

**THE ARAB GULF COUNTRIES
(THE G.C.C.)
A GEOGRAPHIC APPRAISAL OF A REGION**

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ARAB GULF STATES IN WORLD PERSPECTIVE: AREA, POPULATION, GNP

The Arab countries of the Gulf occupy the whole length of the Gulf West Coast. It is at the same time the Eastern parts of the Arabian peninsula. Geographically southern Iraq should be included in this Arab region, much as we include the whole of the Kingdom of Saudi Arabia. Yet geography and politics in Iraq accounted for excluding it from the treaty creating, in 1981, the Co-operation Council for the Arab States of the Gulf (CCASG) which is better known as the Gulf Co-operation Council (G.C.C.)

Thus the G.C.C. is composed of six Arab Gulf countries which could be really sub-divided into the lesser and bigger Gulf States. The lesser States are all less than 100,000 km². Actually, there are huge differences of area even among the lesser Gulf states. If we assume Bahrain equals 1, Qatar would be 18.3, Kuwait 28.6, and the United Arab Emirates (U.A.E.) 134.4. Needless to say that Oman is a giant in comparison with the lesser States, but still dwarfed by Saudi Arabia which attains the 12th rank among world States. (Table 1)

Table 2 gives the unfamiliar reader with the Gulf region a clue as to the areal potential (economic & strategic) in comparison with more familiar countries of the world.

TABLE 1

G.C.C. Countries: Area and Population (1985)⁽¹⁾ (1988)⁽²⁾

Country		Area ,000km ²	Population (,000's)			Percentages Expats	Tot. Pop. ann. growth
			Total	Nationals	Expats		
Bahrain	1985	0.62*	424	276	158	37	5.12
	1988		450	297	153	34	4.7
Kuwait	1985	17.8	1625	682	943	58	3.35
	1988		1960	784	1176	60	4.8
Oman	1985	212.4 ^C	1293+	973	323	25	5.46
	1988		1520	1034	486	32	3.1
Qatar	1985	11.4	241+	115	126	52	3.08
	1988		370	120	251	68	5.5
U.A.E.	1985	83.6 ^S	1116	403	713	64	2.67
	1988		1500	375	1125	75	3.4
Sub. Total	1985	325.8	4699	2449	2263	48	
	1988		5800	2610	3191	55	
Saudi Arabia	1985	2149.7	12642+	8764	3919	31	5.53
	1988		12460	7480	4980	40	3.0
Total	1985	2475.5	17341	11213	6182	35	
	1988		18260	10090	8171	45	

1) Population figures after Al-Hamad A.Y., 'Economic Changes and Future Development in the Arab Gulf', pp 34 & 36 in At Taawun Quarterly, Jan. 1988, Riyadh. These figures are based on ECWA and other official figures released by the GCC governments. These are widely quoted in current literature of the region. Some figures needs validation, especially in countries where no census were ever conducted, but for practical purposes these figures and other GCC estimations are widely accepted. Only specific demographic researches can investigate deeper in this matter.

+) Countries where no census were taken, yet there are certain estimates based on official sample studies drawn by statistical offices of the respective governments as well as international agencies, e.g., ECWA. In March 1986 Qatar conducted its first general census with nearly 30% increase above the previous population estimates.

*) 685 km² in other sources.

C) 300,000 km in the Omani official sources.

S) This is the U.N. figure, while in other sources it is only 77,000 km².

2) Gulf International Bank, 'Gulf Economic & Financial Report', Bahrain, vol. IV, Dec. 1989.

TABLE 2

Area and Population Comparisons (1990)

Gulf States	Area in ,000 km²	Pop. in ,000	Comparable States	Area in ,000 km²	Pop. in ,000
Bahrain	0.622	0.57 0.49	Singapore	0.618	2.67
Kuwait	17.8	1.8 2.0	Fiji	18.2	0.73
Oman	212.4	1.2 1.4	United Kingdom	244.0	57.22
Qatar	11.4	0.47 0.42	Lebanon	10.4	2.89
U.A.E.	83.6	1.9 1.8	Austria	83.8	7.6
Saudi Arabia	2149.7	13.7 13.6	Mexico	1958.0	84.3

N.B.: Upper pop. figures for the Gulf States after Fergani, quoted by Al-Qaryouti 1987, while lower figures are after Encyclopaedia Universalis 1990, also pop. figures of comparable States after same source.

Because the Gulf region is part of the world's greatest arid zone, mere figures of how many square kilometres may not be significant (except in future potentials and defence capabilities). Thus Bahrain and Singapore are area-wise similar, but the population of Singapore is around six and half times that of Bahrain. The meagreness of the Gulf population has its origin in the past resource scarcity of the desert environment. The present Gulf population is dependant on the new economic order generated by oil wealth since the fifties of this century, which, among other things, produced a high factor of immigrant expatriates within the population content of Gulf countries.

Because of the thin population of the Gulf States — nationals and non-nationals together — the per capita GNP is among the highest in the world. Though this is an unreal distribution of the GNP on every citizen and/or resident in any one country, yet it gives a clue to the general wealth of a society. Table 3 illustrates the GNP issue and related subjects.

THE G.C.C. COUNTRIES

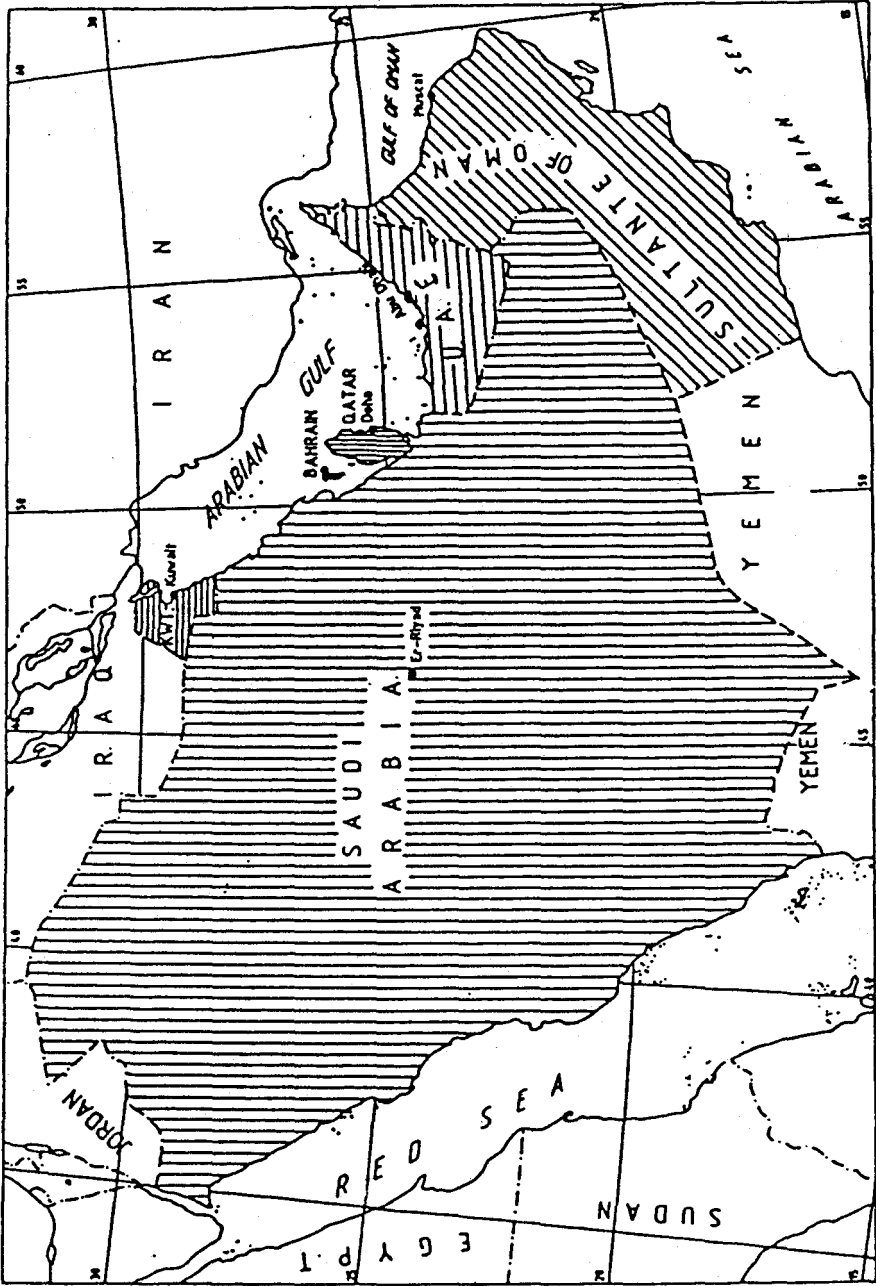


TABLE 3

GNP indicators in the GCC and comparable States

State		GNP Total Bn. \$	Per Capita GNP (,000 \$)	Real Growth	
				% 1973 1983	% 1980 1986
A) G.C.C. States:					
Bahrain	1981	3.4	7.59		
	1987	4.1	9.65	0.8	
Kuwait	1981	32.4	22.53		
	1987	29.4	14.87	0.3	-0.9
Oman	1981	5.7	6.25		
	1987	7.7	5.76	3.6	5.7
Qatar	1981	6.6	27.80		
	1987	4.1	12.36	8.5	
U.A.E.	1981	28.1	25.81		
	1987	22.8	15.68	-1.0	3.8
Saudi Arabia	1981	121.5	13.00		
	1986	83.3	6.92	1.7	3.4
B) Selected Western Comparable States:					
Luxemburg	1981	3.8	10.54		
	1986	6.7	17.3	2.2	4.1
Belgium	1981	95.5	9.65		
	1986	112.0	11.25	1.4	0.9
Netherland	1981	140.5	9.86		
	1986	175.3	10.0	0.7	1.0

Figures for 1981 after "Atlas Economique Mondial" 1984. Other figures after 'Fischer 1990'. All figures based on several sources, e.g., World Bank, OECD, EEC, etc. with some recalculations due to difficulty of assessment and rates of exchange. However the 1987 figures of the Gulf countries are derived from Encyclopaedia Universalis 1990.

The selected western countries in table 3 are based on comparable data in certain aspects, e.g., population and GNP. The Grand Duchy of Luxemburg is within the range of Bahrain or Qatar, but its economic structure is not dependant on one major source of income — i.e. oil exports in the case of the Gulf States.

The same applies to Belgium whose population compares with conservative estimates of Saudi population, and their GNP totals are also similar. The Netherland usually surpasses Saudia*, and combined with Belgium they are constantly circa 150% of the cumulative GNP of all GCC states. It is obvious that the rise and fall of the Gulf GNP, which is dominated by oil export earnings, is in sharp contrast to the more stable and varied economy represented in this case by the Benelux countries. However, one must not forget that Holland and Belgium share in the world oil economy — benefiting from their location as a trans-shipment and entrepot of oil imports of the highly industrialised Rhine-Ruhr region.

* 'Saudia' is the common reference in Arabic usages to the 'Kingdom of Saudi Arabia'. In the present paper both appellations, i.e., 'Saudi Arabia' and 'Saudia' would be used freely to denote the one and the same country.

The purpose of this discussion is to show that the much propagated picture in the Western media about the Arabs piling up world money and bank and industry assets, contained a heavy political distortion. The GCC states in their totality hardly compare with a small western nation such as the Netherlands. Furthermore, the economic structure is imbalanced in the Gulf — a situation which is, more or less, due to arrangements of world economy rather than local policies alone. For instance the dramatic increase of oil price in the late 70's — early 80's were not OPEC pricing policies alone. Though it came as a world shock, it was already motivated and was accepted by big oil companies and the western financial and economic world. "The \$2-a barrel price was an artificial price politically and economically".⁽¹⁾ oil prices needed indixation to world inflation.

THE G.C.C. FROM WITHIN

Several tables in this chapter indicate the previous classification of the G.C.C. into lesser and greater states, i.e., Bahrain, Kuwait, Qatar and the United Arab Emirates (U.A.E.) as the lesser States vis-a-vis Oman and Saudia as the greater ones. But tables 5 to 8 assert yet another classification; Saudi strength in area, population and economy single out Saudia as the leading partner in the Gulf Cooperation Council. This underlines the role and commitment Saudia had to shoulder in many political aspects, e.g., regional and internal security. The following themes try to analyse several Gulf and GCC situations with special reference to Saudi role whenever it is deemed necessary.

Area, Location and Strategic Importance:

The cumulative area of the G.C.C. equals one quarter of the area of the U.S.A., or one and half times the area of Iran, or ten times that of the U.K.

Saudia occupies 87% of the total G.C.C. area, and as thus has a land potential several times that of the other Gulf members. These are as much future potentials as they are present ones. It is illustrated in the build-up of the State as an economic, demographic and military power in the Arabian peninsula.

Population-wise, Saudia has around 13 million inhabitants, natives and expatriates, which is not in itself a big figure, but all the same represents 69% of the G.C.C. population. The dispersal of Saudi people over several areas along the two vital axis⁽²⁾ is of strategic importance in comparison with the centralised population in the capital metropolitan areas of the lesser Gulf States — making them strategically vulnerable.

The extension of Saudi landmass to the Red Sea and the Gulf is the originator of strategic Saudi role in the area, and presupposes a definite military role other than the lesser G.C.C. members. The Red Sea politics dominated the best part of a century; 1870-1970, and especially affecting the politics of Egypt, Great Britain (at the time), USA-Israel (present politics) and naturally Saudia which controls 80% of the Red Sea eastern coast, but strategically caught in between Suez to the North and Aden to the South.

The Gulf seaway, as a linguistic border between Arabic and Iranian, has had its tensions, wars and trade rivalries in the past. The emergence of the Arab Gulf states and

oil geopolitics in the 70's, gave birth to an ever increasing importance of the region along with more Arab Iran rivalry.⁽³⁾ During the 60's and 70's the U.S. politics considered Iran the Gulf strongman and enhanced that position to complement Israel, the other strongman in the Middle East. But this American myth failed its test, especially when a radical change befell the Iranian shield. The outbreak of the first Gulf war between Iraq and Iran during most of the 80's prompted the structuring of the Cooperation Council of the Arab Gulf States (for shortening it is the G.C.C.).

There is a Saudi Red Sea politics. But it is not — at present — as articulate as its Gulf, i.e. G.C.C. politics. The reason may be that there are many powerful partners in the Red Sea geo-strategies. The same may have applied to the Gulf strategies till the late 70's, where Iran, Iraq and Saudia played nearly equal parts of a local Gulf balance. With the break of the Gulf war the Gulf strategic balance was disturbed and Saudia, the remaining big partner in the Gulf, sensed that she is yet to be tested in the conflict for supremacy or co-existence in the Gulf. This is attested by the sudden soaring Saudi military expenditure after the downfall of the Iranian Shield and the start of the Gulf War⁽⁴⁾ (See table 7).

The lesser Gulf States share Saudia's Gulf politics by necessity of their location on the Gulf shores. Locational differences are responsible for a variety of political modus operandi. Thus Kuwait on the head of the Gulf has to modulate its politics vis-a-vis Iraqi and Iranian neighbours, while Qatar and Bahrain have definitely centre location implications. Oman with its free water front on the Indian Ocean has another set of problems; being the real gateway of G.C.C. oil to outer world it has definite defence and military tasks in the strait of Hormuz and the Indian strategic zone⁽⁵⁾.

TABLE 4**Population and Labour Force:**Estimates for 1985⁽¹⁾, 1987⁽²⁾ and latest census figures⁽³⁾

		Population			Labour Force		
		Total (,000)	Nationals (,000)	% Nationals	Total (,000)	Nationals (,000)	% Nationals
Bahrain	1)	578	293	51	151	70	46
	2)	430	301	70			
	3)	350 (81)	238	68			
Kuwait	1)	1817	663	36	414	140	34
	2)	1870	670	36			
	3)	1697 (85)					
Oman	1)	1283	1010	79	257	150	58
	2)	1190	892	75			
Qatar	1)	474	78	17	136	19	14
	2)	371	74-92	20-25			
	3)	371 (86)					
U.A.E.	1)	1961	295	15	632	63	10
	2)	1770	440-530	250-30			
	3)	1622 (85)					
Saudi Arabia	1)	13711	8757	64	3245	1565	48
	2)	13610	9500	70			
Total	1)	19824	11096	56	4835	2006	41
	2)	19241	11877-11975	61-62			

Sources:

- 1) Al-Qaryouti, M.Q., 1987, quoting N. Fergani projection of population (based in turn on Sergaeln et al "Manpower and International Labour Migration" in Middle East and North Africa).
- 2) Fischer 1989.
- 3) Middle East and North Africa 1987.

Inhabitants of the G.C.C. Countries:

The population situation and food production in the G.C.C. region are its weak points and have to balance to its needs from outside sources. The reason for both situations is the same: the area is part of the severe arid zone which permits only a small biotic pyramid. With the new oil wealth — which started in the fifties and took off in the mid seventies — new frontiers were pushing the region to a sudden internal change, growth and development, and towards unforetold external cultural and technological world contacts. The modern State machinery emerged to better contain and fulfil these changes.

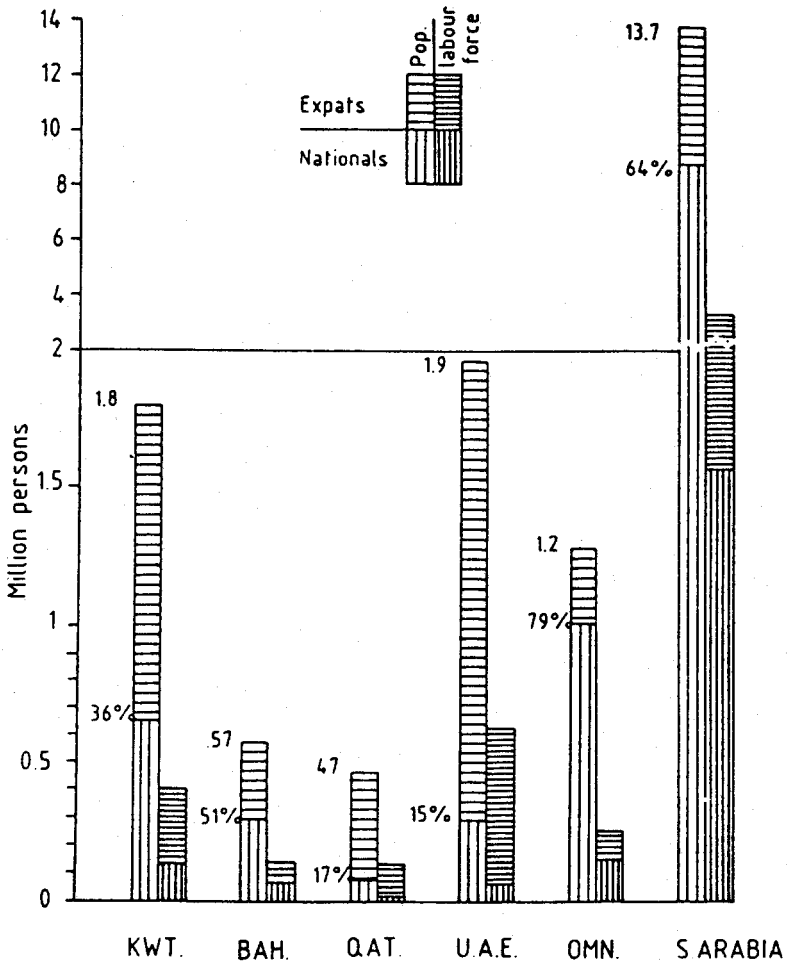
The first State task was to build up national administrative and technical cadre. Since education and training takes its time — nearly a generation — the interim period has to be filled by expatriates hired by the State or private sector (with governments controlling residency permits).

Expatriates could be historically and vocationally traced in the following major outline:

1. The British expats, as former administrators, continue up to now, but with U.S. and Western participation, as the upper technical heirarchy in financial, industrial and consulting fields.

2. Iranian plateau dwellers, incorporating Persians, Baluchi and Afghani as well as

Fig.(1) Population and Labour Force Estimates
(Mid Eighties))



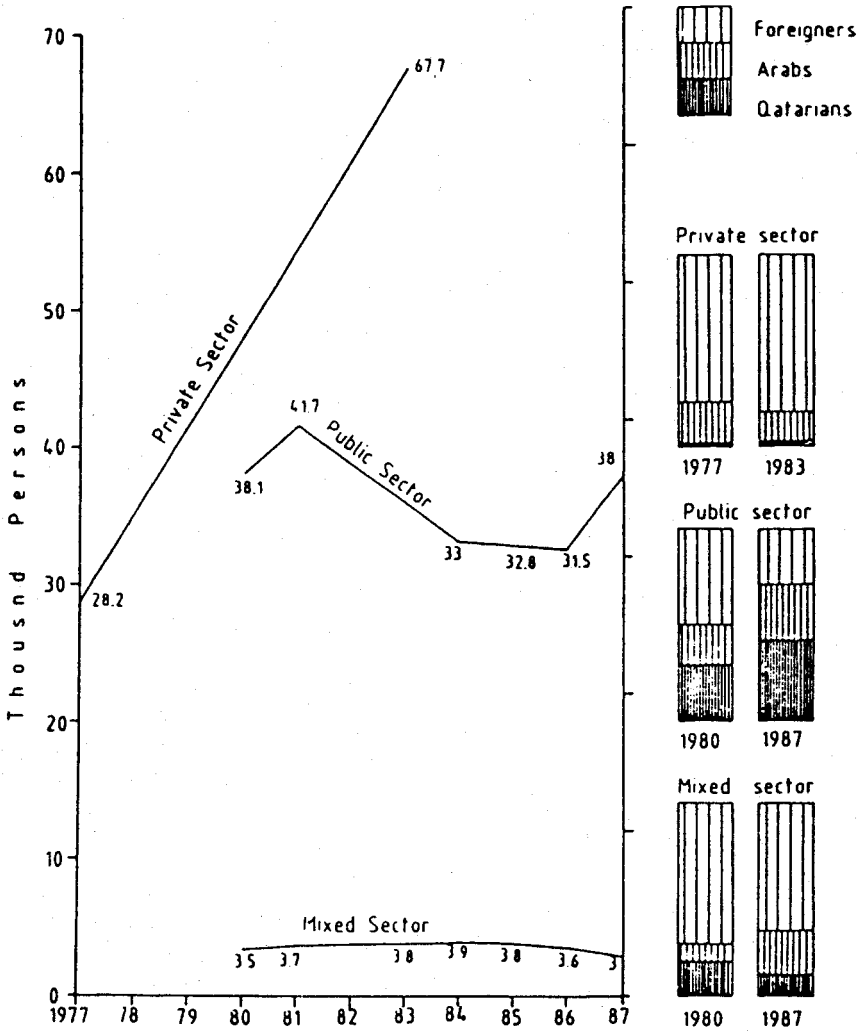
Estimates after N Fergani 1987

arabised Iranians of the Gulf coast. These people, by geographic proximity are the oldest expatriates with contacts well into pre-oil times⁽⁶⁾. They control several crafts and professions; masons, carpenters, boat repair and building, petty commerce especially of material, cloth, groceries, pipe-fitters, petty car repairs, gardening, watchmen, etc.

3. Arab expatriates:

- 3a. Inter-Gulf: Bahrainies, due to earlier clerical abilities and denser population, were readily posted in several oil-rich neighbouring countries, especially Saudia and Qatar. Omanis were also abound in richer Gulf countries due to political persecution in Oman prior to 1970, and to late oil discoveries in Oman, also in 1970. Many of them went home due to better opportunities in their countries.
 - 3b. Southern Arabs, i.e. Yemenies (at large) by sheer proximity and long tradition of migration, came, invited or not, to occupy a big variety of professions from military to banking. Most Yemenies prefer Saudia for its size and opportunities.
 - 3c. Palestinians: The emergence of Gulf oil riches coincided with the Palestinian exodus following the 1948 wars with Israel. For many reasons Arab and international agencies gave the refugees the basic education and vocational training which enabled them to fill in middle class posts in the Gulf e.g. primary school teachers, clerks in both public and private sectors, petty enterprises and brokers, etc. Later on the highly educated Palestinians occupied directive jobs in government and private offices.
 - 3d. Egyptians: At the start in the 1960's they came — mostly seconded by the Egyptian Government — to occupy high technical and expertise posts, e.g. high school teachers, university professors, medical doctors, engineers, architects, consultants, etc. In the mid 70's another wave of Egyptian expatriates came in greater numbers and covered areas of skilled and unskilled labour needed in mechanical, electrical and agricultural professions. Many of them left or are in process of leaving with economic recession.
 - 3e. Other Arabs: Iraqis, mostly in Kuwait, Syro-Lebanese majority in Saudi, Jordano-Palestinians all over Gulf mostly hired in the armed forces. Sudanese and Somalis also working in police and army forces in most of the Gulf. Tunisians and Moroccans recently came according to agreements between their respective governments and the Gulf (a strategy of balancing sources of the labour force).
4. Indian Sub-continent: includes Indians, Pakistanis, Bangalis and Sri Lankans. For a long time the sea-faring Gulf people had contacts with India and East Africa. The Indian culture zone is not alien to the Gulf and during the British Empire, the Gulf administration was directly supervised by the Bombay British government. The Indians, i.e. all expatriates from the sub-continent, are numerically the strongest community in the Gulf. Indeed in certain cases, e.g. the U.A.E., they may be equal to all other inhabitants, local and expats together. The Indians occupy all kinds of jobs from technology to manual domestic work, skilled and unskilled. In this way they

Fig.(2) Development of Qatari Labour Force
by Activity and Nationality



Source Figures for 1977, 80 and 81 after Nafi, Z A 1983

figures for 1983-87 after The Qatar Annual Statistical Abstract 1987-1988

made themselves irreplaceable. Naturally, some are leaving the Gulf with the present recession, but their penetration is everywhere to be easily done with.

5. East Asians: mainly Koreans, Philipinos and Thai. They appeared on the Gulf working force very late in the 70's. South Koreans started organized recruits in big groups in Saudia then other Gulf States. Philipinos and Thai are recruited individually and as such survive in several corners of life.

Table 5 and the two figures 1 and 2 illustrates the population situation and its components. Figure 1 gives a quick appreciation of the working force in the Gulf, while figure 2 tries to give an analytical view of a specific case.

G.C.C. Economic Features:

Main G.C.C. economic potential and production in order of importance, are mineral; industrial and agricultural. Mineral means oil, associated and non-associated gas. Industry means only modern manufacture industry and does not include any traditional handicraft. Agriculture means cultivation of whatever crops and rearing animals only on modern principles. Yet, agriculture should include palm-groves which characterise wide-spread traditional oasis cultivation because they are ecologically best suited to the area.

But in between mineral and industrial shares of the GNP lies the whole spectrum of tertiary economies from public sector to trade, transport, banking and domestic house services.

TABLE 5

G.C.C. Economic Figures (1985)

State	GNP Bn. US \$	Per Capita GNP ,000 \$	Origin of GNP (%)					Employment (%)						
			Agriculture Fish & Animal	Mining	Manufacture	Construction	Services	Agriculture Fish & Animal	Mining	Manufacture	Construction	Services		
Bahrain	3.24 (81)	8.9	1	25	→	20	←	54	5	1	→	34	←	60
	4.12 (83)	10.5	1	→	45	←		5	→	35	←			
	3.87 (86)	9.0	1	15	→	20	←	64	2	0.5	13	36	48	
Kuwait	32.90 (81)	22.7	1	30	→	26	←	43	2	4	→	30	←	44
	32.84 (83)	19.9	1	→	61	←		2	→	34	←			
	20.50 (86)	11.0	0.5	50	6	3.5	42	2	1	9	19	69		
Oman	5.74 (81)	5.5	7	67	→	6	←	20	58	3	→	7	←	32
	6.97 (83)	6.1						60	→	10	←			
	8.54 (86)	6.6	3	48	11		39	82	3	→	7	←	10	
Qatar	7.19 (81)	27.6	2	60	→	10	←	28	12	5	→	15	←	68
	5.96 (83)	20.0	1	→	85	←		3	→	17	←			
	3.95 (86¼)	11.4	1	46	6.5	7	40	12	5	→	15	←	68	
U.A.E.	27.30 (81)	27.3	2	58	→	15	←	25	5	4	→	11	←	80
	23.72 (83)	20.0	1	→	77	←		5	→	15	←			
	21.50 (86)	15.0	1	48	10	9	34	5	2	8	27	58		
Saudi Arabia	158.63 (82)	12.6	2	50	→	15	←	33	33	2	→	20	←	45
	92.93 (84/84)	8.6	3	34	9	14	41							
	82.70 (86)	7.8	5	23	→	20	←	52	40	2	→	20	←	38

Sources:

- Figures and percentages for 1981 and 1983 and Saudi figures and percentages for 1982, 1984-85 are after 'Fischer Welt Almanach' 1983 to 1989.
- GNP and per capita GNP figures for 1986 and Saudi employment percents of 1986 are after 'Atlas Economique Mondial, 1988'.
- Percents of origin of GNP and employment for 1986 are calculated on figures and values after the 'Middle East and North Africa Yearbook 1987'.

N.B. Figures of above quoted sources are based on statistics of the World Bank, the secretariat of the OECD and EEC.

Roughly the shares of the aforementioned sectors in the formation of the GNP of the G.C.C. countries may be as follows:

Sector	% of GNP	
	1983	1986
Mineral (Oil)	50 - 60	30 - 50
Tertiary Economics	30 - 35	35 - 45
Industry	5 - 10	5 - 10
Agriculture & Primary	1 - 2	1 - 3

Oil

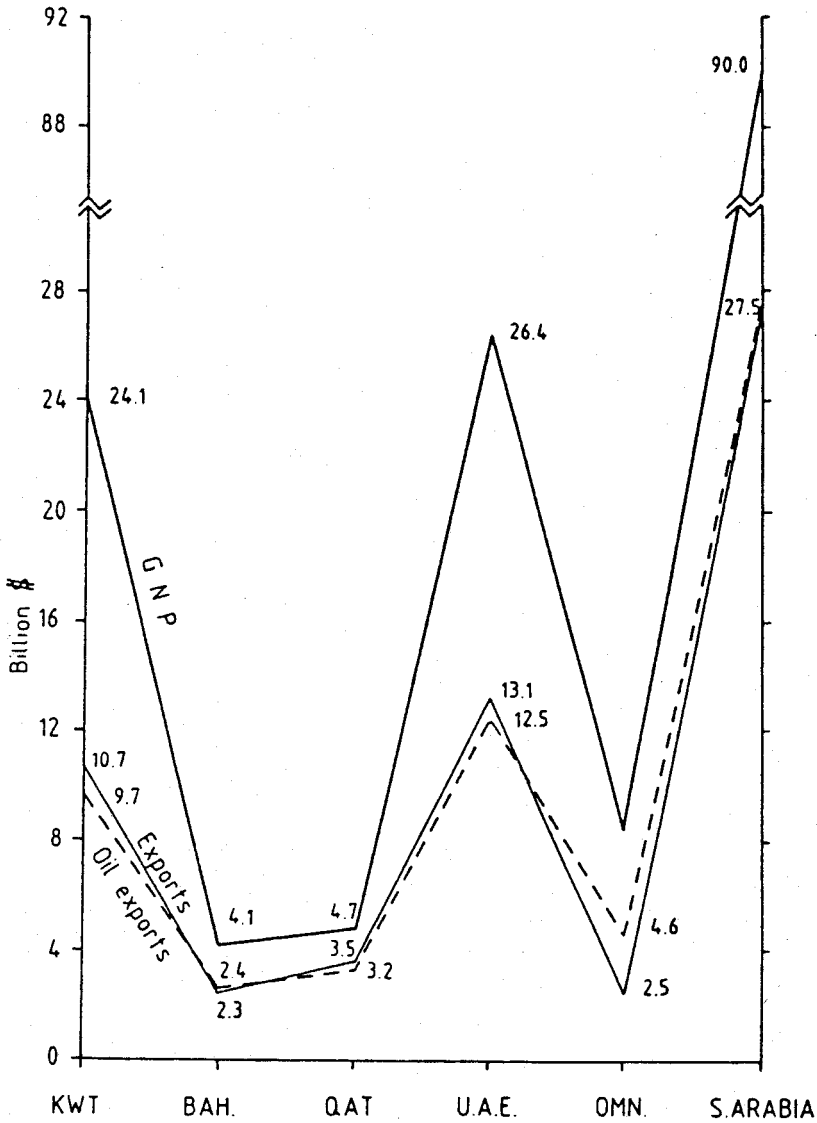
The importance of oil, not only as the net earner, but also as the motivator of the emergence of Modern Statehood in the Gulf, need not be ascertained. Table 6 summarises oil situation of the Gulf. Figures 3 and 4 show the vulnerability of Gulf economy, leaning heavily on oil export earnings, is experiencing a hard financial and developmental decade.

The oil region actually lies on and off shore from Kuwait to the U.A.E. The Eastern Saudi province is the only oil Saudi region. Though a Saudi pipeline was built to the Red Sea, since 1982, the Gulf is the main oil sea way for all G.C.C. countries plus Iran and Iraq.

The vital role of Saudia in oil economics is attested by table 6. Saudi halves the oil produced by all the G.C.C. members, monopolises one third of all world oil exports and sits on top of world oil reserves (25% of proven reserves 1988 i.e. 34 Bn. tons out of 134 Bn tons of proven world reserves). Furthermore Gulf oil is predicted to live up to nearly 125 years at the present rate of consumption, while predictions give only 8 years for U.S. oil reserves.

It is true that the G.C.C. produced oil was only 11% of world production in 1985 (oil glut years)⁽⁷⁾, yet its world market share is in the range of 45-50%. This being so due to the thinly-populated G.C.C. countries which produces a huge surplus for world trade. In any case, the Gulf region (G.C.C. plus Iraq and Iran) is the highest provider of marketed oil in the world (60%), hence its (a) importance in world strategies, (b) its huge proven oil reserves and longevity, in addition to moderate gas reserves (see table 6) extends the strategic importance of the Gulf into the future, and (c) its vital role in the modern money market and Gulf industry.

Fig. (3) GCC GNP and Export Values (Billion \$)
 (Mid 1980'S)



(1) Figures for GNP and exports from Fischer 1989

(2) Figures for oil exports (for 1985) from GCC secretariat statistics (1987)

TABLE 6

Oil and Gas statistics, Gulf and world

Oil production million tons,
 Oil reserves in billion tons,
 Gas reserves in billion cubic meters.

Country — Region	Oil Production			Reserves 1987			
	1985	1987	87% of World	(Tons)	Oil % World	(m ³)	Gas % World
Saudia	165	209	7.1	22.8	19	3700	3.6
U. A. E.	60	72	2.5	12.9	11	2950	2.9
Kuwait	50	61	2.1	12.6	10.5	1166	1.1
Oman	24	28	0.9	0.5	0.4	N.A.	
Qatar	15	15	0.5	0.5	0.4	4304	4.5
Bahrain	2	2					
Total GCC	316	387	13.3	48.4	40.1	12340	11.5
Iran	110	112	3.8	12.5	10.3	13850	12.9
Iraq	70	101	3.4	13.3	11.0	755	0.7
Total Gulf	494	601	20.6	74.2	61.5	26945	25.1
Total World	2778	2907	100.0	120.6	100.0	107500	100.0

Sources:

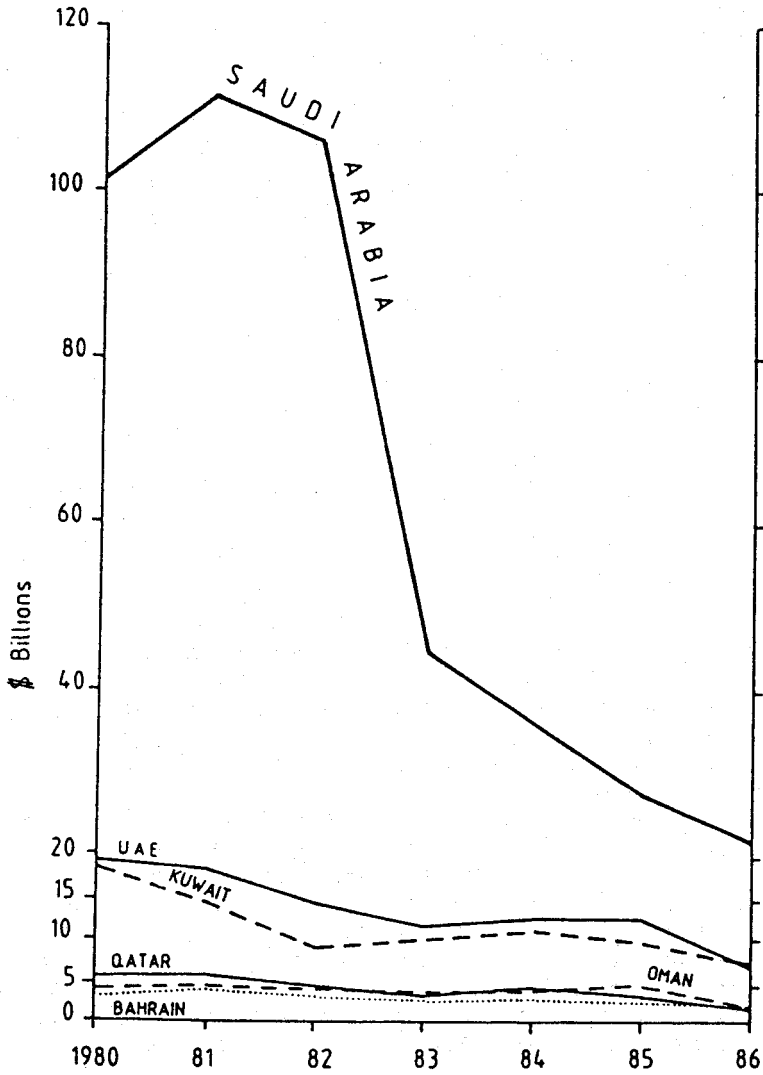
— Fischer Welt Almanach, Year Books 1985-89, and Atlas Economique Mondial, 1985-88. See also GOIG No: 34 1988 (pp. 136-154) where 1985 gas proven reserves augmented but little and a certain constancy is observed in GCC share of gas reserves.

Industry

The model advocated by western consultants was to use the cheap power source of associated gas to create an industrial base in the Gulf. This was well received among Gulf authorities as it relieves their region from the monopoly of crude oil exports to an unpredicted market. It was also advocated that industry would, not only diversify economy, but also would create a partly local origin of GDP; it would create jobs in administration and production, and facilitate acquiring technology by transfer and training. In short industry was the motto of the 70's in the Gulf. Big to huge State-owned plants arose everywhere and there was a yearly augmentation of productive capacities all over the Gulf. The pattern was to start with chemical fertilizer plants, cement, petro-chemicals, and ending up with iron and steel. This was done in Qatar, Saudia, and the U.A.E. Kuwait had a middle-of-the road policy between State and private industrial enterprise, and Oman certainly (and perhaps for lack of huge finance similar to other G.C.C.) was encouraging the private sector. Bahrain, while being orientated to services, especially banking and regional transport, was being helped by richer G.C.C. neighbours in erecting certain industries e.g. Aluminium and the dry docks.

Certainly some industries were successfully fulfilling its aims; refining, cement and down-stream industries e.g. plastics, partly satisfied the local market needs of each country. This was not the case in other industries especially petro-chemicals and iron and steel which were originally planned for world and/or regional market. Protectionism and

Fig. (4) GCC Oil Exports (Billion \$) 1980-86



Figures after official GCC secretariat statistics in Attaawun quarterly Riyadh January 1988

competitiveness are major causes for such dismaying situations where huge sums were invested. Agreements within the G.C.C. are needed to do away with competition of local similar products and to organise whatever possible to keep industrial unprofitability at its minimum. Table 8 shows that industrial capacity in petro-chemicals of the G.C.C. (plus Iraq) are alarmingly high and puts the area again at the mercy of world market trends, coupled with protectionist policies of West Europe and other advanced countries.

To sum up industry is playing a role (table 7) in the GDP, but not comparable to the high investment and the previously propagated ideas of economic balances of the Gulf countries. 6.3% as the share of industry in the GDP is not much, but could be a base for wiser industrial development of the economy — pushing further needed and profitable products, and establishing a drive in third world markets, especially in fertilisers and other petro-chemicals.

TABLE 7

Values of manufacture production and military expenditure (1983 & 1987)

State	GDP Bn. \$	Mn. \$	Manufacture % GDP	Per Capita In \$	Mn. \$	Military Expenditure % GDP	Per Capita In \$
Bahrain							
1983	4.9	546	11.1	1366	266	5.3	655
1987	3.5	491	14.3	1090	170	4.1	346
Kuwait							
1983	21.0	1375	6.5	811	1700	8.0	1002
1987	21.7	2973	13.7	1564	1535	5.2	714
Oman							
1983	8.0	126	1.5	111	1595	19.7	1411
1987	7.7	300	3.9	200	1784	23.3	1235
Qatar							
1983	6.4	380	5.9	1360	N.A.		
1987	5.1	505	9.9	1440	197	3.8	490
U.A.E.							
1983	30.1	2710	9.0	2258	1660	5.5	1383
1987	24.1	2270	9.4	1513	1687	7.4	929
Saudia							
1983	119.2	6939	5.8	667	21927	18.4	2108
1987	73.5	6100	8.3	488	10600	12.8	710

Sources:

— GOIG 1986 for the 1983 values of the GDP, manufacture and percents, GIB 1989 for the 1987 values of GDP, manufacture and percents, SIPRI 1985 for the military expenditures of 1983, and Encyclopaedia Universalis 1990 for military figures for 1987.

N.B.: Also consulted were 'Atlas Economique' Paris 1988, Fischer Almanach (several years) and 'The Middle East & North Africa 1987' (Europa Publications). A great deal of divergence is observed concerning GDP, GNP and manufacture values among these sources due to different computations and scope delineating manufacture, GDP, etc. There is a greater difficulty concerning military figures owing to the security factor practised by all countries in these matters. It is safer to assume, from the outset, that military figures are indicators rather than accurate spending.

TABLE 8**Petrochemical Production Capacities (1987)**
(Thousand Ton/Year)

Commodity	Gulf Production (1987)	Share In World's Capacity (%)
Ethylene	2,271	3.87
Methanol	1,580	14.52
Ethanol	281	7.00
Ethylene Glycol	655	8.21
Styrene	435	6.98
LDPE	870	3.57
HDPE	260	2.59
Ammonia	5,430	11.4

Source:

— Al Moajil, A.H., "Industrialisation: Gateway to Development in the Arab Gulf Region" GOIC, No. 26, Doha 1986.

Agriculture

Climatic constraints and lack of favourable soils for agriculture are responsible for the negligible agricultural wealth. On the average –1% of G.C.C. land is cultivable, and less than 0.5% is cropped.

TABLE 9**Agricultural Figures**

Country	Estimation Of Cropped Area		% Of Country Area Under Crop		Cultivable
	High	Low	High	Low	
	,000 Hectare				
Saudia	1105	400	0.5	0.18	1.8
Oman	42	40	0.2	0.19	0.25
U.A.E.	15	13	0.18	0.15	0.24
Qatar	3.7	3.4	0.32	0.29	2.5
Bahrain	3	2	4.8	3.2	9.0
Kuwait	3	1	0.16	0.05	1.12
Total G.C.C.	1171.7	459.4	0.47	0.18	1.6
% Saudia of Total G.C.C.	94.3%	87%			96.8%

Source:

— Arab Agriculture 1985; M. Kay, pp. 26-32, for high estimate and H. Bowen-Jones, pp. 36-41 for low estimates and cultivable area.

Assuming the reliability of these figures, Saudia owns around 90% of the available G.C.C. agricultural resources, and 97% of the potential arable land — an asset of its huge area.

Shortage of food was sensed as an acute need in the late 70's, when development and growth in the Gulf necessitated increasing immigrant manpower (naturally as expatriates). Local food habits also changed, and the end result was an increasing imported food bills. Table 10 shows a high, probably the highest, per capita food imports. The Omani peasantry is not yet affected, hence the comparatively lower imports value.

TABLE 10

**G.C.C. Countries:
Food & Agricultural Imports, 1983-86**

State	Imports as % of GNP		Value of Imports In Million US \$		Imports Per Capita, US \$	
	1983	1986	1983	1986	1983	1986
Bahrain	5.0	8.0	210	316	500	718
Kuwait	3.1	5.0	890	1060	508	573
Oman	5.8	5.0	404	456	342	370
Qatar	2.8	5.8	168	230	580	657
U.A.E.	3.0	4.1	711	879	547	597
Saudia	4.7	4.5	5221	3721	479	298
Total & Average			7604	6662	480	385

Source:

Atlas Economique 1985 & 1988.

Addressing this situation a policy was propagated for development of agriculture. Government experimental farms were created, and government subsidies to the private sector were more than generous. Vegetables and poultry farms were successful and a certain percentage of local needs are satisfied. But the staple grain, i.e. rice, had to be imported.

The lesser G.C.C. countries had to import all other grains, meat, dairy products and other food items including Saudi poultry and wheat.

The spectacular success of Saudi agriculture, which was termed "the greening of Arabia", is worth mentioning. As referred above, the probabilities of growth in Saudi are greater due to size and different ecological regions.⁽⁸⁾

The underground water reservoir in Saudia is far greater and complex, and may permit cultivation to go through the 21st century if agriculture is kept at a reasonable pace or, much better, if it freezes to the present 1/2 million ha. of cultivation. We know the lesson of extravaganza and the quick depletion of underground water sources, the replenishment of which, in an arid climate, is not feasible.

Huge government subsidies to private peasants and producing companies changed Saudia from a net importer of wheat to a net exporter of surplus; from 150,000 tons in

1979 the wheat production rose to nearly 2.3 million tons in 1986. The consumption is around one million, which leaves 1.3 million tons for export, a difficult task in present day wheat world market, unless granted to poor countries. Saudi silos are over stocked. To check production the government announced, early in 1987, that 30% of wheat land should be converted to barley to ease the wheat surplus and to cut on some barley imports which reached 5 mn. tonnes in 1986. The government also guaranteed purchase of barley at around \$.270 a ton. It remains to be seen if this is sufficient motivator if we remember that the government pays \$.550 per wheat ton to the Saudi producers.

Wheat, poultry and dairy products are competitive Saudi products in the lesser G.C.C. markets, much to the detriment of local producers. In Kuwait some protectionist attitudes were implemented in the interest of Kuwaiti poultry farmers.

Anyway, producing food is a good policy. But a better policy is not to disturb the Gulf fragile ecology to an irrecoverable degree.

Conclusion

Summing up, the G.C.C. advantageous land size, oil wealth and financial power, are offset by a markedly thin population. This necessitated a big mass of expatriates amounting to 45% of the total population of G.C.C. countries — an unhealthy situation. It may result in ethnic trouble, or uneasy situations often pointed out by the intelligentsia and the Media of the region. G.C.C. sociologists notably show concern about culture infusions of several streams: Indian and Far East in particular.⁽⁹⁾ Among the politically-minded Gulf people the case of Indian Nepalese ethnic relations focuses attention.

Furthermore, the area is not far away from contestant puritanical and fundamentalist ideas with a possible change of the direction of the development course, e.g., the embryonic ideas of an Islamic banking system.

On a world strategic perspective the G.C.C. countries, and the Gulf region at large, are at another disadvantage, i.e., its location on the friction zone between the two world Powers. In a divided world the G.C.C. States choose not to adhere to any pact or alliance, e.g. Baghdad or Cento which included two neighbour states, namely Iraq and Iran. With the exception of their membership in the Arab League, Islamic Conference and the G.C.C., there are no published clauses on defence and military agreements that could be analysed. Certainly there are treaties between individual G.C.C. States and Western Powers. Oman and Britain have a long standing defence commitment, but how far reaching is not ascertained. The same analysis applies to Bahrain and U.S. marine communication facilities.

This unclear situation may be due to a persistent Western preoccupation with the Northern Tier, i.e., Turkey and Iran as their primary military task in the Middle East. When, during this decade, Iran fell out of the western geostrategies, the West recurred to its naval strategy without a need to formalise new arrangements with the G.C.C. States. The RDF (Rapid Deployment Force) presence in the Gulf during the hostage crisis in Iran, was denied any Saudi base⁽¹⁰⁾, and Oman publicly refused any involvement during the Iraq-Iran war. The situation is, on the whole, full of paradoxes: pro West economic ties, armament and policies, yet non-aligned and not involved due to ambiguities in

Super Power's policies vis-a-vis Gulf regional Powers, e.g., Iran or Iraq. Yet, when Iraq militarily annexed Kuwait (for a short seven month time), G.C.C. politics changed at once. Vital world interests (especially Western) in the Gulf — ranging from oil to the keeping of the status quo of the political map of the region (at least for the time being) — prompted a Western-led U.N. and G.C.C. action to restore previous status. At the end of the day, these events would enhance new arrangements in the region based, at least, on an emerging defence system with a probable active Western participation.

NOTES:

1. Jobert, M., 1981, 'Oil Prospects in the Gulf', p. 108.
2. These axis are: a) the East-West axis extending from Dammam on the Gulf to Jeddah on the Red Sea, including the Riyadh metropolitan area and Nejd plateau; and b) the North-South axis parallel to the Red Sea extending from the Holy Places of Islam in Hijaz (Mecca and Medina) along with port cities of Jeddah and Yanbu southwards to the rich Asir plateau on the borders of Yemen.
3. There were oil geopolitics before the 1970's, especially during the Iranian oil crisis of the 1950's, but they were usually stabilised by Western policies and oil monopolies. The attainment of independence of many oil-producing countries, the formation of OPEC and OAPEC organisations and the national aspirations in the Gulf vis their vital oil resources, coupled with conflict and strife in the Arab Mid-East and repeated war with Israel — all helped to formulate oil geopolitics of the 70's and 80's.
4. The military expenditure (at constant price figures of 1980 exchange rate) of Saudia rose from US \$ 6.8 bn. in 1975 to a peak of 25.4 bn. in 1982, constituting 51% of all Middle East armament bills. However, the Saudi expenditure receded gradually to circa \$ 16 bn. for 1987. Likewise, other G.C.C. States raised their expenditure on armament (and a parallel raise in defence budgets). For an appreciation of the huge arms budgets see table 7 in the text. The ebb and flow of military expenditure may correlate to the activation spasms of the Gulf war. Yet military spendings still constitute a very high ratio of the GNP of Saudia and Oman; they virtually stand at the top of such ratios worldwide.
5. See M. Riad 1986, 'Geo-politics and politics in the Arab Gulf States'.
6. For a fuller history of economic conditions and foreign guest-workers before oil economics, see M. Riad 1984 'The Gulf and its People Prior to 1930'.
7. During the peak of world oil high prices, the G.C.C. share of world production was 22% in 1980. Now it may account only of about half that ratio due to world oil glut and higher non-Opec production.
8. Thompson, P.C. & W. Bakiewicz 1985, 'Saudi Arabia' in 'Arab Agriculture'. This chapter includes a good account of agriculture boom and water capabilities — mostly the underground reservoir — in Saudia.
9. For readings on the problems of expatriates in the G.C.C. countries, consult various writings of M.G. El-Rumaihi, A. Kh. Al-Kawari, G.S. Al-Isa, I.Y. Al-Qotb, etc.
10. Ziring, L., 1984, 'The Middle East Political Dictionary' pp. 344-345. Also consult in the bibliographical list writings of Andreasyan, Chubin, El-Rumaihi and Hanks.

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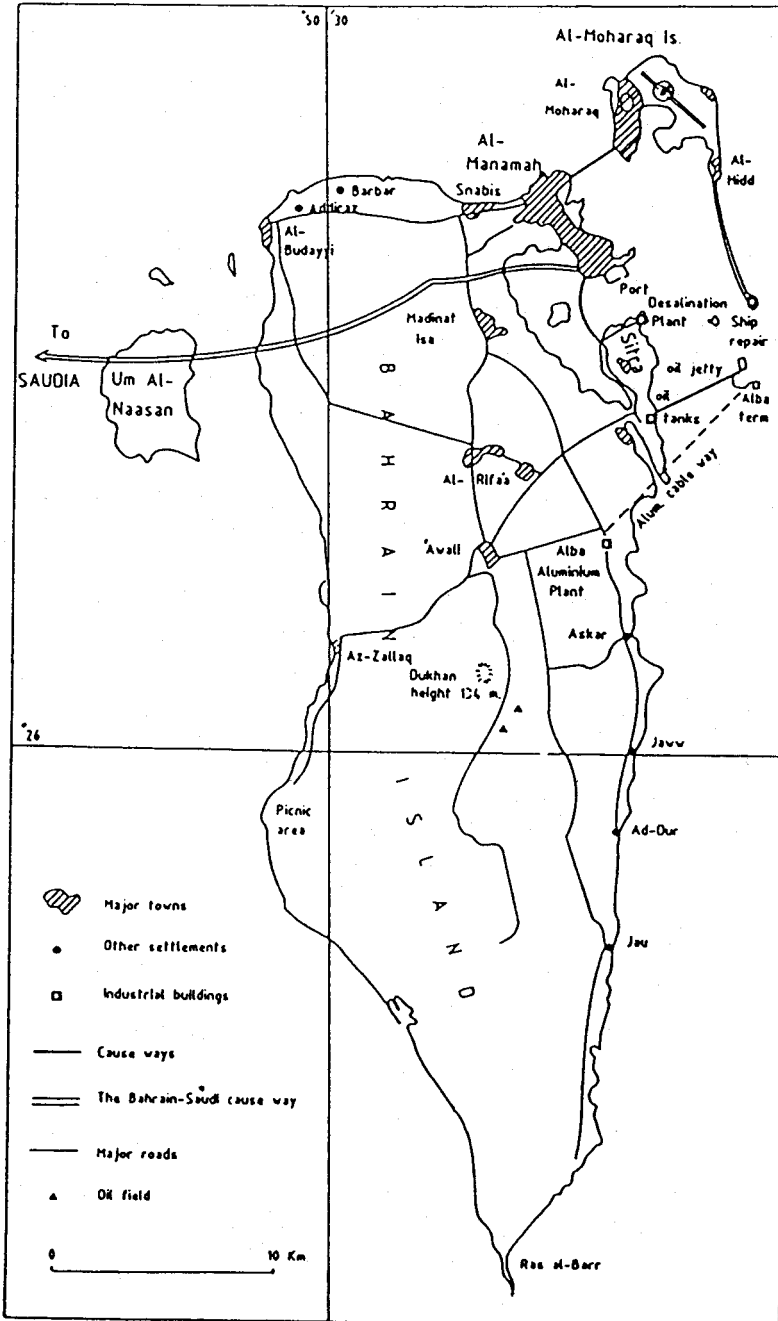
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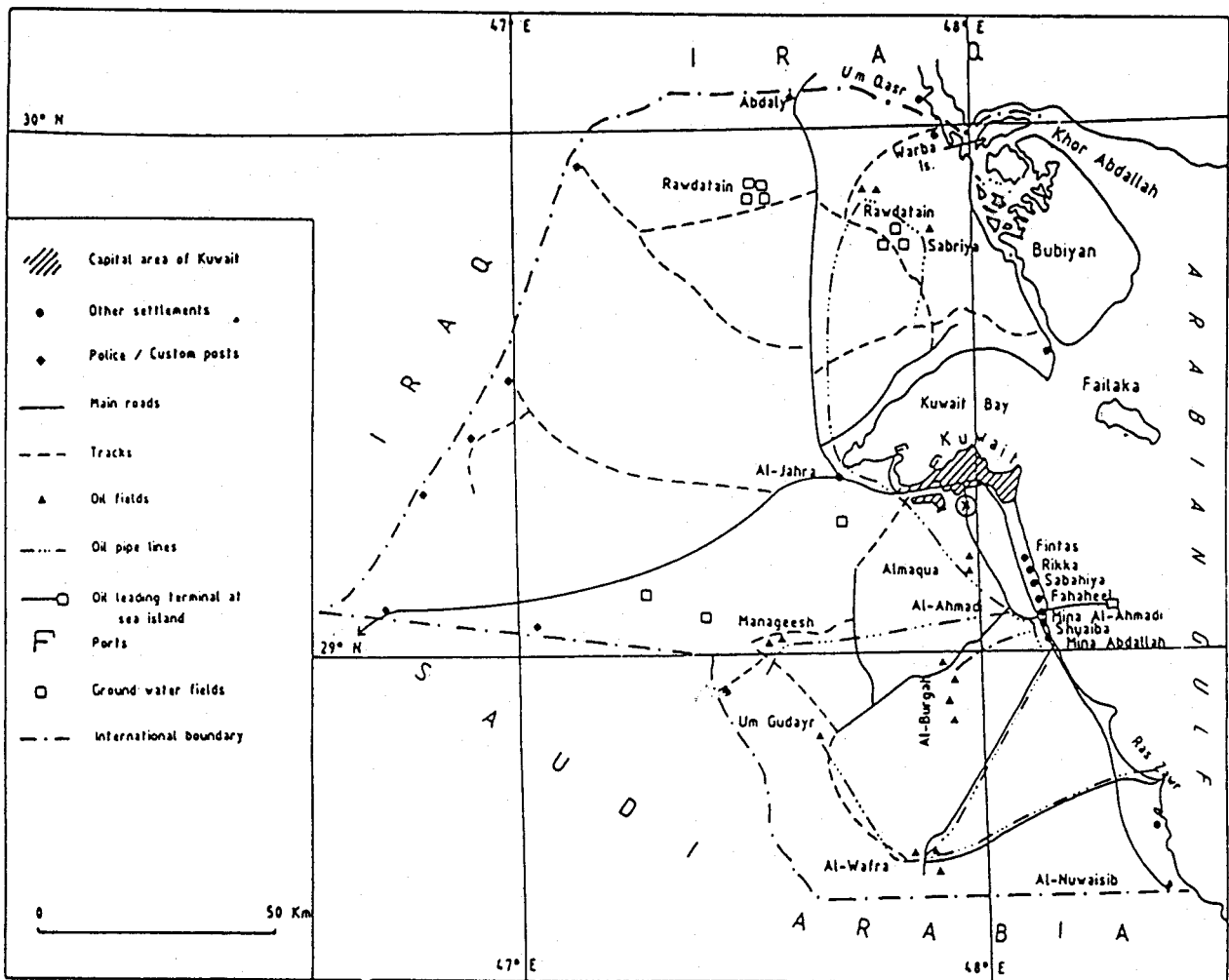
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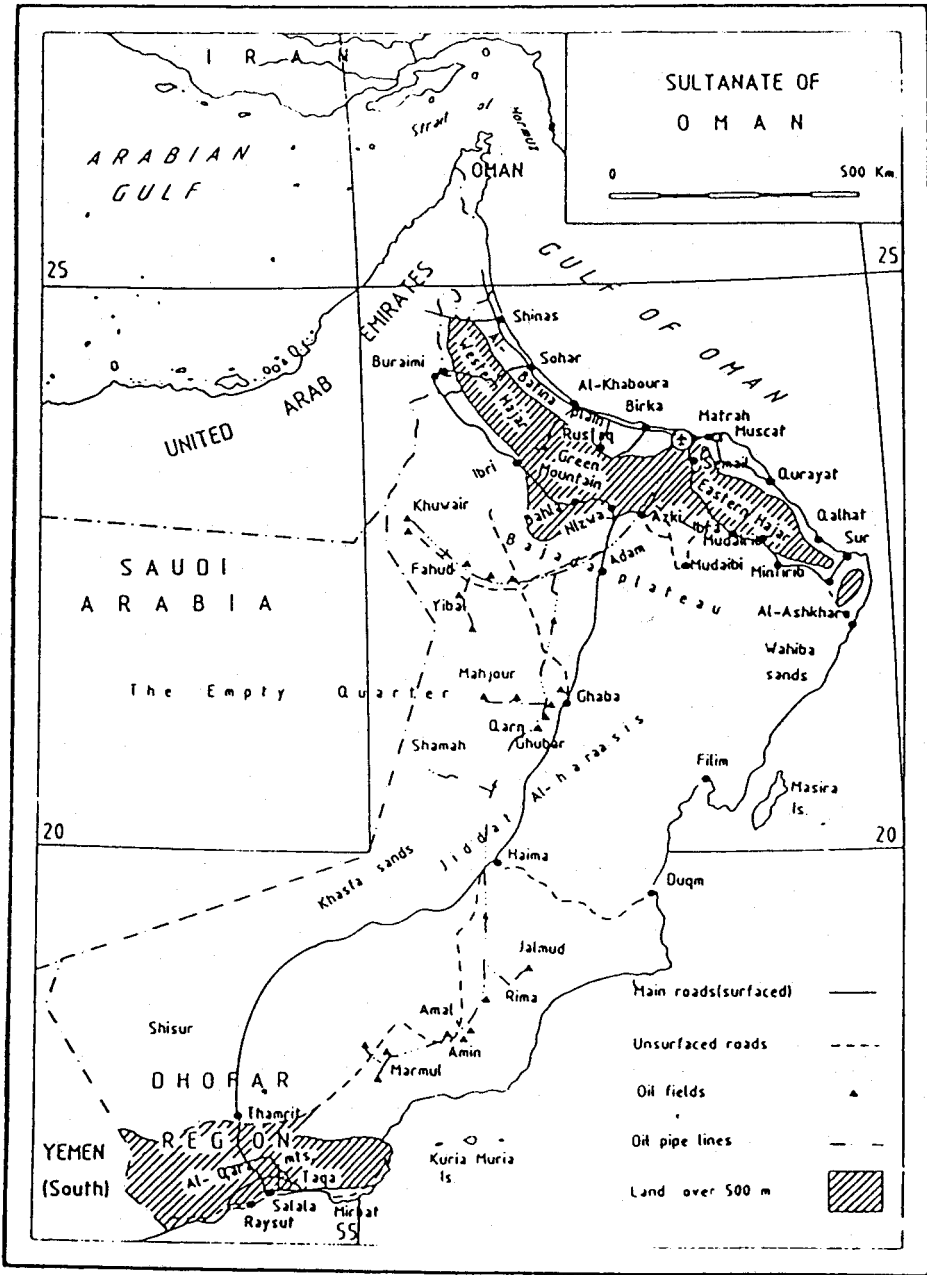
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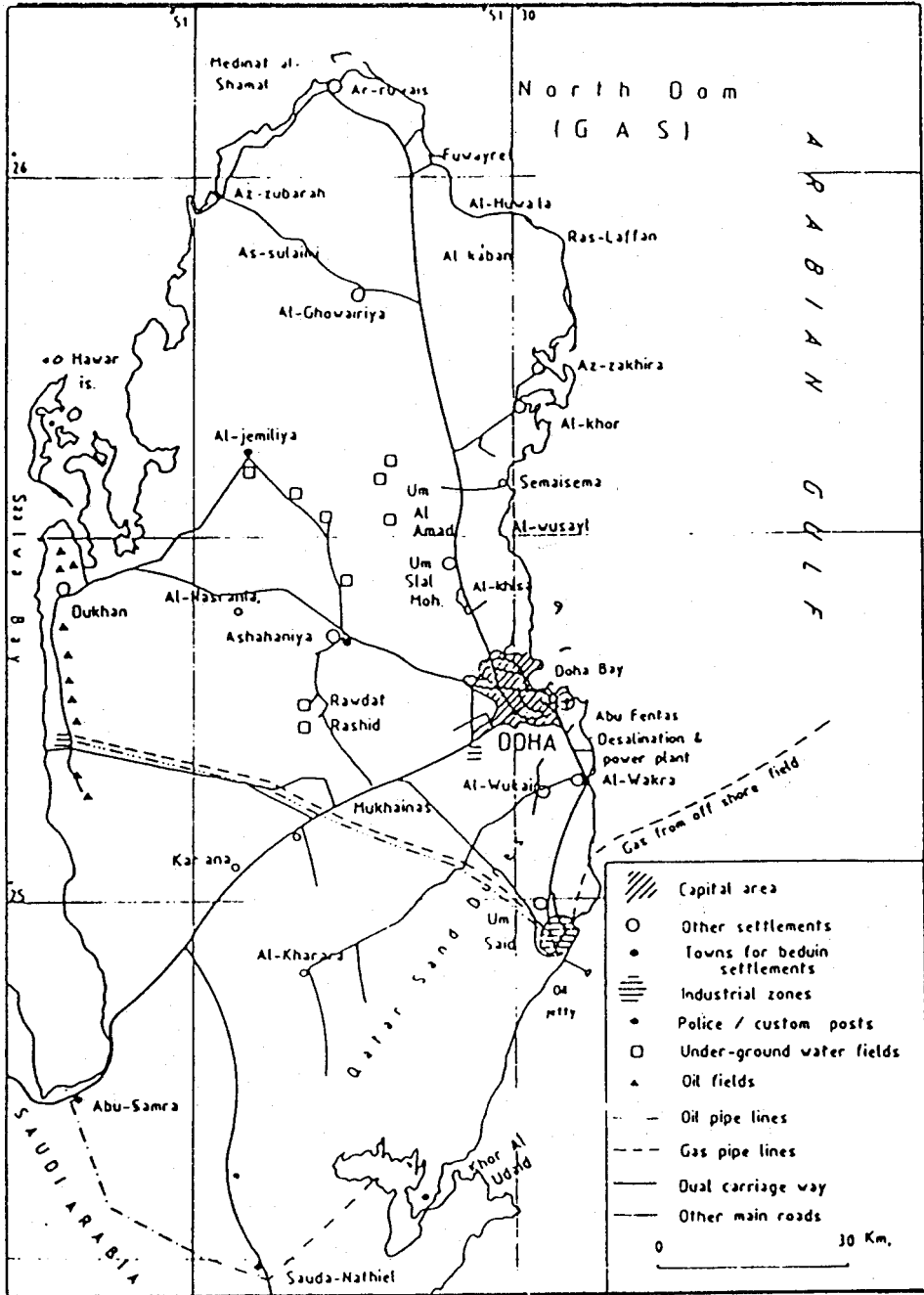


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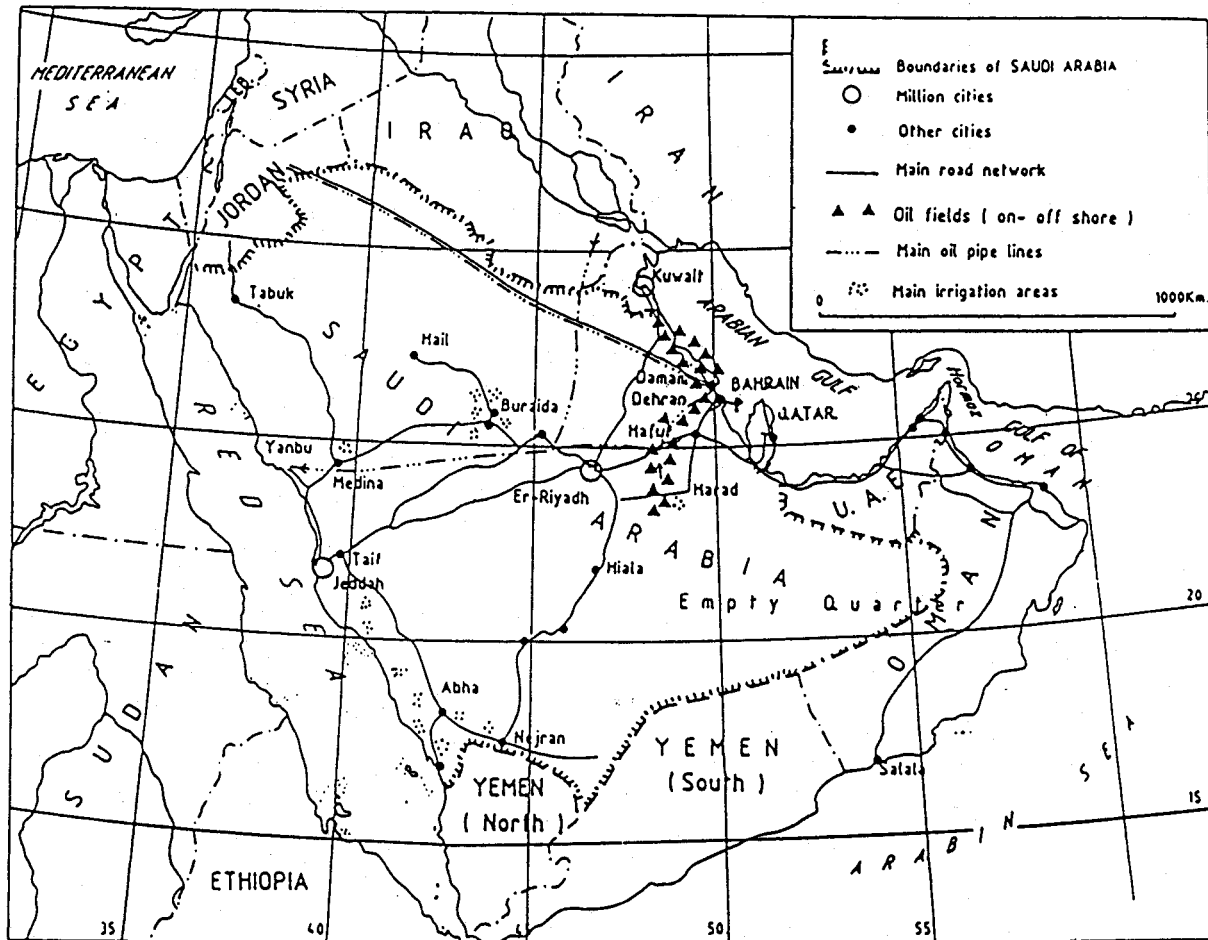




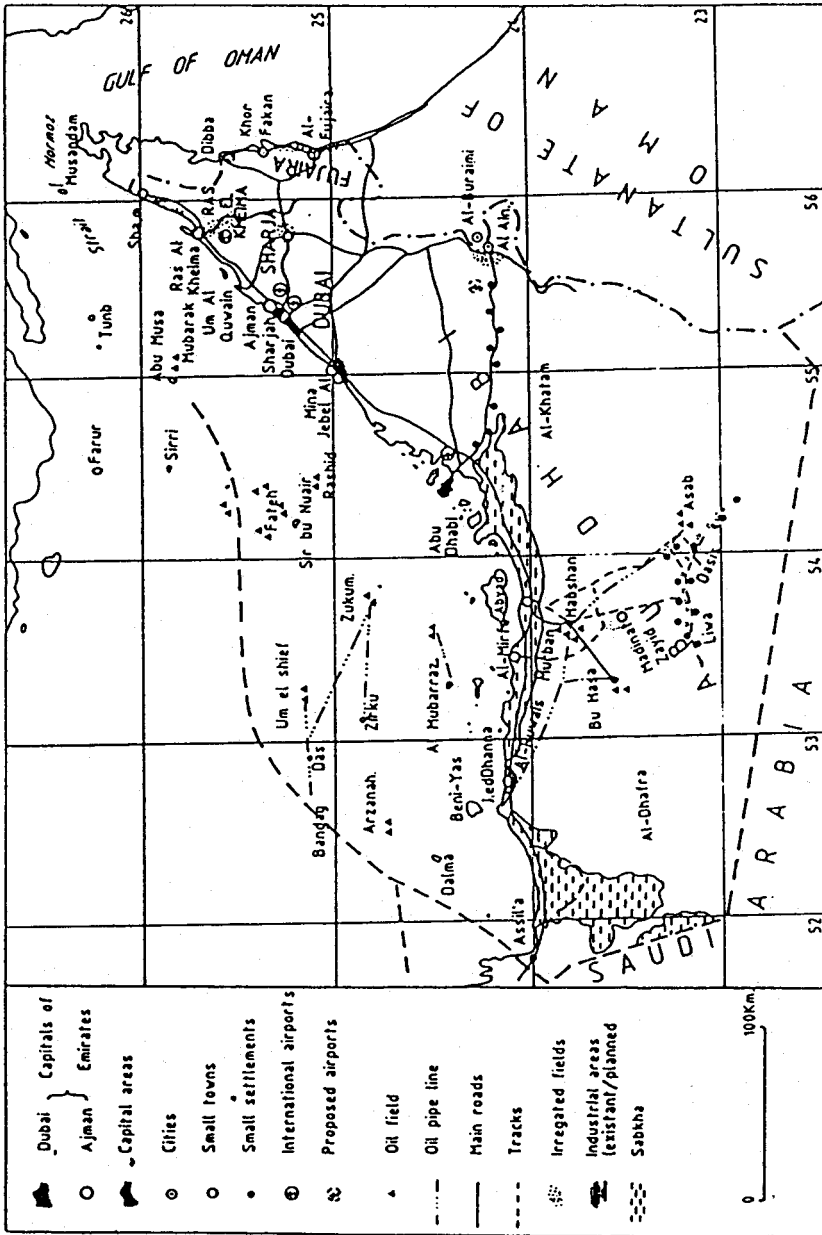
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