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ADVOCATES

# **Trade Outlook 2017**

## **The Middle East**

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# Outline

- **Trade Regulation in ME**
- **Major Factors Affecting Trade in 2017**
- **Restrictions on Trade**
- **Trading with China**
- **Opportunities in 2017**



# Trade Regulation in ME

- **The WTO**
  - *Jordan, Egypt, GCC, & Yemen are WTO members*
  - *Syria, Iraq, & Lebanon are non WTO members*
  - **Free Trade Agreements:**
    - *GAFTA | all Arab countries*
    - *FTA with the US | Jordan*
    - *FTA with Canada | Jordan*
    - *FTA with the EU | Jordan | Egypt*
    - *FTA with Turkey | Jordan | Egypt*



# Major Factors Affecting Trade in the ME

- **The Syrian conflict and political instability**



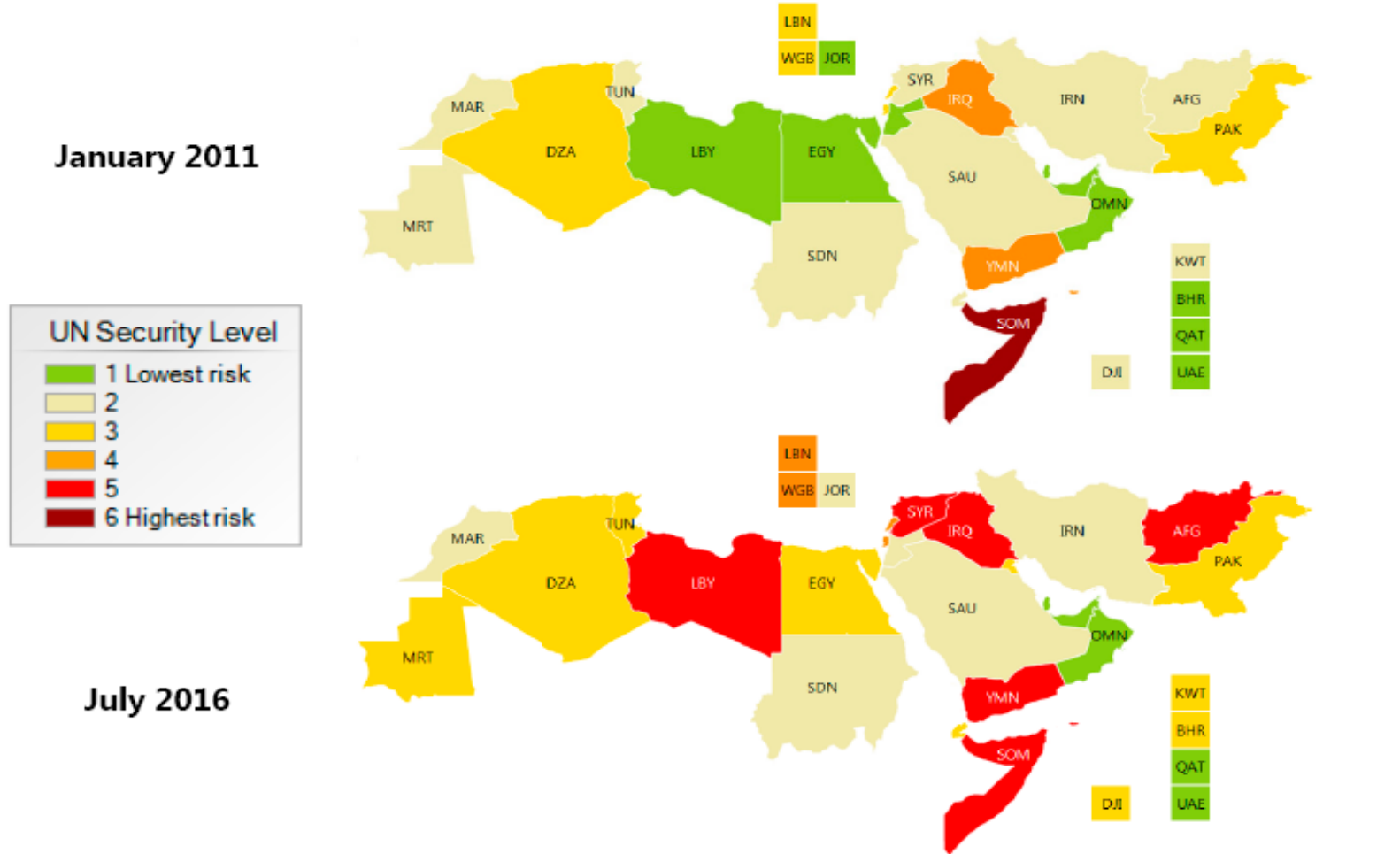
- **Sharp Decreases in Oil prices**





# Current factors affecting Trade outline in 2017

Figure 1. UN Security Level by Country, January 2011 and July 2016



Source: IMF Security Services.

Note: Country borders do not necessarily reflect the IMF's official position.



# Current factors affecting Trade outline in 2017

## ➤ The Syrian Conflict

- *Deep recession, driven up inflation, worsened fiscal and financial positions.*
- *Nearly 4 million refugees have stayed in the neighborhood increasing population in Lebanon by one-quarter and in Jordan by one tenth.*
- *Slowed growth by more than 1.5 percent and inflation accelerated to 5-6% in the last 5 years.*
- *Disruption in transportation corridors hampering jordanian exports to Turkey and EU.*



# Current factors affecting Trade outline in 2017- *Cont.*

## ➤ *Decrease in Oil Prices*

- *The GCC lost 20% of its combined GDP (US\$340b) in 2015, owing to lower oil prices.*
- *The region's real GDP growth was 1.9% in 2016, compared with 3.2% real GDP growth in 2015.*
- *Reduced budget allocation or spending*
- *Projects stalled or canceled*
- *Job market lay off*



# Effect on Trade

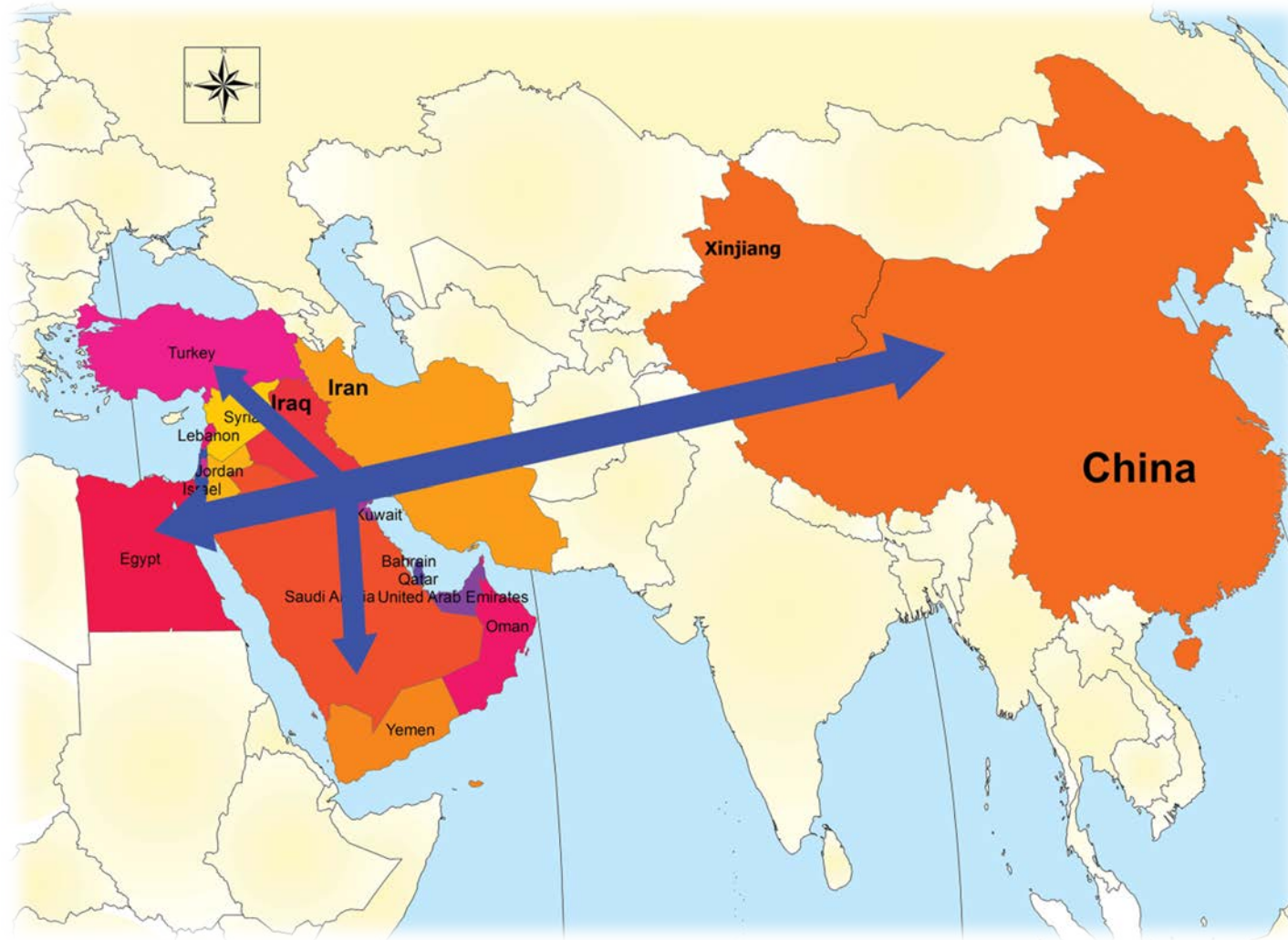
- **Technical Barriers:**
  - *Restrictive Measures : The case of Egypt*
- **Customs Barriers**
  - *Trade Remedies : GCC*







# Trading with China





# Trading with China

- *China- Middle East trade volume increased 17-fold between 2000-2014 from \$ 18 b to \$ 312 b, replacing the US as region's largest trading partner*
- *In 2015, 51% of China's worldwide crude oil imports came from the Middle East.*
- *The One Belt One Road initiative will foster trading relationship with Middle eastern countries.*



# Opportunities in 2017

## ➤ **Infra Structure Projects**

- *Plans to provide \$55 b in loans and investments for infra structure in Arab world*
- *Investment funds by Gcc countries*
- *Railway, Renewable Energy, and Water projects in Jordan.*
- *Rebuild Syria*

## ➤ **Diversification of Economies in GCC**

- *Economic diversification, increased global trade and foreign assets are the prime focus of the governments in the GCC region*

**THANK YOU!**