Taipei Tower by over 300 metres. Additionally in Dubai, work has started on a new airport, despite the fact that the current one is only five years old and half-finished! Tourism is expected to increase at such an alarming rate, that Dubai's airports will handle 65 million passengers per year by 2015.

4.7 Egypt



Country facts

Capital city:	Cairo
Land area:	1,001,450 sq km (Three times NM)
Population (2005):	77.5 million
Pop. growth (2005):	1.8%
GDP (2004):	\$316.3 billion
GDP growth (2004):	4.5%

Background

The regularity and richness of the annual Nile River flood, coupled with semi-isolation provided by deserts to the East and West, allowed for the development of one of the world's great civilizations. A unified kingdom arose circa 3200 B.C. and a series of dynasties ruled in Egypt for the next three millennia. The last native dynasty fell to the Persians in 341 B.C., who in turn were replaced by the Greeks, Romans, and Byzantines. It was the Arabs who introduced Islam and the Arabic language in the 7th century and who ruled for the next six centuries. A local military caste, the Mamluks took control about 1250 and continued to govern after the conquest of Egypt by the Ottoman Turks in 1517. Following the completion of the Suez Canal in 1869, Egypt became an important world transportation hub, but also fell heavily into debt. Ostensibly to protect its investments, Britain seized control of Egypt's government in 1882, but nominal allegiance to the Ottoman Empire continued until 1914. Partially independent from the UK in 1922, Egypt acquired full sovereignty following World War II. The completion of the Aswan High Dam in 1971 and the resultant Lake Nasser have altered the time-honoured place of the Nile River in the agriculture and ecology of Egypt. A rapidly growing population (the largest in the Arab world), limited arable land, and dependence on the Nile all continue to overtax resources and stress society. The government has struggled to ready the economy for the new millennium through economic reform and massive investment in communications and physical infrastructure.

Economic overview

Lack of substantial progress on economic reform since the mid 1990s has limited foreign direct investment in Egypt and kept annual GDP growth in the range of 2%-3% in 2001-03. However, in 2004 Egypt implemented several measures to boost foreign direct investment. In September 2004, Egypt pushed through custom reforms, proposed income and corporate tax reforms, reduced energy subsidies, and privatized several enterprises. The budget deficit rose to an estimated 8% of GDP in 2004 compared to 6.1% of GDP the previous year, in part as a result of these reforms. Monetary pressures on an overvalued Egyptian pound led the government to float the currency in January 2003, leading to a sharp drop in its value and consequent inflationary pressure. In 2004, the Central Bank implemented measures to improve currency liquidity. Egypt reached record tourism levels, despite the Taba and Nuweiba bombings in September 2004. The development of an export market for natural gas is a bright spot for future growth prospects, but improvement in the capital-intensive hydrocarbons sector does little to reduce Egypt's persistent unemployment.

Construction

The level of construction projects in Egypt is nothing compared to the Gulf states. However, Egypt does have the largest population in the region and a massive tourist industry, resulting in a steady and sizeable turnover in new and renovation construction projects. Recent announcements in the region's press on projects in Egypt include the following:

- Emaar Properties (UAE) and the Egyptian Government have joined forces to build a new 2.4m sqft Smart Village 10km from the pyramids in Cairo. The low-rise development will have a 6,000 seat convention centre and retail area.
- Orascom Hotels and Developments has announced a consortium to develop an \$800m resort, including the largest marina in Europe and the Middle East, on Egypt's Red Sea coast near Hurghada. Venice Marina, 18km from Hurghada International Airport, will be a 320m sqft tourist resort featuring two 18-hole golf courses and 14 hotels.
- Emaar Properties has signed a \$4bn deal to build a residential and commercial project called Cairo Heights, in Egypt. Developed by subsidiary Emaar Misr, the development is a mix of medium and low-rise buildings over 40m sq ft through seven districts. Building is due to start late 2005 and is scheduled to be finished in 2010.
- Emaar has won a \$2bn contract with Egypt's Ministry of investment to build a residential project in the country, reported Gulf News. The Dubai-based property developer will build a complex of seven villages which will include residential towers, hotels, hospitals and schools. The project is expected to be finished in six years.

4.8 Libya



Country facts

Capital city:	Tripoli
Land area:	1,759,540 sq km (Slightly larger than AK)
Population (2005):	5.8 million
Pop. growth (2005):	2.3%
GDP (2004):	\$37.5 billion
GDP growth (2004):	4.9%

Background

From the earliest days of his rule, following his 1969 military coup, Col. Muammar Abu Minyar al-Qadhafi has espoused his own political system, the Third Universal Theory. The system is a combination of socialism and Islam derived in part from tribal practices and is supposed to be implemented by the Libyan people themselves in a unique form of "direct democracy." Qadhafi has always seen himself as a revolutionary and visionary leader. He used oil funds during the 1970s and 1980s to promote his ideology outside Libya, supporting subversives and terrorists abroad to hasten the end of Marxism and capitalism. In addition, beginning in 1973, he engaged in military operations in northern Chad's Aozou Strip - to gain access to minerals and to use as a base of influence in Chadian politics - but was forced to retreat in 1987. UN sanctions in 1992 isolated Qadhafi politically following the downing of Pan AM Flight 103 over Lockerbie, Scotland. Libyan support for terrorism appeared to have decreased after the imposition of sanctions. During the 1990s, Qadhafi also began to rebuild his relationships with Europe. UN sanctions were suspended in April 1999 and finally lifted in September 2003 after Libya resolved the Lockerbie case. In December 2003, Libya announced that it had agreed to reveal and end its programmes to develop weapons of mass destruction, and Qadhafi has made significant strides in normalising relations with western nations since then. He has received various Western European leaders as well as many working-level and commercial delegations, and made his first trip to Western Europe in 15 years when he travelled to Brussels in April 2004. Qadhafi also finally resolved in 2004 several outstanding cases against his government for terrorist activities in the 1980s by paying compensation to the families of victims of the UTA and La Belle disco bombings.

Economic overview

The Libyan economy depends primarily upon revenues from the oil sector, which contribute practically all export earnings and about one-quarter of GDP. These oil revenues and a small population give Libya one of the highest per capita GDPs in Africa, but little of this income flows down to the lower orders of society. Libyan officials in the past four years have made progress on economic reforms as part of a broader campaign to reintegrate the country into the international fold. This effort picked up steam after UN sanctions were lifted in September 2003 and as Libya announced in December 2003 that it would abandon programmes to build WMD. Almost all US unilateral sanctions against Libya were removed in April 2004. Libya faces a long road ahead in liberalising the socialist-oriented economy, but initial steps - including applying for WTO membership, reducing some subsidies, and announcing plans for privatisation - are laying the groundwork for a transition to a more market-based economy. The non-oil manufacturing and construction sectors, which account

for about 20% of GDP, have expanded from processing mostly agricultural products to include the production of petrochemicals, iron, steel, and aluminium. Climatic conditions and poor soils severely limit agricultural output, and Libya imports about 75% of its food.

Construction

Unlike the Gulf states, construction projects in Libya are very few and there has been almost no foreign direct investment and very little internal investment for many years. However, as the country begins to develop into a free market economy and to open itself up to foreign trade, things are likely to change fairly quickly. In fact, Emaar Properties (UAE) has identified partners and selected prime locations to construct mixed-use real estate developments in Libya. This is Emaar's premier foray in the North African country and marks the shape of things to come.

4.9 Morocco



Country facts

Capital city:	Rabat
Land area:	446,550 sq km (Slightly larger than CA)
Population (2005):	32.7 million
Pop. growth (2005):	1.6%
GDP (2004):	\$134.6 billion
GDP growth (2004):	4.4%

Background

In 1860, Spain occupied northern Morocco and ushered in a half century of trade rivalry among European powers that saw Morocco's sovereignty steadily eroded; in 1912, the French imposed a protectorate over the country. A protracted independence struggle with France ended successfully in 1956. The internationalised city of Tangier and most Spanish possessions were turned over to the new country that same year. Morocco virtually annexed Western Sahara during the late 1970s, but final resolution on the status of the territory remains unresolved. Gradual political reforms in the 1990s resulted in the establishment of a bicameral legislature in 1997. Parliamentary elections were held for the second time in September 2002 and municipal elections were held in September 2003.

Economic overview

Morocco faces problems typical for developing countries: restraining government spending, reducing constraints on private activity and foreign trade, and achieving sustainable growth. Despite structural adjustment programmes supported by the IMF, the World Bank, and the Paris Club, the dirham is only fully convertible for current account transactions. In 2004 Moroccan authorities instituted measures to boost foreign direct investment and trade by signing a free trade agreement with the US and selling government shares in the state telecommunications company and in the largest state-owned bank. Favorable rainfall over the past two years has boosted agricultural output and GDP growth passed 4% in 2004. In 2005 the budget deficit is expected to rise sharply - from 1.9% of GDP in 2004 - because of substantial increases in wages and oil subsidies. Long-term challenges include preparing the economy for freer trade with the US and European Union, improving education and job prospects for Morocco's youth, and raising living standards.

Construction

In contrast to many of the Arabian states, Morocco has few major development projects, although areas of Casablanca and Marrakech are continually being developed for tourism. Renovation is more of an issue in Morocco, as there are many old buildings that need to be kept in good condition for everyday use.

4.10 Tunisia



Country facts

Capital city:	Tunis
Land area:	163,610 sq km (Slightly larger than GA)
Population (2005):	10.1 million
Pop. growth (2005):	1.0%
GDP (2004):	\$ 70.9 billion
GDP growth (2004):	5.1%

Background

Following independence from France in 1956, President Habib Bourguiba established a strict one-party state. He dominated the country for 31 years, repressing Islamic fundamentalism and establishing rights for women unmatched by any other Arab nation. In recent years, Tunisia has taken a moderate, non-aligned stance in its foreign relations. Domestically, it has sought to defuse rising pressure for a more open political society.

Economic overview

Tunisia has a diverse economy, with important agricultural, mining, energy, tourism, and manufacturing sectors. Governmental control of economic affairs while still heavy has gradually lessened over the past decade with increasing privatisation, simplification of the tax structure,

and a prudent approach to debt. Progressive social policies also have helped raise living conditions in Tunisia relative to the region. Real growth slowed to a 15-year low of 1.9% in 2002 because of agricultural drought and lacklustre tourism. Better rains in 2003 and 2004, however, helped push GDP growth above 5% for these years. Tourism also recovered after the end of combat operations in Iraq. Tunisia is gradually removing barriers to trade with the European Union. Broader privatisation, further liberalisation of the investment code to increase foreign investment, improvements in government efficiency, and reduction of the trade deficit are among the challenges ahead.

Construction

Very similar to Morocco, although on a much smaller scale, Tunisia's construction sector is dominated by tourist development projects.

4.11 Israel



Country facts

Capital city:	Jerusalem
Land area:	20,770 sq km (Slightly smaller than NJ)
Population (2005):	6.3 million
Pop. growth (2005):	1.2%
GDP (2004):	\$129 billion
GDP growth (2004):	3.9%

Background

Following World War II, the British withdrew from their mandate of Palestine, and the UN partitioned the area into Arab and Jewish states, an arrangement rejected by the Arabs. Subsequently, the Israelis defeated the Arabs in a series of wars without ending the deep tensions between the two sides. The territories occupied by Israel since the 1967 war are not included in the Israel country profile, unless otherwise noted. On 25 April 1982, Israel withdrew from the Sinai pursuant to the 1979 Israel-Egypt Peace Treaty. Israel and Palestinian officials signed on 13 September 1993 a Declaration of Principles (also known as the "Oslo accords") guiding an interim period of Palestinian self-rule. Outstanding territorial and other disputes with Jordan were resolved in the 26 October 1994 Israel-Jordan Treaty of Peace. In addition, on 25 May 2000, Israel withdrew unilaterally from

southern Lebanon, which it had occupied since 1982. In keeping with the framework established at the Madrid Conference in October 1991, bilateral negotiations were conducted between Israel and Palestinian representatives and Syria to achieve a permanent settlement. On 24 June 2002, US President Bush laid out a "road map" for resolving the Israeli-Palestinian conflict, which envisions a two-state solution. However, progress toward a permanent status agreement has been undermined by Palestinian-Israeli violence, which has been on-going since September 2000. The conflict may have reached a turning point with the election in January 2005 of Mahmud Abbas as the new Palestinian leader following the November 2004 death of Yasser Arafat.

Economic overview

Israel has a technologically advanced market economy with substantial government participation. It depends on imports of crude oil, grains, raw materials, and military equipment. Despite limited natural resources, Israel has intensively developed its agricultural and industrial sectors over the past 20 years. Israel imports substantial quantities of grain, but is largely self-sufficient in other agricultural products. Cut diamonds, high-technology equipment, and agricultural products (fruits and vegetables) are the leading exports. Israel usually posts sizeable current account deficits, which are covered by large transfer payments from abroad and by foreign loans. Roughly half of the government's external debt is owed to

the US, which is its major source of economic and military aid. The bitter Israeli-Palestinian conflict; difficulties in the high-technology, construction, and tourist sectors; and fiscal austerity in the face of growing inflation led to small declines in GDP in 2001 and 2002. The economy grew at 1% in 2003, with improvements in tourism and foreign direct investment. In 2004, rising business and consumer confidence - as well as higher demand for Israeli exports - boosted GDP by 3.9%.

Construction

Construction is not a major growth sector in Israel, although there is a constant turnover of renovation and small-scale development projects. Israel is not an attractive proposition for foreign investors, due to its marginalised political situation in the Middle East and on-going violence.

4.12 Jordan



Country facts

Capital city:	Amman
Land area:	92,300 sq km (Slightly smaller than IN)
Population (2005):	5.8 million
Pop. growth (2005):	2.6%
GDP (2004):	\$25.5 billion
GDP growth (2004):	5.1%

Background

For most of its history since independence from British administration in 1946, Jordan was ruled by King Hussein (1953-99). A pragmatic ruler, he successfully navigated competing pressures from the major powers (US, USSR, and UK), various Arab states, Israel, and a large internal Palestinian population, despite several wars and coup attempts. In 1989 he reinstated parliamentary elections and gradual political liberalisation; in 1994 he signed a formal peace treaty with Israel. King Abdallah II - the eldest son of King Hussein and Princess Muna - assumed the throne following his father's death in February 1999. Since then, he has consolidated his power and undertaken an aggressive economic reform programme. Jordan acceded to the World Trade Organisation in 2000, and began to participate in the European Free Trade Association in 2001. After a two-year delay, parliamentary and municipal elections took place in the summer of 2003. The Prime Minister and government appointed in April 2005 declared they would build upon the previous government's achievements to respect political and human rights and improve living standards.

Economic overview

Jordan is a small Arab country with inadequate supplies of water and other natural resources such as oil. Debt, poverty, and unemployment are fundamental problems, but King Abdallah, since assuming the throne in 1999, has undertaken some broad economic reforms in a long-term effort to improve living standards. Amman in the past three years has worked closely with the IMF, practiced careful monetary policy, and made substantial headway with privatisation. The government also has liberalised the trade regime sufficiently to secure Jordan's membership in the WTO (2000), a free trade accord with the US (2001), and an association agreement with the EU (2001). These measures have helped improve productivity and have put Jordan on the foreign investment map. Jordan imported most of its oil from Iraq, but the US-led war in Iraq in 2003 made Jordan more dependent on oil from other Gulf nations forcing the Jordanian government to raise retail petroleum product prices and the sales tax base. Jordan's export market, which is heavily dependent on exports to Iraq, was also affected by the war but recovered quickly while contributing to the Iraq recovery effort. The main challenges facing Jordan are reducing dependence on foreign grants, reducing the budget deficit, and creating investment incentives to promote job creation.

Construction

There are a number of major construction projects underway in Jordan, which include retail, commercial and residential developments. Most are in Amman and Aqaba (Jordan's only port) and are financed by UAE or Kuwaiti-based developers.

4.13 Lebanon



Country facts

Capital city:	Beirut
Land area:	10,400 sq km (0.7 times the size of CT)
Population (2005):	3.8 million
Pop. growth (2005):	1.3%
GDP (2004):	\$18.8 billion
GDP growth (2004):	4.0%

Background

Lebanon has made progress toward rebuilding its political institutions since 1991 and the end of the devastating 15-year civil war. Under the Ta'if Accord - the blueprint for national reconciliation - the Lebanese have established a more equitable political system, particularly by giving Muslims a greater say in the political process while institutionalising sectarian divisions in the government. Since the end of the war, the Lebanese have conducted several successful elections, most of the militias have been weakened or disbanded, and the Lebanese Armed Forces (LAF) have extended central government authority over about two-thirds of the country. Hizballah, a radical Shia organisation, retains its weapons. During Lebanon's civil war, the Arab League legitimised in the Ta'if Accord Syria's troop deployment, numbering about 16,000 based mainly east of Beirut and in the Bekaa Valley. Damascus justified its continued military presence in Lebanon by citing Beirut's requests and the failure of the Lebanese Government to implement all of the constitutional reforms in the Ta'if Accord. Israel's withdrawal from southern Lebanon in May 2000, however, encouraged some Lebanese groups to demand that Syria withdraw its forces as well. Syria finally withdrew the remainder of its forces from Lebanon in April of 2005.

Economic overview

The 1975-91 civil war seriously damaged Lebanon's economic infrastructure, cut national output by half, and all but ended Lebanon's position as a Middle Eastern entrepôt and banking hub. In the years since, Lebanon has rebuilt much of its war-torn physical and financial infrastructure by borrowing heavily - mostly from domestic banks. In an attempt to reduce the ballooning national debt, the Hariri government began an austerity programme, reining in government expenditures, increasing revenue collection, and privatising state enterprises. In November 2002, the government met with international donors at the Paris II conference to seek bilateral assistance in restructuring its massive domestic debt at lower rates of interest. Substantial receipts from donor nations stabilised government finances in 2003, but did little to reduce the debt, which stood at nearly 180% of GDP. In 2004 the Hariri government issued Eurobonds in an effort to manage maturing debt, and the Karami government has continued this practice. However, privatisation of state-owned enterprises had not occurred by the end of 2004, as promised during the Paris II conference.

Construction

What used to be the business, banking and tourism hub of the Middle East was very quickly turned to rubble during the civil war and virtually all foreign investment was withdrawn from Lebanon, resulting in a complete stagnation of the construction sector. However, now that peace has been restored, many eyes are once again upon Lebanon as a potentially

important business and tourism destination. Current projects earmarked for the market include both residential developments and the rebuilding of tourist resorts. Many of these are being financed by UAE or Kuwaiti investors.

5. Initial conclusions & recommendations

What is immediately obvious from the data in this report, is that the Middle East and North Africa region is a very wide area, both physically, but also in terms of the performance of its economies and the development of its infrastructure. It cannot, therefore, be looked at from a market development perspective as a single target. However, it can be split into the three main groups, as it has been for the purposes of this report. These are:

- **GCC members**, comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia & United Arab Emirates
- **North Africa**, comprising Egypt, Libya, Morocco & Tunisia
- **Eastern Mediterranean & Levant**, comprising Israel, Jordan & Lebanon

Within these groups, many similarities and links between individual markets do exist and these should be taken into consideration when conducting any market development activities.

The principal – and overriding – recommendation from this report is that more market intelligence is required before a programme of activities should be put in place. Visits to many, if not all, of the markets in the region need to be carried out, in order to establish a better understanding of the market for softwoods and the potential (if any) for American softwoods and engineered products to enter into the market. In addition, contacts need to be established in the wood trade, as well as in the construction sectors and the various government offices which have a bearing on international trade, as well as a building codes and standards.

It would seem, from the data contained within this report, that the Gulf markets would offer the greatest potential to US exporters. These markets are where the vast majority of construction is taking place and where most investments in the economy are being made, resulting in very high economic growth and development. Furthermore, there has been interest expressed in low-cost and even wood-frame housing in these markets to cope with the sizeable population of expatriate workers.

Egypt should also not be ignored, as it has a very large population and a massive furniture manufacturing industry. Furthermore, some initial research should be made into Morocco and Tunisia, where tourism is an important factor and also into Lebanon, where the market is undergoing a swift recovery from its civil war.