

# **Evaluation of Industrial Development in the Gulf Cooperation Council (GCC)**

**Dr. Nedham Alshafai**

Qatar University

[drnedham@qu.edu.qa](mailto:drnedham@qu.edu.qa)

# Introduction

Following the discovery of oil, the economic development process in the six countries of the Gulf Cooperation Council adopted individually plans for industrial development to support the diversification in the economy. In 1998, the group has set a unified industrial development strategy with several common objectives, to achieve a proper exploitation of available natural resource other than oil and gas. This paper will examine the situation of industrial development in the Gulf countries at two different periods; before and after the adoption of the industrial strategy. This is to show signs of progress in the GCC in general and the differences among the countries. The paper will evaluate the development in four main elements; share of the GDP, employment opportunities, local resources utilization and the regional development. The national, regional as well as international data will be used to describe the real situation and to analyze the progress during the studied period.

# Aims

- To clarify the role of unified industrial strategy in the level of industrial development in general.
- To compare the GCC countries in to what extent they have achieved the goals of the strategy.
- Try to understand the reasons behind the cases in both the positive and negative movement.

# Methods

- Year 1992 and 2014 were selected to represent the development situation before and after the implementation of the unified industrial strategy.
- Data was collected for the two selected years.
- Data was analyzed and compared in the two years in GCC, in general, as well as individually.
- Development situations were analyzed focusing on development aspects including the number of labors, number of establishments, investment values, industrial exports and the gross domestic product.

# Introduction

There are two types of industrial movements in **societies**; first is which is normal without state' orientation (always private) , while the second is the state plan orientation which divided into three as well; private sector, public sector and mixed sector.

In General, in the case of GCC countries the first movement is owned by local investors, while the second type might be owned by non-nationals.

# GCC geo-economy

6 Asian Arab countries: (Bahrain, Oman, Qatar, Kuwait, Saudi Arabia and United Arab Emirates).

Area: 2.7 million KM2

GDP: 1500 Billion US\$ (2013)

Per capita income: 30000\$

Manufacturing sector: 10%

Manufacturing labor : 1.5 million

Population: 50 million (2013).

Global Rank (group) : 12

Oil sector: 50%

Manufacturing Per capita of population: 3000\$

Manufacturing Per capita of labor :100000 \$

## Individual movement for industrial development: Qatar as an example

First large scale manufacturing was the cement industry, established in 1969

First large scale chemical manufacturing was the fertilizer industry, established in 1970

The technical center for industrial development was established 1973 -

The first industrial city (MESAIEED) was established, in 1973 -

Doha industrial estate was established for small and medium scale industries -  
in 1975 -

In 1976, Qatar was a member of seven countries to establish GOIC -

First large scale mineral manufacturing was the steel and iron industry, established in 1978

In 1982, the industrial development law was issued

In 1985, new large industrial city (RAS LAFFAN) was established to deal with the huge natural gas reserves.

In 1996, the new industrial law was issued with better advantages

# Unified Industrial strategy

- Unified industrial strategy:
- It part of the Unified economic cooperation Agreement of 1981.
- - In 1985 (the first)
- - in 1997(the new)
- - now (discussion to issue a new one)



# Unified Industrial Strategy 1998

Includes four sections: objectives, priorities, policies for implementing and requirements

The main objectives:

- To speed up an integrated industrial development process.
- To increase the sector growth; doubling every 10 years.
- To raise the share of national labors force to 75% by 2020.
- To work toward increasing share of national components.
- To set up a base for industry-related research and applied sciences.
- To promote the integration of industrial sector with petroleum and gas.
- To develop the exploitation of regions natural resources.
- To promote the establishing of industries in the less developed areas.

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# GOIC

It is an organization for industrial development in the Gulf States; established in 1976 among 7 members; Doha is the

Now, there are 7 members as before by adding Yemen instead of Iraq which was one of the establishers until 1990 when fired because of the of Kuwait in 1ugust of that year.

The aims :

# GCC joint industrial companies

In 2013

Number of companies:232 ; UAE; 42.7%, SA; 25% ,Oman; 12.5% .

Investment :\$ 23 billion ; SA 37.6, Qatar;19.5, Bahrain;18.8.

Labors: 59200; SA 37.1%, UAE 35.2% .

TYPES: CHEM;28%, BUILDINGMATERIALS;18.5, FOOD;11.6.

Source: GOIC , IMIPLUS (2014)

(1984/108)

(1984/7.8).

# Joint GULF\_GULF Industrial Projects

1984

Number; 108

Investment; 7.8 billion

Sa 35 uae 35 k12, b 9 om6 qat4

Ch 29.6, non m-metallic 28.7, fabricated metal  
22.3

# 1990

1990"s industrial status of GCC countries:

- Basic situation: establishments, labors, capitals, added value, exports, GDP,
- Industrial locations: cities, industrial estates, industrial ports

# Main indicators of MI sector

## 1990 - 2014

1990				2014		
Country	No. of establishments	Investment : Bill.US\$	Employment : 000	No of establishments	Investment : Bill.US\$	Employment : 000
UAE	1315	5.2	56000	5621	34.5	382.3
Bahrain	373	0.9	14000	782	10.2	59.6
S. Arabia	2460	17.6	141000	6810	210.1	856.2
Oman	434	1.4	6600	1564	23.5	74.9
Qatar	329	1.2	13000	766	82.4	74.9
Kuwait	589	4.3	39000	749	19.3	81.1
Total	5500	31.5	269000	16292	380.0	15290

# Manufacture industries' GDP

## 1991 - 2011

Country	1991				2011			
	Total GDP	MI GDP	%	% of non oil	Total GDP	MI GDP	%	% of non oil
UAE	33.8	2.7	8.0	15	348.9	30.8	8.8	14.6
Bahrain	4.2	0.7	16.7	21	29.0	4.5	15.5	21.2
S.Arabia	118.1	9.6	8.1	12	669.6	67.2	10.0	19.5
Oman	10.2	0.4	3.9	8	70.0	7.7	11.0	23.4
Qatar	6.9	0.9	13.0	22	171.2	15.6	9.1	22.4
Kuwait	10.8	0.5	4.6	14	160.6	8.2	4.5	13.1
Total	184.0	14.8	8.1	13	1449	134	9.3	18.0



# Main industries production

## 1993 - 2014

Industry	1993	2013-2014	Change %	The top
Cement	24.4 MT	117 MT	+ 480 %	Saudi Arabia , UAE
Ethylene and Methanol	5.4 MMT	18.4 MMT	+ 340 %	Saudi Arabia, Qatar
Urea	3.5 MMT	11.7 MMT	+ 330 %	Qatar, Saudi Arabia
Oil refinery	2.5 MBD	4.6 MBD	+ 84 %	Saudi Arabia, Kuwait
Iron and steel	3.1 MT	11.3 MT	+ 360 %	S. Arabia, Qatar
Aluminum	0.692 MT	3.6 MT	+ 500 %	UAE, Qatar

# MI Exports 1990 - 2014

country	1991			2011			Value change
	total	mi	%	total	mi	%	%
UAE	19.8	4.3	21.7	302.1	31.1	10.3	+ 723 %
Bahrain	3.5	0.9	25	19.7	6.1	31	+ 675 %
S.Arabia	47.7	4.0	8.4	317.6	40.6	12.8	+ 1000 %
Oman	4.9	0.6	12.3	47.1	7.9	16.8	+ 1300 %
Qatar	3.2	0.5	15.6	114.3	7.9	7	+ 1600 %
Kuwait	10.1*	0.2*	2*	104.3	4.4	4.2	+ 2200 %
Total	89.2	10.8	12	905.1	97.9	10.8	+ 740 %

# Industrial Cities and Estates

There are around 15 very large industrial cities in the GCC countries, play very important role in manufacturing production, they have become famous locations even globally in producing many materials with an important percentage. There are, in addition, more than 100 industrial estate around the cities to encourage investors to interfere the manufacturing sector. Here the example of Sultanate of Oman.

# Oman's Industrial Geog. Locations

Industrial Estate	Year	Area	Type	Establishment No.
Rusail	1985	7.9	SM	211
Suhar	1992	21.6	LM	239
Resout	1992	3.1	SM	-
sour	1999	36.1	LM	64
Nizwa	1994	3	SM	96
Breimi	1998	5.5	SM	331
Mazyoona	1999	4.5	SM Sv	-
Samael	2010	7.4	SM	-
Mascat-Port	1970	-	SML Sv	-
Mascat-Industrial Park	2010	-		2

Source: PEIP 2016

# 2014

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# Difficulties face Objectives Achieving

- Oil sector influence and high affect
- National labors easy opportunities
- Weak of research
- Lack of domestic technology
- GCC competition
- Geographical population distribution
- Centralized management

# Conclusion

- It is clear that the GCC countries planning for industrial development as an important sector to achieve the economic diversification.
- All the GCC countries have had their own plan to deal with the case , especially after short years of the discovery of oil, the case of Qatar was very good example.
- By establishing the GCC in 1981, one of the high strategic economic plan was the put industry , especially the large scale ones, in the plans
- In 1985 , the first unified strategic for the group was announced
- In 1997 , the second one was announced
- The main objectives
- Comparing 1990 situation with 2010 data regarding the show that:
- Comparing the case of common industrial projects among them shows that :
- The study protested that the unified strategy



# Thank you

## Questions and Comments

Dr. Nedham Alshafai

Qatar University

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