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**THE DEFENSE BURDEN AND FOREIGN ECONOMIC ASSISTANCE
IN THE NEAR EAST**

**A Study Submitted to the
Agency for International Development
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This views expressed in this study are those of the author, and do not necessarily reflect those of the Agency for International Development or any other agency of the United States Government.

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EXECUTIVE SUMMARY

The Near East is, in the words of former Secretary of State Jim Baker, the most overmilitarized region in the world today. It spends an average 14 percent of GNP on defense, compared to less than 5 percent for the rest of the world. As a percentage of GNP, the region includes 8 of the top 10 military spenders in the world, and with just 4.5 percent of world population, it accounts for 57.5 percent of global arms imports. Three Middle Eastern countries have more tanks than Hitler used to storm France in 1940, and four countries have more main battle tanks than Britain and France combined today. Missile proliferation, coupled with efforts to develop chemical, biological and nuclear weapons, aggravate an already volatile political environment.

The economic and social costs of overmilitarization are high. Per capita military expenditures were \$303 for every man, woman and child in the region in 1991, compared to \$47 for East Asia, \$33 for Latin America, \$26 for Africa and \$10 for South Asia. Health expenditures as a percentage of GNP are the lowest in the world, with Egypt, Morocco, Syria, Yemen, Lebanon and Iraq below the average for developing nations. Although educational expenditures have been increasing in recent years, illiteracy is high, with Morocco, Algeria, Egypt, Iran, Saudi Arabia and Tunisia among the 25 percent most illiterate countries in the world.

With the end of the Cold War, the weakening of Iraq as a result of the Gulf war, financial stress among Middle Eastern purchasers of arms, the beginning of Middle East arms control talks among suppliers, and the continuing dialogue between Israel, Syria, Jordan and Palestinian representatives, there appears to exist a window of opportunity for a "peace dividend" in the region. The dividend is by no means guaranteed, as Iran has resumed a military build-up, Syria has received Scud-C missiles from North Korea, and Iraqi leaders continue their belligerent tone. Nevertheless, the prospects for peace and its dividend are probably better now than any time in recent history.

One of the instruments of policy available to curtail unnecessary militarization in the region is foreign assistance. Disappointed by the military end use of much of their past assistance to Iraq and others, Arab donors now say they are terminating balance-of-payments and other financial support not clearly tied to IMF/World Bank-approved developmental projects. Robert McNamara, Helmut Schmidt and others have further called on the World Bank and donor nations to link the availability of their project financing to recipient nation military expenditures. While the oil rich countries would not be directly affected by such policies, Jordan, Egypt, Tunisia, Lebanon, Morocco, Israel and Yemen are heavily dependent on foreign assistance and may be influenced by them.

U.S. leadership is essential to any outcome providing for peace and a peace dividend. The Middle East arms control initiative launched in May 1991 was useful in stimulating arms control talks among the Big Five--The United States, Russia, China, The United Kingdom and France. Having agreed on principles for limiting arms, there is now a need to focus on implementation with respect to specific weapons systems. Such implementation is complicated by pressure in all five supplier states to compensate for their declining defense industrial bases by selling arms in the region.

Four scenarios are presented to illustrate the possibility for and magnitude of a peace dividend. the first is increased defense spending, brought about largely by continued fear of Iraq, Iranian rearmament, Syrian missile purchases, and destabilizing sales by Russia and China. Under this scenario there would be no peace dividend for any nation in the region, and the costs to economic and social development would be immense, particularly for Israel and Jordan. The second scenario is a reduction in spending to pre-Gulf war levels, characterized by restrained Iraqi and Iranian behavior, limits on imports of surface-to-surface missiles, and a reduction in Saudi weapons purchases. A \$12 billion reduction in annual regional military expenditures could result, with the greatest savings among the oil rich moderate Arab states. The third scenario envisions major cuts in spending as a result of supplier-led reductions in sales. These would include a continuation of the greatly reduced Russian sales, agreement among the Big Five to curtail sales of surface-to-surface missiles and advanced combat aircraft, no new Syrian missile purchases from China or elsewhere, a reduction of Saudi purchases, and a continued arms embargo on Iraq. For the region as a whole, a one-third reduction in arms spending would be possible. With a reduced high-technology threat and an already impressive capability against low-technology threats, Israel would be a principal beneficiary. Egypt and Jordan would benefit marginally. The fourth scenario sees significant cuts in spending as a result of recipient agreement, brought about primarily by ongoing negotiations. This is likely to be a longer term scenario than the others, and would involve at least an interim agreement on the Palestinian issue, and Israeli-Syrian agreement on the Golan Heights, a slowed Iranian military build-up, Iraqi compliance with UN sanctions, a change in Saudi plans for military expansion, and agreement of the states in the region to sign the Chemical Weapons Convention. As in Scenario 3, a one-third reduction in military expenditures could be expected. Again, Israel would benefit immensely. The oil rich moderate Arab states would also benefit, but Jordan and Egypt would realize only modest potential for resource reallocation.

* The term "Near East" as used in this study refers to the traditional Middle East plus all of North Africa.

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CHAPTER I: MILITARY AND SOCIAL EXPENDITURES

Introduction

The Near East¹ is an armed camp. Secretary Baker has called it the most overmilitarized region in the world today. On a per capita basis it is by far the most heavily armed, and it is also the largest arms market. Consider the following:

--Military expenditures for the entire region constituted 13.9 percent of GNP in 1991, compared to an average of 4.7 percent for the rest of the world. As a share of GNP, eight of the top ten military spenders in the world are in the Near East.²

--With just 4.5 percent of the world's population, the Near East bought 57.5 percent of the Third World's arms in 1991.³

--Three Middle East countries each have more tanks than Hitler used to storm France in 1940. Four countries have more main battle tanks than Britain and France combined.⁴

--One of four industrial jobs in Israel is in defense industry. Saudi Arabia has on hand over sixty days of war reserve material, more than NATO during the height of the Cold War.⁵

--Ten countries in the region have operational ballistic missiles. Ranges in the hundreds of miles are common. Nuclear, biological and chemical delivery potential is a present danger.⁶

--The military expenditures of the countries of the Middle East totalled over \$850 billion during the 1980s. These expenditures had declined each year in the last half of the decade, but rose 27 percent between 1989 and 1991, when they reached \$77 billion.⁷

--At \$26.9 billion in 1991, Saudi Arabia was by far the largest military spender, accounting for 35 percent of all military expenditures in the region. This compares to a Saudi average of 27 percent during the 1980s.⁸

--For the region as a whole, 1991 per capita military expenditures were over \$203 for every man, woman and child. This compares to \$47 for East Asia, \$33 for Latin America, \$26 for Africa, and \$10 for South Asia.⁹

--During the 1980s the Near East received over \$250 billion of the world's arms exports. Saudi Arabia was by far the leading importer, signing agreements for \$68 billion over the past eight years.¹⁰

--Arms transfers to the region have resumed with renewed vigor in the wake of the Gulf war. Orders of over \$25 billion were placed in

1991 alone, with the U.S. accounting for over \$22 billion.¹¹

--During the period 1984-1991 the USSR was the leading supplier to the region, shipping \$ 44.2 billion in arms, over 50 percent more than that supplied by the United States and 28 percent of all arms supplied. Arms from the states of the former Soviet Union are estimated at less than a quarter of that level today. The opportunity which this creates for a "peace dividend" is discussed in Scenario 3.¹²

--Middle Eastern health expenditures as a percentage of GNP are among the lowest in the world. Per capita health expenditures vary widely within the region, but only Bahrain, Kuwait, Libya, Saudi Arabia and the United Arab Emirates are known to be above the world average, and Egypt, Morocco, Syria, Yemen and Lebanon are below the average for developing nations.¹³

--During the 1980s Iraq spent, and probably continues to spend, the highest percentage of GNP on the military than any country in the world. At the same time, its health expenditures are among the lowest in the world.¹⁴

--According to the World Bank, school enrollment in the Near East is on the rise, but illiteracy remains quite high. Yemen has the fifth highest illiteracy rate in the world, while Morocco, Algeria, Egypt, Iran, Saudi Arabia and Tunisia are among the 25 percent most illiterate counties globally.¹⁵

--Developmental assistance as a potential influence on military spending varies widely, but seven countries--Jordan, Egypt, Tunisia, Lebanon, Morocco, Israel and Yemen are the most ODA dependent in the region.¹⁶

Military Expenditures

Military expenditures of the nations of the Near East are depicted on Tables 1 through 4. Table 1¹⁷ shows total military expenditures during the 1980s for each country. Significant points of interest are:

--Regional military expenditures totalled \$796 billion for the decade in 1989 dollars. In current dollars that sum would be over \$850 billion.

--Saudi Arabia spent more on military activities than any country in the region, over \$218 billion, or 65 percent more than the second largest spender, Iraq.

--Iran and Iraq together spent over \$350 billion in current dollars on defense (and offense) as a result of their war and drive to regional dominance.

--Israel was the fourth largest spender in the region. However, its expenditures amounted to less than 10 percent of the total spent on arms in the region.

Table 2¹⁸ depicts the trend in Near Eastern expenditures during the 1980s. Significant points include:

--Near Eastern expenditures rose each year till 1983, the peak year, during which regional expenditures topped \$91 billion.

--Expenditures of the region dropped every year from 1983 to 1989, a six year period of continuously decreasing defense spending.

--1989 spending totalled only 79 percent of the average annual spending for the decade.

Table 3¹⁹ shows 1989 expenditures by country. Since this is the last full year before the traumatic events of the Gulf war, the data may be considered more valid than later data as a basis for long-term comparison with economic and social expenditures, and with the military expenditures of other regions. Highlights include:

--Total military expenditures of the region reached \$63 billion for the year. Because this figure includes values not available in data presented by the U.S. Arms Control and Disarmament Agency (ACDA), it exceeds the ACDA total of \$60 billion by 5 percent.

--There is no difference from the 10 year totals in the ranking of the top nine countries.

--Saudi Arabia continued as the top spender, with Iran and Iraq at very high levels to compensate for material destroyed in their 8 year war.

--Military expenditures per soldier, a measure of the technical sophistication of military forces, as far higher for Saudi Arabia than any nation in the region.

Table 4²⁰ shows estimates of military expenditures for 1991. The data reflects major costs resulting from the Gulf war.

--The total for 1991, \$76.9 billion, represents a reversal of the declining trend in military expenditures during the last six years of the 1980s. The total for 1991 is over 27 percent greater than the total for 1989.

--Saudi Arabia is by far the largest spender, with \$26.9 billion in military expenditures, or 35 percent of the total for the year. This compares to an average 27 percent during the 1980s.

Table 1

**MILITARY EXPENDITURES DURING THE 1980s
(millions of 1989 dollars)**

<u>Country</u> <u>Rank Order</u>	<u>Military</u> <u>Expenditures</u>
1. Saudi Arabia	218,500
2. Iraq	132,400
3. Iran	120,650
4. Israel	76,306
5. Egypt	63,118
6. Libya	43,820
7. Syria	29,902
8. UAE	21,265
9. Oman	18,349
10. Algeria	15,800
11. Kuwait	15,084
12. Morocco	12,066
13. Jordan	6,453
14. Yemen (Sanaa)	5,327
15. Qatar	5,225
16. Lebanon	4,280
17. Tunisia	2,915
18. Bahrain	2,163
19. Yemen (Aden)	2,082
TOTAL	796,000

ACDA, Worldwide Military Expenditures and Arms Transfers
(WMEAT) 1990, Table 1.

Table 2

MILITARY EXPENDITURES
(millions of 1989 dollars)

<u>Year</u>	<u>M.East*</u>	<u>Algeria</u>	<u>Libya</u>	<u>Morocco</u>	<u>Tunisia</u>	<u>Total</u>
1980	64200	1385	4555	1124	288	71552
1981	69500	1859	5107e	1116	214	77796
1982	77200	1802	4517	1376	317	85212
1983	82800	1383	5174	1306	389	91052
1984	80700	1456	5917	1207e	270	89550
1985	76800	1183	4070e	1207e	315	83575
1986	67500	1411	4070e	1196	313	74490
1987	61200	1359	2984	1185	289	67017
1988	56000	1660	4070e	1147	247	63124
1989	53200	2313	3309	1203	273	60298

ACDA, WMEAT 1990, Table 1.

* Includes Egypt only, in North Africa (ACDA reporting system).

Table 3

**BASE YEAR MILITARY EXPENDITURES
OF MIDDLE EASTERN COUNTRIES**

<u>Country</u> <u>Rank Order</u>	<u>1989 MILEX</u> <u>(\$, millions)</u>	<u>MILEX/SOLDIER</u> <u>(\$, thousands)</u>
1. Saudi Arabia	14,690	178.4
2. Iraq	13,300	n.a.
3. Iran	9,900	n.a.
4. Israel	5,745	30.1
5. Egypt	3,499	7.8
6. Libya	3,309	38.5
7. Algeria	2,313	18.4
8. Syria	2,234	5.6
9. Kuwait	1,964	96.8
10. Oman	1,552	53.5
11. UAE	1,471	34.2
12. Morocco	1,203	6.2
13. Yemen (Sanaa)	618	10.0
14. Jordan	548	2.9
15. Qatar	545	n.a.
16. Tunisia	273	6.8
17. Bahrain	196	38.4
18. Lebanon	140	n.a.

ACDA, WMEAT 1990, Table 1, except for Iran, Iraq, Qatar and Lebanon, which were unavailable from ACDA, and are from the International Institute for Strategic Studies (IISS), The Military Balance 1991/1992.

**1991 MILITARY EXPENDITURES
(millions of current dollars)**

<u>Country</u> <u>Rank Order</u> <u>in 1989</u>	<u>1991 Defense Budget</u> <u>(1990 data)</u>	<u>Reported</u> <u>Foreign Military</u> <u>Assistance (FMA)</u>
* 1. Saudi Arabia	26,810	
2. Iraq*	(8,610)	
3. Israel	5,300	(1,792)
4. Egypt	2,800	(1,300)
5. Libya	(5,380)	
6. Iran	3,770	
7. Algeria	857	
8. Syria	(1,620)	
9. Kuwait	11,140	
10. Qatar	934	
11. Oman	1,000	
> 12. UAE	4,900	
13. Morocco	1,400	44
14. Yemen	1,060	2
15. Jordan	587	70
16. Lebanon	168	
17. Tunisia	469	31
18. Bahrain	194	
TOTAL MID EAST	76,999	

* Saddam Hussein has been rapidly rebuilding the Iraqi military infrastructure. Although procurement of major ticket items is off sharply from pre-war levels, the rebuilding of the army, and reconstruction of military command, control and communications facilities, means that military spending for 1991 remains near 1990 levels. Another way to estimate 1991 levels is to deduct the normal 46 percent of of military spending devoted to arms purchases, assume 20 percent leakage in the embargo and 20 percent increased spending due to the rebuilding effort.

--Kuwait, which ranked ninth in the region in 1989, rose to second as a result of war costs and payments to coalition forces.

--Iraq is likely the third largest spender. The estimate of \$8.6 billion in 1991 is explained in the footnotes to Table 4.

--Israel continues as the fourth largest spender in the region.

--Especially noteworthy is the fact that Egyptian military expenditures have dropped to less than half their average annual rate for the past decade.

Arms Transfers

Table 5²¹ shows the value of arms delivered to the nations of the Middle East during the 1980s. It shows both the high level of arms imported into the region and the wide disparity among the nations of the region. Significant findings are:

--The total value of arms transferred during the decade is \$252 billion in current dollars (including \$19 billion of engineering and construction services for Saudi Arabia).

--Saudi Arabia and Iraq were the largest recipients of military goods and services, with purchases of \$61.3 billion each. Their combined purchases totalled 49 percent of regional arms imports.

--Syria, Libya, and Iran were the next largest purchasers, with expenditures in or around the \$20 billion category, while Egypt, Israel and Algeria were in a distant third \$10 billion category.

--The bottom half of the nations listed imported only 10 percent of the total arms in the region.

Table 6²² presents arms imported by each country in 1989, the "base year" for comparative purposes. 1989 is important not only because it was the last year of "normalcy" before the Gulf war, but also because it is the most recent date for which comprehensive accurate data are available. Also shown on the table are arms imports as a percentage of total imports. Significant findings are:

--Arms imported totalled \$13.4 billion, only 53 percent of the average annual figure for the 1980s.

--Saudi Arabia continued as the top importer, while Iranian and Iraqi imports declined, leaving Saudi Arabia with over twice the imports of Iraq and three times the imports of Iran. Saudi military imports totalled 31.3 percent of total military imports of the region.

--Israel continued at a relatively low level, ranking seventh in

Table 5

ARMS DELIVERIES IN THE 1980s
(billions of 1989 dollars)

<u>Country</u> <u>Rank Order</u>	<u>Arms Imports</u>
1. Saudi Arabia*	61.3
2. Iraq	61.3
3. Syria	26.1
4. Libya	22.7
5. Iran	18.9
6. Egypt	14.6
7. Israel	11.9
8. Algeria	9.6
9. Jordan	6.7
10. Yemen (Sanaa)	5.3
11. Morocco	2.8
12. Kuwait	2.6
13. U.A.E.	2.4
14. Oman	1.7
15. Qatar	1.4
16. Tunisia	1.1
17. Lebanon	.9
18. Bahrain	.7
TOTAL	252

*The Saudi total includes military engineering and construction services valued at \$18.36 billion; ACDA, WMEAT 1990.

Table 6**BASE YEAR ARMS IMPORTS
(1989, \$ millions)**

<u>Country</u>	<u>Arms Imports</u> (\$, millions)	<u>% Total</u> <u>Imports</u>
1. Saudi Arabia	4,200	21.1
2. Iraq	1,900	15.8
3. Iran	1,300	12.4
4. Syria	1,000	47.7
5. Libya	975	15.7
6. UAE	850	8.5
7. Israel	725	5.0
8. Egypt	600	8.1
9. Algeria	575	6.5
10. Kuwait	490	7.8
11. Yemen (Sanaa)	420	n.a.
12. Jordan	190	8.9
13. Oman	60	2.7
14. Bahrain	50	1.8
15. Morocco	40	.7
16. Tunisia	20	.5
17. Lebanon	10	.4
18. Qatar	0	0

ACDA, WMEAT, Table 2.

Table 7**ARMS DELIVERIES TO THE MIDDLE EAST, BY SUPPLIER, 1984-1991
(millions of current dollars)**

<u>Supplier</u>	<u>1984-1987</u>	<u>1988-1991</u>
United States	17,679	11,735
Soviet Union	27,400	16,800
France	14,500	6,000
United Kingdom	6,600	13,600
China	5,600	5,700
Germany	1,600	800
Italy	1,900	100
Other European	13,800	5,100
All Others	5,900	3,900
-----	-----	-----
TOTAL	94,979	63,735

PERCENTAGE OF TOTAL DELIVERIES VALUE BY SUPPLIER, 1984-1991

<u>Supplier</u>	<u>1984-1987</u>	<u>1988-1991</u>
United States	18.6	18.4
Soviet Union	28.8	26.4
France	15.3	9.4
United Kingdom	7.0	21.3
China	5.9	8.9
Germany	1.7	1.3
Italy	2.0	.2
Other European	14.5	8.0
All Others	6.2	6.1

Grimmett, CRS, op.cit.

the region.

--Military imports as a percentage of total imports was by far the greatest in Syria, with 48 percent of imports consisting of arms.

--Yemen, Saudi Arabia, Iraq, Iran, and Libya also had double digit figures in this category.

Table 7²³ focuses on arms deliveries to Near Eastern nations by suppliers. This data is for the periods 1984-1987, and 1988-1991 inclusive. The data understate somewhat the total value of arms actually transferred, both because it is based on current dollars and because it makes no provision for commercial sales, which will be estimated in another section of this study. The data is useful, however, because it is up-to-date, shows recent trends, and identifies the principal suppliers to the region. Important points identified include:

--The Soviet Union was the leading supplier of arms to the Near East. During the period 1984-1991 the USSR supplied over \$ 44 billion in arms to the region, over 50 percent more than supplied by the United States and 28 percent of all arms supplied.

--Based on past averages for Eastern Europe, the combined Warsaw Pact share of the Near East arms market was 35 percent prior to the demise of the Pact.

--The U.S. position as the second leading supplier was taken over by Britain during the 1988-1991 period, as a result of the Tornado turn key sale to Saudi Arabia.

--France continued as a major supplier to the region. During the eight year period both France and Britain delivered just over \$20 billion in arms to the region.

--China was the fifth leading supplier during both recent four year periods.

--The U.S. and the Soviet Union combined accounted for some 46 percent of all arms delivered during the eight year period.

Rates of Military Expenditures

Table 8²⁴ shows military expenditures as a percent of GNP and in relation to population for each of the countries of the Near East. Ranked by military expenditures as a percentage of GNP, the data show a great disparity within the region in both that percentage and the percentage of military expenditures per capita. Key points highlighted in the table are:

Table 8
BASE YEAR RATES OF MILITARY EXPENDITURE

<u>Country</u>	<u>MILEX</u> <u>(% GNP)</u>	<u>MILEX/CAPITA</u> <u>(\$, 1989)</u>
Iraq	22.7	728
Oman	20.3	1,085
Saudi Arabia	16.0	897
Libya	14.9	808
Israel	12.8	1,323
Jordan	12.7	175
Syria	11.6	186
Yemen (Sanaa)	9.1	89
Qatar	8.5	1,289
Iran	7.1	180
Bahrain	6.5	389
Kuwait	6.2	962
Morocco	5.5	48
UAE	5.3	695
Algeria	5.1	94
Egypt	5.0	67
Lebanon	4.3	58
Tunisia	2.0	34

Figures are for 1989. ACDA, WMEAT, Table 1, except for Iran, Iraq, Qatar and Lebanon, which were unavailable from ACDA, and use IISS data for military expenditures and World Bank data for GNP and population,

--Iraq spends more of its national resources on military activity than any country not only in the region, but the world. Since the war Iraq has been making considerable effort to rebuild its military infrastructure, so that there is no reason to believe this situation does not persist in 1992. (See footnote to Table 4 for estimate of current Iraqi expenditures.)

--Other Near Eastern countries also feel compelled to spend enormous percentages of national resources, including seven of the top 10 spenders in the world.

--Tunisia and Lebanon are the only countries in the region with less than 5 percent of GNP devoted to the military.

--Comparison of GNP data with military expenditures listed in Table 4 shows that for the region as a whole, military expenditures as a percent of GNP reached 13.9 percent in 1991. This compares to a worldwide average of 4.9 percent, and 4.7 percent for the rest of the world excluding the Middle East.²⁵

--Per capita military expenditures in the Near East are the highest in the Third World. Eight of the top military spenders per capita in the world are found in the region.

--For the region as a whole, 1991 per capita military expenditures were over \$303 for every man, woman and child. This compares to \$47 for East Asia, \$33 for Latin America, \$26 for Africa, and \$10 for South Asia. The figure is, however, substantially lower than that for the US and Europe.

--With the exception of Libya, per capita military expenditures in North Africa are modest, ranging from a low of \$ 34 in Tunisia to a high of \$67 in Egypt.

Table 9²⁶ further elaborates on rates of military expenditures, depicting the rate as a percentage of GNP compared to comparable percentages for health and education. The data show:

--Military expenditures exceed those on health for every country in the Middle East.

--Near Eastern expenditures on health as a percentage of GNP are among the lowest in the world, averaging just 2.1 percent of GNP (1987) compared to the worldwide average of 4.9 percent. As a percentage of GNP, Near Eastern countries spend less than half the world average on health.

--While the average country in the world spends 4.1 percent of GNP on health, less than its military percentage of GNP, Near Eastern countries spend on the military three times the percentage of GNP which they spend on health.²⁷

--Middle Eastern countries do better on education, spending an

Table 9

**MILITARY EXPENDITURES COMPARED WITH OUTLAYS
ON HEALTH AND EDUCATION
(percentages of GNP)**

<u>Country</u>	<u>Milex</u>	<u>Health</u>	<u>Education</u>	<u>H. & E.</u>
Iraq	22.7	.8	3.7	4.5
Oman	20.3	2.2	5.3	7.5
S. Arabia	16.0	3.6	7.4	11.0
Libya	14.9	3.0	10.1	13.1
Israel	12.8	1.8	6.5	8.3
Jordan	12.7	2.7	4.9	7.6
Syria	11.6	4.0	4.7	8.7
Yemen	9.1	5.5	10.0	15.5
Qatar	8.5	2.0(e)	6.6	8.6
Iran	7.1	1.5	2.9	4.4
Bahrain	6.5	2.8	4.5	7.3
Kuwait	6.2	2.8	5.3	8.1
Morocco	5.5	1.0	5.9	6.9
U.A.E.	5.3	2.2	10.0	12.2
Algeria	5.1	2.2	6.1	8.3
Egypt	5.0	1.1	5.9	7.0
Lebanon	4.3	...	...	...
Tunisia	2.8	4.1	4.9	9.0
World	4.9	4.1	4.9	9.0

Health and education percentages are from Ruth L.Sivard, World Military and Social Expenditures 1991, World Priorities, Washington, D.C. 1991, pp. 52 ff. Military expenditures are from ACDA, Worldwide Military Expenditures and Arms Transfers 1990. Data for military expenditures is for 1989; data for health and education is for 1987.

Table 10**SOCIAL DATA AND EXPENDITURES**

<u>Country</u>	<u>Health per Capita (\$ 1987)</u>	<u>Daily Calorie Supply (p.per)</u>	<u>Life Exp. at Birth (years)</u>	<u>School Enrollment (perc't)</u>	<u>Illi- teracy (perc't)</u>
Iraq	15	2962	63	75	11
Oman	123	...	66	76	...
S. Arabia	212	2832	64	60	49
Libya	187	3384	62	...	33
Israel	151	3138	76	92	<5
Jordan	33	2907	68	...	25
Syria	9	3168	66	87	40
Yemen	8	2320	...	...	80
Qatar	...	...	70	100	...
Iran	27	3100	63	82	49
Bahrain	239	...	69	98	27
Kuwait	388	3132	74	86	30
Morocco	7	2820	62	50	67
U.A.E.	163	3552	72	86	...
Algeria	35	2726	65	81	50
Egypt	7	3213	60	81	56
Lebanon	...	2307	57	80	26
Tunisia	26	2964	67	78	46

Health per capita is based on author's calculations of data in Ruth L. Sivard, World Military and Social Expenditures 1991; calorie supply, life expectancy, school enrollment and illiteracy are from The World Bank Atlas 1991.

average of 5.8 percent of GNP compared to 4.9 percent globally. Still, certain countries lag in this area, most notably Iran and Iraq.

Table 10^{2a} presents a more detailed picture of Middle Eastern social conditions and expenditures. It is important because percentages of GNP allocated for social expenditures do not reflect the size of the GNPs involved. While useful in determining government priorities, they do not provide absolute data on human needs allocations.

--Column 2 of Table 10 shows that absolute health expenditures by the nations of the region are widely divergent. For analytical purposes they fall into one of four groups:

NEAR EAST HEALTH EXPENDITURES COMPARED TO WORLD AVERAGES

<u>> World Average</u>	<u>< World Average</u> <u>> LDC Average</u>	<u><LDC Average</u>	<u>Unknown</u>
Bahrain	Algeria	Egypt	Lebanon
Kuwait	Iran	Morocco	Qatar
Libya	Iraq	Syria	
S. Arabia	Israel	Yemen	
U.A.E.	Jordan		
	Oman		
	Tunisia		

--Daily calorie supply is generally quite adequate for the region. All countries in the region rank in the top half of the world in this category with two notable exceptions, Lebanon and Yemen, which are in the lower third.

--Life expectancy at birth ranges from a high of 76 for Israel and 74 for Kuwait to a low of 57 for Lebanon and 60 for Egypt. All others are in the 62-72 range.

--School enrollment is particularly good for the region, again with two notable exceptions. Morocco and Saudi Arabia show very poor averages on education. Yemen, for which there is no data is also likely low in education as well as calorie supply.

--Illiteracy is much more varied throughout the region. Yemen has the fifth highest illiteracy rate in the world, while Israel is among the most literate. Moroccan literacy is in the lowest 10 percent in the world, and Algeria, Egypt, Iran, Saudi Arabia, and Tunisia rank among the lowest 25 percent. Syria is among the lowest third.

--An overall evaluation of social data points to several countries with low categories of development:

Yemen remains very low in health expenditures, daily calorie supply, and literacy. Although making considerable effort as reflected by an estimated 15.5 percent of GNP allocated to health and education, the absolute annual sum spent per person on health, \$8, well below comparable levels of most developing nations.

Lebanon Although accurate data on the country is largely unavailable, the very low caloric intake and life expectancy at birth reflect serious social problems.

Morocco It allocates only one percent of GNP to health, compared to a world average of 4.1 percent. In absolute terms that amounts to \$7 annually, the second lowest in the region. Its caloric intake is adequate, but life expectancy is on the low side, school enrollment is low, and illiteracy is among the world's highest.

Egypt Like Morocco, Egypt manages to spend a minuscule percentage of GNP on health, 1.1 percent. This amounts to just under \$7 per person per year, the lowest in the Middle East and North Africa. Although school enrollment is high, over half the nation is illiterate and life expectancy is poor relative to other nations.

Iraq Its allocations of .8 percent of GNP to health is the lowest in the entire region, while it is second lowest in percent of GNP devoted to education. Nevertheless, illiteracy is quite low.

Iran It has a combined health and education expenditure of 4.4 percent, the lowest in the region and less than half the world total. School enrollment is fairly high in the tradition of the White Revolution of the Shah, but nearly half the population remains illiterate.

--With the exception of Iran and Iraq, the oil rich states (Oman, Saudi Arabia, Libya, Qatar, Bahrain, Kuwait and the United Arab Emirates) all allocated over \$100 per person annually for health. With the exception of Israel, the oil poor states (Jordan, Syria, Yemen, Morocco, Egypt, Lebanon and Tunisia) all allocated less than \$35. Algeria allocated \$35 exactly.

--Several oil rich states had relatively low school enrollment and high illiteracy. For example, Saudi Arabia has only 60 percent school enrollment and 49 percent illiteracy. In such cases it is entirely reasonable to conclude the government does not place a high priority on these factors. Indeed, certain scholars view rapid education and economic growth at the grass roots level as politically destabilizing. Social mores, such as the status of women, may also explain the low figures.

CHAPTER II: MILITARY AND ECONOMIC ANALYSES

Military Forces

Having described the high rate of Near East military expenditures and arm imports, as well as comparative data on national social expenditures, the study will now focus on the level of military forces in the region, and changes in the security and economic environment which may alter the need or demand for those forces. Developmental assistance in the region will also be examined, especially as it affects the resource allocations of Near Eastern states. The chapter will provide a basis for helping determine the feasibility of a "peace dividend," which is a major focus of the study.

An overview of Middle Eastern armed forces is shown in Table 11²⁹. Included are force size, the number of main battle tanks, and the number of combat aircraft for each country in the region. Although the table does not indicate quality of the forces, it does give a rough idea of the effort each nation has put into perceived defense needs. Important observations based on the data include:

--Israel, with a population of under 5 million, has the capacity to quickly mobilize the largest combat ready force in the region. Israeli reserves of 504,000 are included in its force size because they serve at least one month a year and include a high proportion of active duty veterans. Israel also has a preponderance of main battle tanks and combat aircraft over any single nation in the region.

--There is a wide disparity in size of forces within the region, ranging, for example, from Lebanon's three combat aircraft to Israel's nearly six hundred. The disparity applies equally to force size, number of tanks, and number of combat aircraft.

--Iran, with the second largest ready force, has a population base ten times that of Israel and could, in time, produce the largest military force in the Middle East.

--Egypt and Syria have comparable sized forces, but Egypt, with 56 million people, could mobilize a much larger size force than Syria, which has 13 million people. Egypt is second in the number of tanks and combat aircraft in the region.

--Iraq is the next largest force, with an estimated 380,000 men as of late 1991.

--Like Israel, Libya has a very large military force in comparison to its population. With just 4.8 million people, it has over 2,000 main battle tanks and 400 combat aircraft.

Table 11
Middle Eastern Armed Forces

<u>Country</u>	<u>Force Size</u>	<u>MB Tanks</u>	<u>Combat Aircraft</u>
Algeria	125,500	960	241
Bahrain	7,450	81	24
Egypt	420,000	3,190	495
Iran	528,000	700	213
Iraq	380,000	2,300	260
Israel	645,000	4,488	591
Jordan	101,300	1,131	113
Kuwait	8,200	36	34
Lebanon	17,500	245	3
Libya	85,000	2,150	409
Morocco	195,500	284	90
Oman	30,400	82	57
Qatar	6,000	24	18
Saudi Arabia	111,500	700	253
Syria	404,000	4,350	651
Tunisia	35,000	84	53
U.A.E.	44,000	131	100
Yemen	65,000	1,275	101

IISS, The Military Balance, 1991-1992; a DoD report in early August, 1992, gave slightly higher figures for Iraq: 400,000 men, 2,500 main battle tanks, and 350 combat aircraft. (See the Washington Post, August 6, 1992. Another source, however, says that half of Iraqi combat aircraft are inoperable.

Before considering the security situation in the region in a qualitative sense, recent arms transfers to the region will be considered. Table 12 presents major categories of weapons provided by supplier, while Annex 1 lists principal specific arms transfers to individual countries since the end of the Gulf war. Significant findings as shown in Table 12³⁰ are:

--The United States and the Soviet Union were the leading suppliers to the region before the dissolution of the latter in 1991, but China and the major Western European countries also supplied substantial weaponry.

--During the period 1984-1991 eight year period, the Soviet Union was the leading supplier of tanks and self-propelled guns, APCs and armored cars, supersonic combat aircraft, subsonic combat aircraft, helicopters, surface-to-air missiles and surface-to-surface missiles.

--During the 1988-1991 four year period, China provided more artillery and surface-to-surface missiles than any other country.

--Compared to the previous four year period, the major West European suppliers in 1988-1991 decreased their share of the market in nearly every category of weaponry except supersonic combat aircraft and minor surface combatants.

Annex 1 shows specific weapons transfers to individual countries. It includes both weapons systems already transferred and those actively being sought by nations of the region. Significant findings are:

--Arms transfers have been resumed in the wake the Gulf war. The volume of transfers registered in the cost data of Table 4 reflect the dramatic rise in transfers shown in this annex.

--The United States has far surpassed other nations as the leading supplier of arms since the war. American weapon systems are in great demand in large part due to their performance in the war.

--Russia has generally ceased to be a significant supplier to the Arab countries. However, it has become a major supplier of Iran.

--The sophistication and unit cost of weapons systems ordered, delivered, or being sought has risen dramatically.

--The total cost of items delivered or ordered by November 1991 was close to \$17 billion. A separate estimate in May 1992 put the figure at \$20 billion.³¹

--Saudi Arabia is by far the largest arms market in the region.

-- Despite a recent drop in Egyptian military expenditures, Cairo is seeking to replace outmoded tanks and other ground equipment,

WEAPONS DELIVERED BY MAJOR SUPPLIERS
1984 - 1991

Soviet Union

- 885 tanks and self-propelled guns
- 605 artillery pieces
- 605 APCs and armored cars
- 3 major surface combatants
- 1 submarine
- 340 supersonic combat aircraft
- 230 helicopters
- 1,480 surface-to-air missiles
- (SAMs) 125 surface-to-surface missiles
- 165 anti-shiping missiles

United States

- 415 tanks and self-propelled guns
- 598 APCs and armored cars
- 36 supersonic combat aircraft
- 1,061 surface-to-air missiles (SAMs)

China

- 1,135 artillery pieces
- 20 supersonic combat aircraft
- 205 surface-to-air missiles (SAMs)
- 240 surface-to-surface missiles
- 150 anti-shiping missiles

Major West European suppliers

- 1 major surface combatant
- 110 supersonic combat aircraft
- 105 anti-shiping missiles.

All other European suppliers

- 315 tanks and self-propelled guns
- 875 APCs and armored cars

All other suppliers

- 1 submarine
- 1,200 surface-to-air missiles (SAMs)
- 265 surface-to-surface missiles

Numbers of Weapons Delivered by Major Suppliers to Near East 1/

Weapons Category	U.S.	U.S.S.R.	China	Major West European 2/	All Other European	All Others
1964-1967						
Tanks and Self-Propelled Guns	628	795	995	130	770	155
Artillery	330	1100	1440	2960	3260	765
APCs and Armored Cars	619	1935	1070	540	1530	535
Major Surface Combatants	0	12	2	15	2	0
Minor Surface Combatants	2	15	5	25	60	90
Guided Missile Boats	0	5	5	10	0	0
Submarines	0	4	2	0	0	0
Supersonic Combat Aircraft	37	315	40	90	0	1
Subsonic Combat Aircraft	0	70	5	40	0	5
Other Aircraft	36	70	0	55	160	70
Helicopters	23	230	0	110	10	40
Surface-to-Air Missiles	668	7825	300	965	5000	0
Surface-to-Surface Missiles	0	710	10	0	0	85
Anti-Shipping Missiles	0	220	275	665	0	0
1968-1991						
Tanks and Self-Propelled Guns	415	885	0	0	315	105
Artillery	64	605	1135	25	175	300
APCs and Armored Cars	598	605	0	15	875	210
Major Surface Combatants	0	3	0	1	0	0
Minor Surface Combatants	0	5	5	75	5	25
Guided Missile Boats	0	0	0	5	0	0
Submarines	0	1	0	0	0	1
Supersonic Combat Aircraft	36	340	20	110	1	10
Subsonic Combat Aircraft	0	15	0	25	0	0
Other Aircraft	18	20	10	20	85	55
Helicopters	0	230	0	35	35	5
Surface-to-Air Missiles	1061	1480	205	105	110	1200
Surface-to-Surface Missiles	0	125	240	0	0	265
Anti-Shipping Missiles	0	165	150	105	0	5
1964-1991						
Tanks and Self-Propelled Guns	1041	1680	995	130	1085	260
Artillery	394	1705	2575	3005	3435	1065
APCs and Armored Cars	1217	2540	1070	555	2405	745
Major Surface Combatants	0	15	2	16	2	0
Minor Surface Combatants	2	20	10	100	85	115
Guided Missile Boats	0	5	5	15	0	0
Submarines	0	5	2	0	0	1
Supersonic Combat Aircraft	73	655	60	200	1	11
Subsonic Combat Aircraft	0	85	5	65	0	5
Other Aircraft	54	90	10	75	245	125
Helicopters	23	460	0	145	45	45
Surface-to-Air Missiles	1229	9305	505	1090	5110	1200
Surface-to-Surface Missiles	0	835	250	0	0	350
Anti-Shipping Missiles	0	385	425	770	0	5

1/ Excludes Japan, Australia and New Zealand. All data are for calendar years given.

2/ Major West European includes France, United Kingdom, Germany, and Italy totals as an aggregate figure.

Source: U.S. Government

and is placing major orders for conventional ground weapons.

--Israel continues to receive more sophisticated arms and equipment designed to maintain its qualitative edge in the region.

Changes in the Security Environment

Major changes in the security environment include a diminished threat by traditional military means against Israel, an increased threat to Israel and the moderate Arab states from surface-to-surface missiles, the Iranian military build-up, and the proliferation of weapons of mass destruction. It is not intended in this short space to analyze the history and interrelationships of each of these sources of tension, but an effort will be made to illustrate how events of the 1990s have altered the configuration of power as it affects the military spending of regional states.

First is the diminished conventional ground attack threat against Israel. Israel has long recognized a serious long term threat from Syria and Iraq. Although Syria benefits from revitalized Arab aid as a result of its participation in the war, and Syrian forces are now freer to concentrate against Israel if they so chose, the Syrian military would face serious problems in contending with Israel. First, over 85 percent of Syrian concessional aid since 1973 has come from Arab countries,³² and that aid is now being tied to IMF/World Bank approved projects.³³ Second, Soviet aid, which substantially augmented the Syrian military, no longer exists. Third, Israel continues to enjoy advantages in weaponry, and command, communications and intelligence, and is developing and acquiring new systems to further increase its qualitative lead over Syria. Finally, Israel retains the very advantageous terrain astride the Golan Heights, placing an attacking Syrian force at a great disadvantage.

Another major potential threat to Israel, as well as the moderate Arab countries, emanates from Iraq. Its armed forces suffered devastating losses during the war, including the destruction or capture of the following:³⁴

- 100,000 troops killed, captured or severely wounded
- 3000 tanks
- 1856 armored vehicles
- 2140 pieces of artillery
- 35 combat aircraft shot down and 115 flown to Iran
- all navy combatants sunk

Despite efforts by Saddam Hussein to rebuild his military infrastructure, Iraq is constrained by terms of the ceasefire which include destruction of all surface-to-surface missiles with a range in excess of 150 kilometers. Due to the embargo of UN Resolution 687 Iraq has also been unable to purchase replacements for major weapons systems destroyed in the war.

Iraq is currently shipping some 50,000 barrels of oil per day to Jordan. In return, Jordan has been shipping some 6,000 tons of food and medicine to Iraq daily.³⁵ Iraqi ability to pay for imports, however, is limited. Saddam Hussein is reported to have some \$30 billion in overseas bank accounts, but without strong oil exports, the heyday of importing large numbers of sophisticated (and expensive) new weapons systems is over. Iraqi oil production, which averaged 2.8 million barrels per day in 1989, is now down to 350 thousand³⁶

The second major change in the security environment of the Middle East presents more intractable problems. Prior to the Gulf war it was generally assumed that Israeli technical and operational superiority in military matters would enable it to maintain the balance through the "one nation dominant" role described by Hans Morgenthau in an earlier era. U.S. policy supported this theme, enabling Israel more than offset in the quality of its military systems the advantages Arab neighbors attain by force size and disposition.

However, the introduction into the region of accurate and lethal surface-to-surface missile systems threatens to upset the previous balance. Scud attacks of Haifa and Tel Aviv demonstrated the vulnerability of Israel to surface-to-surface attack, even with conventional munitions. Israel was struck with 40 Scud missiles during the hostilities. Although casualties were negligible, damage inflicted as a result of the attack has been estimated over a billion dollars. Israel lists \$3.5 billion as total direct and indirect costs of the war.³⁷ If the recent history of the Middle East is any barometer, the accuracy and lethality of such weapons can only increase with time. Coming in the waning days of the war, the introduction of several hundred kilometer surface-to-surface missile attacks may well be considered as a harbinger on a par with foxholes in Virginia in 1865 or tanks in France in 1918. The drive to acquire such weapons is illustrated in Table 13³⁸, which shows the status of ballistic missiles for each country in the region.

The Syrian missile threat, in particular, presents problems to Israel. Syria had some 54 Scud B missiles with a range of 300 km., and is reported as having already received at least 20 of 54 Scud C surface-to-surface missiles ordered from North Korea³⁹. The Scud Cs may be more accurate than the Scud Bs of Gulf war notoriety, but either missile could easily strike Tel Aviv from Syrian territory. Israel reported on August 13, 1992 that Syria test-fired the Scud C in early August.⁴⁰ Syria is also reported as seeking Chinese M-9 surface-to-surface missiles, with a 600 kilometer range. The Syrian force, of course, is also capable of striking Iraq with these missiles.

Other clear missile threats include the shorter range missiles described in Table 13. The fact Tel Aviv, like Damascus and Amman, is within 70 km. of neighboring states underscores their vulnerability to such missiles. In addition the missile threat from Iraq may eventually return. On August 19, 1992 the chief of

the UN weapons inspection team in Iraq, Nikita Smidovich, reportedly confirmed that Iraq had extended the aforementioned range of its Scud missiles and may be engaged in additional missile programs.⁴¹

A third source of potential instability in the region is fear of Iran. Although not as overtly revolutionary as in the past, Iran has steadily been enhancing the quality of its military forces. With 523,000 men under arms, it has the largest active duty force in the Middle East. Iran continues to enhance the range and performance of its over one hundred 300 km. Scud B missile force, which were first used in its war with Iraq. Since the Gulf war it has take delivery from Russia of 14 MiG-29s, a hundred 450 km surface-to-surface missiles, SA-5s, a 2,400 ton diesel submarine and wide range of ancillary equipment.⁴² Estimated cost of weapons ordered in 1991 alone is \$3 billion, while massive orders were placed in 1992.⁴³ Iranian forces have also appear to have been augmented by the acquisition, during the last days of the Gulf war, of 24 Mirage F-1s, 24 Su-24s, 40 Su-22s, 4 MiG-29s, 9 MiG-23s, and eleven other aircraft. In the words of CIA director Robert Gates, Iran has embarked upon an "across the board effort" to rebuild its military forces and defense industrial base.⁴⁴

Weapons of mass destruction constitute yet another major shift in the regional security picture. Over a year ago Israel was already credited with a hundred nuclear weapons.⁴⁵ The acceleration of its program in recent years is attributed to the perceived need for a powerful second strike capability in the face of increasing acquisition, and use in the case of the 40 Scuds launched against it during the Gulf war, of surface-to-surface missiles on the part of hostile neighbors. Recent data indicates Israel has ample means to deliver its weapons, including some of the five missile systems listed in Table 13.

Iran and the Arab states have tended to use Israeli possession of nuclear weapons to justify their own programs, and to insist on Israeli dismantlement of its stockpile as a condition of any settlement in which they might agree to eschew chemical, biological or nuclear weapons. Iran is reportedly importing entire nuclear facilities from China and North Korea, and working toward an eventual nuclear weapons capability. It is also reportedly developing biological weapons.⁴⁶ Iraq continues to attempt to conceal its nuclear, biological and chemical programs from UN inspectors, although UN inspectors feel they have identified all chemical munitions, and that Iraq does not presently have a good delivery means for biological weapons. Iraq, however, is widely considered to have hidden as many as 200 Scud missiles which could reach Israel with no difficulty, and has personnel experienced in the development of nuclear, biological and chemical weapons.⁴⁷ Syria and Egypt are listed as positively identified as having a chemical warfare capability,⁴⁸ while Syria, as we have seen, may already have, or could soon develop, a delivery capability.

Table 13

BALLISTIC MISSILES IN THE MIDDLE EAST

<u>Country</u>	<u>Missile</u>	<u>Range(km)</u>	<u>Number</u>	<u>Status</u>
Algeria	FROG-7	70	32	active
Egypt	FROG-7	70	70	active
	Scud-B	300	>100	active
	Scud-100	600	0	under dev
Iran	Shahin 2	60	unknown	active
	Nazeat	160	hundreds	active
	Mushak-160	160	0	under dev
	Iran-200	200	0	under dev
	Scud-B	300	100	active
	Scud-C	600	100	acquiring
	Scud-B	300	100	active
Iraq*	FROG-7	70	>90	active
	Scud-B	300	unknown	hidden
	Fahd	500	0	unknown
	al-Hussein	600	unknown	unknown
	al-Abbas	900	0	unknown
	Condor 2	1200	0	unknown
Israel	Lance	120	160	active
	Jericho 1	480	50	active
	Jericho 2	1450	0	under dev
	Shavit	2500	unknown	active

* UN Security Council Resolution 687 prohibits Iraq from maintaining or developing any SSM with a range of 150 km or greater. While some of those under development have undoubtedly been postponed, others are considered operational. Recent reports speculate the number of Scud-Bs to be between 100 and 200.

Kuwait	FROG-7	70	unknown	unknown
Libya	FROG-7	70	>144	active
	Scud-B	300	>240	active
	M-9	600	0	seeking
	Ittiselt	700	0	under dev
S. Arabia	CSS-2	2700	120	active
Syria	FROG-7	70	96	active
	SS-21	120	36	active
	Scud-B	300	54	active
	Scud-C	600	54	acquiring
	M-9	600	0	seeking
Yemen	FROG-7	70	36	active
	SS-21	120	24	active
	Scud-B	300	18	active

Data are from "The Proliferation of Ballistic Missiles," Arms Control Today, April 1992, pp. 28-29; SIPRI Yearbook 1991, pp. 337-342; and "Near East Arms Transfers," CRS, December 2, 1991, pp. 5-13.

Financial Stress

One of the considerations which could lead to the reallocation of funds within national budgets from military to economic and social needs is the degree of financial stress which appears to impact much of the region at the present time. Just as financial stress was credited as a major cause of Soviet retrenchment, so the prospect of significant reductions in the disposable income of the governments of the Near East could, in time, lead to a major shift away from security to economic needs. A brief overview of changes in the national economic conditions as a result of the Gulf war is therefore now presented. Analysis of the significance of ODA to each country in the region will be presented in the following section of this study.

First, it does appear that the region as a whole is undergoing a degree of financial stress. The total external debt of North Africa and the Middle East, for example, more than doubled in the decade preceding the Gulf war, from \$66.4 billion in 1980 to \$141.5 billion in 1990.⁴⁹ The war itself is estimated to have resulted in \$70 billion in direct costs⁵⁰ and caused enormous indirect commercial and environmental damage, as well as depletion of resources, especially in Kuwait.

--Kuwait was hit hardest by the war. Estimates for its reconstruction range up to \$50 billion.⁵¹ Kuwait completed payments on its pledge of \$16 billion to the United States as its share of war costs, and has pledged an estimated \$3.7 billion to other states assisting in the Gulf war.⁵²

--Iraq has also been severely damaged financially. Prior to the war it had already incurred an international debt of \$90 billion, largely to finance its war with Iran. Gulf war repairs are estimated at an additional \$30 billion, and UN mandated reparations can be expected to total an additional \$50 billion.⁵³ Iraqi oil production, meanwhile, dropped from 2809 thousand b/d in 1989 to a current level of 350 thousand b/d.⁵⁴ Resumption of exports depends on UN approval of its compliance with provisions of UN Security Council Resolution 687 on both weapons of mass destruction and damage compensation. With total international obligations in the \$140 billion range, and domestic reconstruction in the \$30 billion range, Iraqi capacity production of just over 3 mbd, which would gross just over \$20 billion a year at \$20 per barrel, would stretch repayment of outstanding obligations at least 10 years.

--Egypt has also experienced some losses because of the war. Cairo claims that it has experienced some \$6-7 billion per year in lost revenue as a result of the war. In 1990, however, the US wrote off \$7 billion for Egypt and the Arab states subsequently wrote off another \$7 billion.⁵⁵ New money, however, has been difficult for Egypt to acquire.

--Saudi Arabia is experiencing cash flow problems. Even prior to the Gulf war, the costs of its major civilian and military projects were beginning to cause problems. Saudi foreign exchange reserves dropped from an \$8.5 billion level in 1988 and 1989 to a \$6.8 billion level in the aftermath of the war. Its total reserves minus gold level dropped from a \$13-\$15 billion level to an \$8 billion level during the corresponding period.⁵⁶ Its contribution to the United States for its Gulf war effort also contribute to current cash flow problems.⁵⁷

Syria, however, benefited from the war through approval of at least \$500 million in Arab project assistance, and additional balance of payments support of unknown quantity. Although its economy has been in a shambles, recent production increases in gas and oil fields in the northern part of the country are providing \$2 billion in gross revenues and \$900 million net.⁵⁸

It would be a mistake, however, to assume that current financial stress in the region will continue as a result of the Gulf war alone. Although Iraqi production declined from an average 2.809 mbd in 1989 to .350 mbd in 1992, and Kuwaiti production dropped from 1.602 mbd in 1989 to 127 mbd in 1991, those losses have been more than compensated within the region, especially by Saudi Arabia, whose production rose from 4.9 mbd in 1989 to an average 8.4 mbd in the first half of 1992.⁵⁹

Financing

As shown in Annex 2, Arab countries have distributed \$100 billion, some 40 percent of Arab recipients' developmental assistance, between 1973 to 1989. The 1990 total was \$11.8 billion.⁶⁰ Commitments, however, reached \$27.6 billion in 1990, or more than twice the average from 1987 to 1990. Information on financing of military expenditures and arms imports by that assistance is scarce, in part because 75 percent of Arab assistance is listed by the OECD as "unspecified,"⁶¹ but what is clear is that "developmental" assistance by Arab states in the past was used by some recipients for military purposes. The Arab states have recently expressed dissatisfaction with the manner in which these contributions had been used. Consequently, they have increasingly turned to multilateral forms of assistance, often tied to developmental projects. This is a major departure from past practice and reflects concern among the donors that military expenditures have become wasteful use of scarce resources in all too many cases. It is also one of the reasons why Arab aid to the region declined from a high in 1980 of \$9.5 billion to a low of \$1.5 billion in 1989.⁶² Saudi Arabia, for example, which spent some \$25 billion supporting Iraq during its war with Iran, is now faced with enormous expenses inflicted by Iraqi aggression in Kuwait and its continuing threatening posture in the region.

There has been much talk of a resurgence of Arab developmental assistance in the wake of the Gulf war. During the year following the war Arab states distributed an estimated \$6.2 billion to coalition partners including \$3.7 billion from Kuwait and \$1.5 billion from the UAE.⁶³ In late 1991 the members of the Gulf Cooperation Council launched a major aid initiative, announcing a planned \$10 billion distribution of assistance over ten years, primarily for the poorer Arab states which supported the coalition in the war--Egypt and Syria, and to a lesser extent Morocco. So far, however, GCC pledges total only \$6.5 billion (S.Arabia 2.5, Kuwait 2.5 and the UAE 1.5)⁶⁴ Bahrain Qatar and Oman have still not pledged. An important issue is the end use of the money. The GCC feels much of the previous bilateral aid was wasted (excessive military spending included) and they want only IMF/World Bank approved project assistance. Thus Syria recently requested \$4-5 billion in aid, all for project assistance, of which \$500 million had been approved by the end of July 1992.⁶⁵ Other Arab donors organizations also appear constrained, with the total Arab share of GNP dedicated to foreign assistance off from an average 2 percent in the 1973-1989 period, to a low of .55 percent in 1989.⁶⁶

Table 14 shows ODA disbursements to Middle Eastern recipients from all sources, including Arab states and the DAC countries. Owing to aforementioned forgiven loans, Egypt was by far the largest recipient of such aid in 1990. This fact is well illustrated in Table 15, which depicts ODA commitments to Egypt of over \$16 billion in 1990. This astronomical figure includes a nearly \$3 billion commitment by Arab countries as well as \$7 billion loan forgiveness by the United States that year. The total also reflects the altered aid position of Egypt as a result of the Gulf war, for whereas U.S. aid generally tended in the billion dollar range in previous years, Arab aid commitments averaged but \$91 million in each of the previous three years, and had all but ceased from 1978-1985 due to the Israeli-Egyptian peace agreement.⁶⁷

Israel, Morocco and Jordan are also seen to have received ODA disbursements and commitments in 1990 in the billion dollar range. Jordan, as previously described, suffered a sharp cutback in this aid as a result of its role in the Gulf war, so that current ODA is now concentrated in Egypt, Israel and Morocco. The substantial Syrian total is also increasing, but in project assistance as mentioned previously.

One of the important facets of DAC assistance, as opposed to Arab aid, is its consistency. While Arab aid declined during the mid and late 1980s along with reductions in oil exports, and fluctuated widely from large sums mentioned in the wake of the Gulf war to a much more modest sums reflecting current tight budgets, DAC aid has remained quite steady. During the period 1973-1989 the DAC countries provided \$34.6 billion in concessional assistance to the Arab countries of the Middle East, gradually increasing from a \$2 billion level at the end of the 1970s to a \$3 billion level a decade later.⁶⁸

Table 14

ODA GROSS DISBURSEMENTS TO NEAR EASTERN COUNTRIES
(millions of current dollars)

<u>Recipient Country</u>	<u>1990 ODA</u>	<u>AVERAGE ANNUAL ODA: 1987-1990</u>
Algeria	269.5	266.8
Egypt	5,871.3	2,808.1
Iran	138.3	101.4
Iraq	88.2	59.9
Israel	1,513.8	1,379.4
Jordan	958.0	613.8
Lebanon	200(e)	146.0
Morocco	1,048.9	661.3
Oman	77.3	41.2
Syria	666.1	420.5
Tunisia	497.9	422.2
Yemen	457.7	441.2

OECD, Geographical Distribution of Financial Flows to Developing Countries, 1987/1990, 1991.

Table 15

ODA COMMITMENTS TO NEAR EASTERN COUNTRIES
(millions of current dollars)

<u>Recipient Country</u>	<u>1990 ODA</u>	<u>Average Annual ODA: 1987-1990</u>
Algeria	427.5	374.1
Egypt	16,301.1	5,541.1
Iran	131.4	100.4
Iraq	100.2	66.3
Israel	1,407.8	1,443.8
Jordan	1,043.7	673.8
Lebanon	211.7	148.7
Morocco	1,193.0	790.5
Oman	64.8	38.6
Syria	679.1	449.1
Tunisia	564.3	523.5
Yemen	381.8	459.4
S. Arabia	43.2	30.3
Libya	20.5	12.5

OECD, ibid.

CHAPTER III: THE ROLE OF DEVELOPMENTAL ASSISTANCE

Arms Control and Developmental Assistance

Given the penchant for Middle Eastern nations to allocate large sums for security purposes, the question naturally arises whether such expenditures are warranted in light of existing conditions, both military and socio/economic, in the region. One effort to highlight the dilemma, albeit focusing on developing countries in general, was the 1991 study by Robert S. McNamara for the World Bank.

McNamara began by noting that the end of the Cold War offers opportunities for dramatic reductions in military spending, calling for substantial limitations on arms exports. He emphasizes the viewpoint of Michael Gorbachev that "modern military technologies have rendered war inadmissible as a means of advancing a nation's security interests." He calls on the international community to address regional conflicts through collective security measures which stress economic instruments of policy. Noting that developing nations import very high percentages of their arms, he points out that "the availability of financing is an extremely important factor in a country's decision to import weapons."⁶⁹ He further states that foreign assistance is clearly linked to recipient nations military expenditures:

Common sense--and some evidence--suggests that the availability of balance of payments or budget support enables governments to spend more on the military than would otherwise be possible. In my view, it is bad economics and bad policy for donor nations and the international financial institutions to continue to behave as if the funding of stabilization adjustment and development programs can be separated from the financing of military expenditures."⁷⁰

Mcnamara calls for a collective security system which he claims could reduce developing nations arms imports 50 percent by the end of the decade. He opines that if country economic and social needs are met, that military involvement in domestic affairs, with its attendant large military allocations, will be unnecessary. He then urges making financial assistance conditional on what he calls "optimal levels" of military expenditures. As an example of incentives to reduce military spending, he lauds the report of the Independent Group on Financial Flows to Developing Countries, "Facing One World," chaired by Helmut Schmidt, which calls for special consideration in foreign assistance to countries which spend less than 2 percent of GNP on security.⁷¹ (Were this consideration to be applied to the Near East today, not a single country in the region would qualify for that benefit.)

Complementing the McNamara approach is the idea that foreign assistance should be actively used to invigorate the peace process in regional conflicts.⁷² Certainly the approval of \$10 billion in loan guarantees to Israel, predicated upon termination of non-security new settlements on the West Bank, provided a stimulus to Israeli participation in the peace talks in a manner more likely to elicit a positive Arab reaction. Whether used as a carrot or a stick, however, the utility of ODA as an instrument of policy is contingent upon the degree of dependence of recipient nations for that assistance.

Table 16 provides three indices of potential ODA influence. The first is ODA as a percentage of military expenditures. This figure is particularly important in light of the McNamara thesis that economic aid, even for development projects, frees other recipient nation funds for purposes of military spending. A large ratio of ODA to military spending points to a high degree of potential influence over military spending by donor nation. The second column, ODA as a percentage of arms imports, more pointedly pertains to the use of foreign exchange for the purchase of arms. Again, a higher figure indicates a greater degree of potential influence over arms purchases. Column three shows the relationship of ODA to GNP, the ultimate resource base for economic development as well as military spending. Taken alone, each variable is a limited indicator of the potential influence of ODA upon governmental allocations between military and economic development. Taken together, they provide a clearer picture for such influence, while still recognizing the dominant influence of political variables. Countries are ranked according to the percentage of ODA to military expenditures. Important conclusions are:

--Three countries, Tunisia, Jordan and Lebanon, receive greater amounts of ODA than they spend for military purposes. ODA is over half of military expenditures for Egypt, Morocco and Yemen. ODA as is more than ten percent of the military expenditures of Israel, Syria and Algeria. ODA as a percentage of military spending is of negligible importance in the other nine countries of the region.

--Three countries receive over ten times as much ODA as they spend on arms imports--Tunisia, Lebanon and Morocco. Four other countries receive more ODA than they spend on arms imports--Egypt, Jordan, Israel and Yemen. Algeria, Syria and Oman receive over 40 percent of the value of their arms imports in ODA. This variable is insignificant for the other eight countries.

--ODA is of great significance to the GNPs of Jordan (24 percent) and Egypt (19 percent), and is important (4-7 percent) to Tunisia, Lebanon, Morocco, Yemen, Israel and Syria. It is less than one percent for all other countries.

Evaluation of all three indices reveals countries ranked as follows in terms of susceptibility to policy choices by ODA influence:

Table 16
INDICES OF POTENTIAL ODA INFLUENCE
(percentages)

<u>Country</u>	<u>ODA/MILEX</u>	<u>ODA/ARMS IMPORTS</u>	<u>ODA/GNP</u>
Tunisia	154.7	2111	4.3
Jordan	112.0	323	24.4
Lebanon	104.2	1460	5.9
Egypt	80.2	468	18.7
Morocco	60.0	1653	4.4
Yemen	52.3	105	5.7
Israel	24.0	190	3.0
Syria	18.8	42	5.4
Algeria	11.5	46	.5
Oman	2.7	69	.9
Iran	1.0	8	.1
Iraq	.4	3	0
Bahrain	0	0	0
Qatar	0	0	0
Saudi Arabia	0	0	0
Libya	0	0	0
Kuwait	0	0	0
U.A.E.	0	0	0

OECD op.cit. for ODA data; ACDA op.cit. for military expenditures, arms imports; and the World Bank op.cit. for GNP.

1. Jordan is in a top category in all three indices; its ODA is an incredible 24.4 percent of GNP.
2. Egypt is in a high category for military expenditures and arms imports, and receives developmental assistance totalling 18.7 percent of GNP.
3. Tunisia is the very highest in the first two indices, and one of the highest in the GNP category.
4. Lebanon depends heavily on ODA in all three indices.
5. Morocco is only slightly behind Lebanon.
6. Israel is ranked sixth because, if military aid were included, it would have combined military and economic assistance levels equal to 59.3 percent of military expenditures, 50.3 percent of arms imports, and 7.2 percent of GNP.
7. Yemen is close to Israel in all categories.
8. Algeria may be marginally influenced by ODA.
9. Oman can be considered least among the potentially influenced.
10. Iran does receive a bit of aid, but it is insignificant in the big picture.
11. Iraq received the least amount of ODA and that is now questionable.
- 12-18. The six countries of Bahrain, Qatar, Saudi Arabia, Libya, Kuwait, and the U.A.E. received no developmental assistance whatsoever.

Of course the figures cited are for developmental assistance from all sources, so that the effectiveness of any proposal to condition aid upon recipient behavior will be itself conditioned upon a high degree of consensus among donor countries.

As far as the Near East as a whole is concerned, it is clear from the data presented in this study that enormous sums continue to be spent to assure security against perceived threats. It is also clear that, with the end of the Cold War, an opportunities for reducing expenditures are present. It has been demonstrated that dramatic savings could be available should such the nations of the region even marginally reduce military spending. However, in the context of Middle East politics with all its tensions and conflicts, there is no assurance that reallocation of spending from military to social and economic development will in fact take place. Clearly the region is at a crossroads, and the energies and resources of its peoples could go in any direction. The outcome is indeterminate, and depends in part on the leadership role of the United States.

U.S. Policy

In a speech at the Air Force Academy on May 29, 1991 President Bush proposed a major new arms control initiative for the Middle East, calling for "supplier guidelines on conventional arms exports, barriers to exports that contribute to weapons of mass destruction, a freeze now and later a ban on surface-to-surface missiles in the region, and a ban on production of nuclear weapons material."⁷³ He called on the five major suppliers to the region, the U.S., the U.K., France, the former Soviet Union, and China to meet regularly to implement his initiative. After meeting in Paris in July and in London in October, the Big Five, which together provide some 75-80 percent of all arms transferred to the Middle East, agreed on general principals ("guidelines") to avoid destabilizing sales. They also agreed to support the UN register for "transparency" in sales, and "to inform each other about transfers to the region of the Middle East, as a matter of priority, of tanks, armored vehicles, artillery, military aircraft, helicopters, naval vessels and certain missile systems."⁷⁴

On May 28-29, 1992 the Big Five met again, this time in Washington, D.C., and agreed not to export "equipment, material, services or technology which could be used for" nuclear, biological and chemical (NBC) arms.⁷⁵ There was no indication that the meeting resolved disputes over what specific weapons systems required notification, and at what point notification should take place. Moreover, the initiative became bogged down by objections from China that:

- (a) it does not agree to define nuclear, biological and chemical delivery means as restricted to surface-to-surface missiles only, and does not discriminate between aircraft and missiles;
- (b) it does not agree to specific notification, even of past sales; nor does it agree to specify what weapons it sends to what countries;
- (c) it describes its export aircraft as "defensive" and therefore not subject to any controls;
- (d) it defines the Mid East as including Turkey and Cyprus, (thereby causing a problem for US transfer to Turkey).

The Chinese objections, of course, have delayed progress in the talks. As seen in Table 7, the Middle East has been a major foreign exchange earner for China, particularly during the Iran-Iraq war. Although most nations in the region would prefer Western military hardware, Chinese willingness to provide less expensive ground equipment, as well as surface-to-surface missiles which the West will not provide, have given it a fair market share in the region. PRC military exports are generally of inferior quality, but its M-9 and M-11 missiles are quite good, and its M-9 is widely reported as under consideration by Syria.

One of the reasons stated by China for its position is the fact that U.S. sales in the region have not declined, and indeed have increased in recent years. Although China has worked for over a decade to develop an arms industry geared to export, and has exported heavily to belligerent countries, it maintains that it should not now be inhibited any more than the United States or other supplier countries.

U.S. arms transfer policy in the region has focused on support of friendly countries through security assistance. The FY 1992 Congressional Presentation for security assistance states, "U.S. military and economic assistance to the Middle East will remain central to helping Israel and moderate Arab states move further in the direction of a lasting settlement....Through FMS and commercial sales components of the security assistance program, the United States built strong relationships with Persian Gulf nations, as well as other countries in the coalition."⁷⁶ U.S. security assistance levels for FY 1993 are shown in Table 17, while total economic and security assistance is shown in Table 18.⁷⁷

As previously indicated, the United States was the third largest supplier to the region during the three year period ending Dec. 31, 1991. However, the leading exporter during that period, the U.S.S.R., now exports at less than a quarter of its previous level, placing it far behind the United States. The second leading exporter, the United Kingdom, has also dropped way back after completing the bulk of its Tornado contract. This leaves the United States the leading supplier of arms in the Middle East today. In FY 1991, for example, Foreign Military Sales and Construction Agreements totalled \$17.4 billion, a figure which does not include an estimated \$5 billion in commercial contracts for that year.⁷⁸ (Commercial sales are estimated based on approved licenses, a small fraction of which may not have been sent. The alternative estimate, based on "actual" sales, totals Shippers Export Declarations returned to the Office of Defense Trade Controls at the State Department by Customs. This figure is grossly understated). Thus total U.S. sales agreements for 1991 alone were in excess of \$20 billion.

Even though 1991 reflected a major Saudi arms package, significant new arms packages, such as the recently notified \$9 billion sale of 72 F-15s and the possible additional sale of as many as 700 M1A2 tanks to Riyadh, indicate continued high levels of sales in the immediate future.

Table 17

U.S. SECURITY ASSISTANCE
(FY 1993 budget authority, \$ millions)

<u>Country</u>	<u>Economic Support</u>	<u>Foreign Military Financing (Grant)</u>
1. Israel	1,200	1,800
2. Egypt	815	1,300
3. Jordan	30	25
4. Morocco	12	40
5. Tunisia	10	10
6. Oman	15	1
7. Lebanon	5	0
8. (West Bank/Gaza)	25	0

U.S. ODA DISBURSEMENTS
(Gross, 1990)

<u>Country</u>	<u>Total</u>
1. Egypt	2,477
2. Israel	1,340
3. Morocco	67
4. Jordan	66
5. Tunisia	44
6. Yemen	43
7. Lebanon	19

OECD, Geographical Distribution of Financial Flows to Developing Countries, 1987-1990, and AID, Congressional Presentation Document, FY 1993.

Table 18

U.S. MILITARY AND ECONOMIC ASSISTANCE

FY 1993 U.S. ECONOMIC AND MILITARY ASSISTANCE - REQUEST
(DOLLARS THOUSANDS)

	DA	ESF	PL 480			NARCS	PEACE CORPS	OTHER ECON	FMF LOANS	FMF GRANTS	IMET	OTHER MILITARY	TOTAL	TOTAL EXCLUDING PL 480
			TITLE I	TITLE II	TITLE III									
NEAR EAST														
Algeria	--	--	--	--	--	--	--	--	--	150	--	150	150	
Bahrain	--	--	--	--	--	--	--	--	1,000	100	--	1,100	1,100	
Egypt	--	815,000	150,000	--	--	--	--	--	1,300,000	1,800	--	2,266,800	2,116,800	
Israel	--	1,200,000	--	--	--	--	--	--	1,800,000	--	--	3,000,000	3,000,000	
Jordan	--	30,000	20,000	--	--	--	--	--	25,000	2,000	--	77,000	57,000	
Lebanon	4,000	5,000	--	11,597	--	--	--	--	--	400	--	20,997	9,400	
Morocco	20,225	12,000	20,000	--	--	--	1,713	--	40,000	1,150	--	95,088	75,088	
Oman	--	15,000	--	--	--	--	--	--	1,000	110	--	16,110	16,110	
Tunisia	--	10,000	5,000	--	--	--	1,014	--	10,000	1,250	--	27,264	22,264	
West Bank/Gaza	--	25,000	--	2,630	--	--	--	--	--	--	--	27,630	25,000	
Yemen	6,000	--	10,000	--	--	--	831	--	--	--	--	16,831	6,831	
Near East Regional	16,900	6,000	--	--	--	2,000	--	--	--	--	--	24,900	24,900	
Total	47,125	2,118,000	205,000	14,227	--	2,000	3,559	--	3,177,000	6,960	--	5,573,871	5,354,644	

FY 1991 U.S. ECONOMIC AND MILITARY ASSISTANCE - ACTUAL APPROPRIATIONS
(DOLLARS THOUSANDS)

	DA	ESF	PL 480			NARCS	PEACE CORPS	OTHER ECON	FMF	IMET	OTHER MILITARY	TOTAL	TOTAL EXCLUDING PL 480
			TITLE I/	USDA TITLE II/	TITLE II									TITLE III
NEAR EAST													
Algeria	--	--	--	--	--	--	--	--	184	--	--	184	184
Egypt	--	815,000	--	165,000	--	--	--	--	1,300,000	1,885	--	2,281,885	2,116,885
Israel	--	1,850,000	--	--	--	--	--	--	1,800,000	--	--	3,650,000	3,650,000
Jordan	--	35,000	--	--	12,384	--	--	--	20,000	1,245	--	68,629	56,245
Lebanon	5,775	3,750	--	--	9,888	--	--	--	--	--	--	19,413	9,525
Morocco	21,049	20,000	--	35,000	3,386	--	1,681	--	43,000	1,325	--	125,441	87,055
Oman	--	15,000	--	--	--	--	--	--	3,000	240	--	18,240	18,240
Tunisia	--	3,000	15,000	--	--	--	--	--	10,000	1,670	--	30,670	15,670
West Bank/Gaza	--	12,000	--	--	2,258	--	1,000	--	--	--	--	14,258	12,000
Yemen	2,900	--	--	5,000	--	--	391	--	--	58	--	8,349	3,349
Near East Regional	18,946	7,800	--	--	--	800	--	--	--	--	--	27,546	27,546
Total	48,670	2,761,550	15,000	205,000	27,916	800	3,071	--	3,176,000	6,607	--	6,244,614	5,906,698

CHAPTER IV: FOUR SCENARIOS

It is possible to hypothesize regarding the amount of developmental funds which might become available were certain percentages of military expenditures and their various ratios to GNP reallocated by central governments from military to economic and social development. For example, were the nations of the Mid East to have reduced military spending from an average 13.9 percent of GNP in 1991 to 12.9 percent, savings would have totalled \$5.58 billion,⁷⁹ or nearly half the total ODA the region normally would receive from all sources.⁸⁰ Although such calculations are worthwhile for heuristic purposes, the approach of this study will instead focus on four scenarios, attempting to be realistic in light of possible outcomes in the region. Because the Middle East has a history replete with the unexpected, and because its security environment is so indeterminate at the present time, it is important to examine each of these outcomes from the point of view of likely military effort. These scenarios are presented below, together with a discussion of conditions which favor their development, the levels of military effort likely to attend each, the cost of such effort, and the impact of such cost on economic development.

Scenario 1: Increased Defense Spending

This alternative would likely eventuate if heightened tension resulting from Iraqi belligerence continues in the wake of the Gulf war, or if Iran continues its military build-up. The fact that military spending for the region as a whole was 27 percent greater in 1991 than in 1989 supports this thesis. So do renewed statements by Saddam Hussein that Kuwait is the nineteenth province of his country. The acquisition of sophisticated military systems in Iran, Syria and Israel, along with Saudi plans to double its armed forces,⁸¹ all indicate that this scenario is a very real possibility.

Characteristics of the scenario are as follows:

- Fear of Iraq predominates; Saudi Arabia follows through with plans to double the size of its armed forces; it purchases 72 additional F-15 aircraft, and 700 M1A2 Main Battle Tanks.
- Other GCC members increase naval and air defense expenditures while Iraq hastens to rebuild its military infrastructure. Israel feels pressured by the overall GCC build up.
- Arab-Israeli mutual distrust increases as Syria builds up its surface-to-surface missile force, including testing of its Scud C and acquisition of the M-9 from China.
- The U.S. increases funding for Israeli technological superiority, including larger payments for the Arrow surface-to-air missile.
- Iran continues major purchases from Russia and renews major arms

imports from China. Iran seeks "major power" status as leader in Islamic Central Asia.

--The states of the former Soviet Union become reinvolved in major arms sales to Arab states in the region.

--The intense competition among suppliers to sell in the region is not resisted by ongoing Middle East arms control talks.

It is possible to argue that this scenario has already begun, and that a renewed arms race is well underway in the wake of the Gulf war. Recent reports indicate a major tank market in the region, estimated as high as \$27 billion, with former Soviet states competing with the United States and European suppliers for market share.⁶² Russia recently sold the U.A.E. 500 BMP-3 armored vehicles.⁶³ Syrian acquisition last year of 350 T-72, and its order for 100 more from Czechoslovakia, may be typical of future Eastern European purchases.⁶⁴ China does not discriminate between major U.S. aircraft sales, such as the F-15 to Saudi Arabia or possible coproduction in Israel of the F-16 or F/A-18, and its own missile sales in the region. Egypt hopes for continued U.S. military aid of \$1.3 billion per year for each of the next five years (see Table 17), and expects to make purchases of between \$10 and \$17 billion during that period.⁶⁵ Iraq poses a continued threat, as UN inspectors reportedly uncover previously undeclared weaponry.

The costs to economic and social development under this scenario are immense. It places a burden on the oil producing nations which effectively prevents their increasing developmental assistance to the poorer nations of the region. Saudi Arabia is the key to this equation. Its F-15 purchase alone is estimated to cost \$9 billion. If it also modernizes the rest of its force, including the M1A2 buy, while doubling its size, Riyadh will undertake military expenditures over the next ten years twice the size of all developmental assistance from all sources to states in the entire region. Saudi military spending during the 1980s, \$218 billion, more than doubled all developmental assistance to the Middle East and North Africa from 1973-1989, estimated at \$98 billion excluding Israel (see Annex 2).

Saudi Arabia historically (1973-1989) contributed 64 percent of all Arab aid. That share is likely to rise in the near term because Kuwait, which had provided an average 16 percent, is hard pressed by its own reconstruction needs.⁶⁶ (The 64 percent figure also includes those years prior to 1982 when both Libya and Iraq were major donors.) Thus with Saudi assets constrained by a major military build-up, the effect on developmental assistance is likely to be dramatic. While it is true that Saudi oil production increased because of the Gulf War to 8.5 mbd, that level of production is likely to come under pressures by OPEC and others to be reduced. Even without a decrease, however, the increase in Saudi production provides revenues considerably below its increased military costs. Without oil price increases, therefore, surplus revenues to provide for both significantly increased Arab military efforts and developmental assistance will simply will not exist.

The net effect, if this scenario were to eventuate, is therefore a reduction in Arab assistance to the poorer nations of the region, plus the strong possibility of an increase in oil prices.

Scenario 2: Security Situation Returns to that which Prevailed Prior to the Gulf War

The level of military spending in this case is assumed to be similar to that in 1989 (see Table 3). Factors favoring this scenario include the destruction of a significant portion of Iraqi forces, the assurance that UN forces are ready and willing to intervene in a crisis, and the possibility of reduced Arab-Israeli tension as the talks begun in Madrid make some progress, including an interim agreement on the issue of Palestinian autonomy.

Characteristics of the security situation include:

- Saudi Arabia abandons plans to double the size of its military forces, and settles for modest increases in the quality and quantity of its forces.
- Iraq generally adheres to UN sanctions, and remains relatively weakened. The Iranian build-up continues, but at a modest pace so that Syria and the GCC see the net effect of a weakened Iraq and a strengthened Iran as similar to pre-war conditions.
- Neither Iran nor Syria acquire additional surface-to-surface missiles.
- There is no testing of chemical, biological or nuclear weapons in the region.
- The diplomatic progress on Arab-Israeli front is insufficient to change the direction of military efforts by Syria, Israel or Egypt.

The effect of a return to a status quo ante security situation would definitely be a step in the right direction from the perspective of economic and social development. In view of the 27 percent increase in military spending during the past two years, a return to 1989 levels could theoretically be expected to substantially increase the availability of Arab aid. It should be noted particularly that Arab aid to Egypt is now flowing once again. However, any increased Arab aid under this scenario is likely to be tied to oil revenues. Thus, pressure to increase oil prices somewhat could be expected under this scenario as well. As Kuwaiti oil production resumes while Saudi production continues to compensate for the decline in Iraqi production, net oil revenues of the GCC appear to exceed those of 1989. Should Kuwait production level off at prewar levels of 1.6 mbd while Saudi levels decline only slightly, say to 7.5 mbd, in order to overcome current cash flow problems, the net effect of this change would theoretically enhance Arab aid, which has historically paralleled oil revenues.⁸⁷ Those revenues had been declining in the latter half of the 1980s, but ironically have been rising since the Gulf war, from an average 18.76 million barrels per day in 1989 to 20.48 mbd the first quarter of 1992.⁸⁸

A reasonable assumption for this scenario would be cuts in defense spending as follow: Saudi Arabia would resume more normal expenditures in the pre-war range; its level would approximate 1989 levels plus inflation. Iraq would continue rebuilding with no change from 1991 levels. Iran would continue its rebuilding program at levels approximately the average of 1989 and 1991. Kuwait would do the same. Israel and Egypt would maintain their 1991 levels, as would other states in the region. The results of this scenario for the major countries affected by it may be expected to approximate the following:

<u>Country</u>	<u>1991 Levels</u> (\$, billions)	<u>Scenario Levels</u> (\$, billions)	Sc 3 + 4.
S. Arabia	26.8	15.9	✓ 14
Iraq	8.6	8.6	
Iran	3.8	7.2	1/2 < by '97
Israel	5.3	5.3	
Egypt	2.8	2.8	
Syria	1.6	1.6	1/2 < ? p 47
Kuwait	11.1	6.6	
Total	60.0	48.0	< if Sy + Isr <
Jordan	0.6		

The net savings of \$12 billion represents a reduction of over 15 percent in total levels of military spending for the Mid East. It is an amount equal to total ODA provided to the entire region from all sources in 1990 (see Table 14).

Scenario 3: Supplier-led Reductions Result in Significant Cuts in Military Spending

The major suppliers of weapons to the Near East are engaged in arms control talks. This scenario assumes a limited degree of progress in those talks, encouraged in part by continued low levels of arms transfers from the states of the former U.S.S.R. and a general reduction in sales associated with termination of the Cold War.

Characteristics of the scenario are:

--Soviet arms transfers, which totalled over \$44 billion during the past eight years, remain at much lower levels. Russian arms transfers continue only on a "cash and carry" basis, and are generally limited to Iran.⁹⁹ This results in a reduction in arms transfers by the West which were related to the Cold War.

--Agreement is reached in the arms control talks of the Big 5 to curtail sales of new surface-to-surface missiles and advanced combat aircraft.

--Saudi Arabia settles for a reduced purchase of F-15s as replacement aircraft only. A reduced M1 purchase is related to US repositioning of military equipment, thereby enhancing the deterrent capability of US/UN forces and reducing the need for other arms.

--Cut off from Soviet aid, Syria reduces its arms purchases and does not buy the M-9 or the M-11 and their technology.

--Israel reduces its military spending while continuing to develop the Arrow and more sophisticated unmanned aerial vehicles (UAVs) to deter and defend against possible attack.

--Iraq remains subject to the arms boycott and is able to purchase only small arms through smuggling and other covert means.

The effect of this scenario on economic and social development would be dramatic only if a significant portion of the savings resulting from less military spending were allocated to that development. As indicated in Table 2, overall military spending in the region declined every year from 1983 to 1989, so that 1989 spending totalled just two-thirds the 1983 levels. This reduction, however, did not translate into increased Arab aid flows. On the contrary, Arab aid flows worldwide declined during this period from \$4.800 billion in 1983 to \$1.526 billion in 1989.^{oo}

Nevertheless, there would be potential for considerable savings under this scenario, aside from any largess on the part of Arab donors. One approach to analyzing the magnitude of such savings is to assume a supplier agreement of the type mentioned above. This presumes Chinese agreement not to ship the M-9 or M-11, and U.S., British and French agreement to limit the transfer of F-15s, Tornados and Mirage 2000s, and advanced aircraft technology. By limiting threatening missile systems in Iran and Syria, this approach should enhance the security of Saudi Arabia and have a reassuring effect on Israel. The combined effect in the region could reduce military spending to 1989 levels of under \$15 billion per year for Saudi Arabia, and under \$6 billion each for Israel and Iran, while Iraq is reduced to under \$6 billion as a result of sanctions and Syria remains at its present level under \$2 billion. Even if other states remained at their 1989 levels, the combined effect of this change would reduce combined military spending in the region to the \$50 billion level for the first time since 1978 (in '89 dollars). This constitutes a reduction of some \$12 billion from 1989 levels, and \$26 billion from 1991.

Scenario 4: Recipient-led Reductions

There is substantial progress the peace process, along with improved security situations both in the Gulf and between Israel and its neighbors. Unlike scenario 3 above, the assumption here is of recipient led reductions, with limited cooperation by suppliers. Like scenario 3, major savings can be envisioned, not only for the Near East, but also for the rest of the world.

Characteristics of this scenario are:

--The new Israeli government negotiates an interim agreement with representatives of the Palestinian delegation, leading to a peace process which recognizes increasing Palestinian autonomy during the

next five years, with the possibility of a Palestinian state under conditions guaranteeing the security of Israel.

-- US/Arab cooperation deriving from the Gulf war continues and expands; peace talks with Syria yield agreement on UN supervision of the Golan Heights; Syria forgoes the M-9, Israel and Syria freeze the number of their combat aircraft and SSMS.

--Iraq remains seriously weakened militarily and complies with UN resolutions.

--The Iranian military build-up slows and Iran continues its politically more moderate path.

--The states of the region agree to sign the Chemical Weapons Convention due to be presented to the United Nations in a few months.

--The GCC countries see no need for additional numbers of combat aircraft or SSMS. Saudi plans to increase the size of its military force are put on hold.

The economic and social consequences of resource reallocations under these conditions are enormous. They encompass all the potential advantages of scenario 3 but appears far more permanent owing to recipient agreement on altered security arrangements. Syria is crucial in this scenario. With its nemesis to the east, Iraq, still a threat but seriously weakened, and with a reduction in the perceived threat from Israel across the Golan, Syria would experience a less hostile security environment than it has seen in years. Without Soviet military aid, and with Arab aid restricted to IMF/World Bank approved project assistance, Baghdad would be in an excellent position to lead the way in emphasizing development over security.

Israel, of course, would benefit the maximum from this condition. First its security is enhanced by a seriously weakened Iraq, including the elimination of SSMS with a range of 150 km or greater as specified by the UN. Second, in making any agreement on UN supervision of the Golan, it almost certainly would extract from Damascus agreement on deployment and testing of Syrian surface-to-surface missiles. Any such agreement, which would include confidence building measures such as prenotification of military exercises, reduced military activity near border areas, and consultation prior to any missile activity, would help allay some of Israel's worst fears. Thirdly, Israel benefits from reduced military expenditures by the moderate Arab states, in that it has already fought one war with Egypt and fears political instability in Saudi Arabia.

It is difficult to quantify with precision the amount of funds which could be made available under this scenario for economic and social development. Assuming a level of tension not unlike that in other regions of the world, it would be theoretically possible to reduce military spending to average world levels of about 5 percent of GNP. Any such outcome would be impossible in the immediate future, however, since it presumes a comprehensive peace agreement which would take years to attain. With an interim agreement of the type listed in this scenario, it appears reasonable to assume

Middle Eastern military expenditures could continue the decline in a manner characteristic of the 1983-1989 period, when they declined by a third. Such a result would mean cutting the present level of expenditures from \$77.0 billion in 1991 (Table 4) to \$51 billion by 1997. At that point the average annual savings would, as in Scenario 3, approximate \$26 billion.

Impact of Each Scenario on A.I.D. Assisted Countries

The country impacted more than any other by the above scenarios is Israel. As shown in Table 8, Israel spends over 12 percent of its GNP on defense. This level, which prevailed in 1989 and 1990, is well below historic Israeli averages, which exceeded 20 percent every year from 1973 through 1985.⁹¹ Faced with renewed threats of the type described in Scenario 1, Israel would be forced to reallocate funds in a manner consistent with its historic averages. Without additional outside assistance the economy of Israeli would be dealt a devastating blow. There is no question but that economic and social development in Israel would suffer. Under the conditions of Scenario 2 Israel would continue to spend over 12 percent of its GNP on defense, but not have to increase appreciably that amount. As a result, there would be little change in present budgetary allocations. Under Scenarios 3 and 4 Israel would reap the economic benefits of improved security conditions. Both these scenarios posit reduced air and missile threats, which as indicated in Chapter 2 are the greatest cause for Israeli concern at the present time. With that threat substantially reduced, Israel would more easily maintain its qualitative technological edge for self defense. Given the reduced ground threat to Israel also cited in Chapter 2, the ability of Israel to reallocate resources away from the military would be considerably enhanced. It is assumed, therefore, that Israel would be able to reallocate resources approximately in proportion to the figures cited for the region as a whole, which amount to a one third reduction in military expenditures by 1997.

Egypt would be affected somewhat differently. Like Israel, Egypt has experienced a reduction in its military expenditures from historic levels. It spent 5 percent of GNP on defense in 1989 and 1990, but in the ten years prior to that time averaged over 13 percent.⁹² Under Scenario 1, however, Egypt may not be threatened as severely as Israel. It also does not face a ground threat of any consequence. Thus the conditions of Scenario 1 are likely to lead to far more modest defense increases in Egypt than in Israel. Under Scenario 2 the threat to Egypt is even further removed, and it could be expected that Cairo would be able to reduce its military spending. Indeed, the data presented in Table 4 demonstrates that Egypt reduced its military expenditures considerably in 1991. Although needing to modernize much of its force, Egypt could spend less than 5 percent of GNP on defense under this scenario. Under Scenarios 3 and 4, however, the reduction in Egyptian defense expenditures would not be

proportionate to those of Israel and the region as a whole. The continuing need to modernize its force, internal threats to the regime, and potential threats from terrorist states all combine to reduce the potential savings under these scenarios. Although defense spending would more assuredly drop below the 5 percent possibility of Scenario 2, only modest further adjustments might be expected.

Jordan would be adversely affected by Scenario 1. Until 1989 it had spend over 15 percent of GNP on defense for over 20 years. A reversion to that high level is almost certain under this scenario. Under Scenario 2 it might be expected to maintain a level under 15 percent (1990 data shows it rising from 12.7 to 14.7 percent⁹³). Under Scenarios 3 and 4, it would, like Egypt, realize but modest savings. Jordan remains vulnerable to any shift in Mid East politics, and needs to maintain its present military capability, if only as a demonstration of independence from Syria.

Other A.I.D. assisted countries would be far less affected. The relatively low level of developmental assistance to Morocco and Tunisia, which are also not as directly affected by the conflicts described, make them less sensitive to the scenarios listed.

Thus is is that Israel, of all A.I.D. assisted countries, stands to suffer the greatest socio-economic hardship under conditions of increased military expenditures, and the greatest benefits if such spending can be reduced.

ENDNOTES

1. The "Near East," as used in this study, constitutes both the states of North Africa (Morocco, Algeria, Libya, Tunisia and Egypt) and the Eastern Mediterranean and Persian Gulf regions (Israel, Lebanon, Syria, Iraq, Iran, Kuwait, Jordan, Saudi Arabia, Qatar, Bahrain, The United Arab Emirates, Oman and Yemen).
2. The U.S. Arms Control and Disarmament Agency, Worldwide Military Expenditures and Arms Transfers, 1990 (WMEAT), Table 1.
3. Richard F. Grimmett, "Conventional Arms Transfers to the Third World, 1984-1991," Congressional Research Service, July 20, 1992, p. 22.
4. Alan Platt, ed., "Report of the Study Group on Multilateral Arms Transfer Guidelines for the Middle East," The Stimson Center, May 1992 (Stimson Report).
5. ibid.
6. See Table 13.
7. See Tables 1-4.
8. ibid.
9. ACDA, op.cit.
10. Grimmett, op. cit.
11. See section on U.S. policy.
12. See Table 7 and Scenario 3.
13. See section on rates of military expenditures.
14. ACDA, op.cit. for military expenditures as a percentage of GNP; footnote to Table 4 for a discussion of Iraqi spending today. tables 9 and 10 for Iraqi social expenditures.
15. See Table 9.
16. See Table 16 and relevant discussion in the text of this study.
17. ACDA, WMEAT, op.cit. Table 1. The total in 1991 dollars is \$860.355 billion; dollars are converted based on the DoD price deflator, with 1991 = 1.00, 1990 = .9529, 1989 = .9252.
18. ibid.

19. ibid. Figures for Iraq, Iran, Qatar and Lebanon are not current in WMEAT and are from the International Institute for Strategic Studies, The Military Balance 1991/1992.

20. IISS, ibid. except for Israel, Algeria, Oman, Morocco and Lebanon, which were unavailable in The Military Balance, and are from the CIA, The World Factbook 1991. Egypt is also the CIA figure, simply because the Egyptian defense budget listed by the IISS, \$1,650 million, is only half the total for the previous year.

21. ACDA, WMEAT, op.cit., Table II.

22. ibid.

23. Grimmett, op.cit., pp. 64, 66.

24. Figures are for 1989. ACDA, WMEAT, op.cit., except for Iraq, Iran, Qatar and Lebanon, which were unavailable and therefore use The Military Balance for military expenditures and The World Bank Atlas 1991 for GNP and population.

25. Like other data herein presented, the figure of 13.9 percent pertains to the entire region, including North Africa. The world estimate for 4.9 percent is from WMEAT, op.cit. Middle Eastern GNP for 1991 is based on World Bank figures for 1990, as found in World Bank Atlas 1991, and an estimated regional growth rate of 2 percent for 1991.

26. Health and education data are from Ruth L. Sivard, World Military and Social Expenditures 1991, pp. 52 ff. Military expenditures are from ACDA, WMEAT, op.cit. Data for military expenditures are for 1989; data for health and education are for 1987.

27. The exact figure as calculated from WMEAT data is 2.96. This subject is also discussed by Robert S. McNamara in his 1991 report to the World Bank. See Proceedings of the World Bank Annual Conference on Developmental Economics 1991, pp. 122-123.

28. Health per capita is based on calculations of data in Ruth L. Sivard, World Military and Social Expenditures 1991; calorie supply, life expectancy, school enrollment and illiteracy are from the World Bank Atlas 1991.

29. IISS, op.cit.; and DoD August 1992 report with the slightly higher figures for Iraq; and The Washington Post, August 6, 1992.

30. Grimmett, op.cit. pp. 14, 79.

31. Stimson Report, op.cit.

32. Larry Q. Nowles, "Arab Economic Aid, Donors and Recipients: Trends in Aid Flows to the Middle East/North Africa," Congressional Research Service, June 10, 1991, p. 28.
33. Godfrey Jansen, "Syria: Economic Revival, Political Stalemate," Middle East International, July 24, 1992.
34. Troop losses are based on estimates of 9,000 killed and 17,000 injured in the air war, 63,000 captured and an additional number killed or wounded in the ground war. See the House Committee on Armed Services report, Defense for a New Era: Lessons of the Persian Gulf War, March 30, 1992. Equipment losses are from the IISS, op.cit., p. 101.
35. Dean Fisher, "Just Keep on Trucking," Time, August 3, 1992, p. 49.
36. Central Intelligence Agency, "World Crude Oil Production," June 1992.
37. Stimson, op.cit., p. 33.
38. SIPRI 1991 Yearbook, World Armaments and Disarmament, Table 9.1, pp. 337-342; "The Proliferation of Ballistic Missiles," Arms Control Today, April 1992, pp. 28-29; and CRS, "Near East Arms Transfers," December 2, 1991, pp. 5-13.
39. In addition to Table 13, see the IISS, op.cit., and Annex 1 of this study.
40. The Washington Post, August 14, 1992.
41. ibid. August 19, 1992, p. A14.
42. For Scud-B data see Sipri, op.cit., for SSMS the ABC Evening News, July 31, 1992, for submarines ibid. and The Washington Post, October 2, 1992, p. A40, and for SA-5s ACDA.
43. ibid., and Stimson Report, op.cit., p. 18.
44. Robert Gates, Director for Central Intelligence, before the Senate Committee on Governmental Affairs, as reported in The Washington Post, January 16, 1992.
45. Leonard S. Spector, Nuclear Ambitions, the Spread of Nuclear Weapons: 1989-1990, 1990.
46. ABC News, op.cit.
47. The Washington Times, August 20, 1992 on chemical weapons, and August 18, 1992 on hidden Scuds.

48. Elisa Harris, "Stemming the Spread of Chemical Weapons," The Brookings Review, Vol. 8, No. 1, 1989-1990, pp. 39-45; and Giovanni Snidle, "United States Efforts in Curbing Chemical Weapons Proliferation," ACDA, WMEAT 1989, pp. 21-24.
49. The World Bank, World Debt Tables, vol. 1, 1991-1992.
50. Robert Picciotto, Vice President of the World Bank, "Comment on The Post Cold War World, Implications for Military Expenditure in Developing Countries," in McNamara, op.cit., pp. 131-136.
51. Theodore Craig, "Kuwait: Background, Restoration, and Questions for the United States," Congressional Research Service, March 21, 1991.
52. Gary Pagliano and Stephen Daggett, "Persian Gulf War: U.S. Costs and Allied Financial Contributions," Congressional Research Service, May 27, 1992, p. 19.
53. See Robert Lieber, "Oil and Power," International Security, Summer 1992.
54. CIA, "World Crude Oil Production," op.cit.
55. Associated Press, April 23, 1992.
56. International Monetary Fund, International Financial Statistics, July 1992.
57. Pagliano, op.cit., pp. 12 and 13. Saudi payments to the United States totalled \$16.85 billion. Its commitments to frontline states and others who helped in the war total \$4.8 billion.
58. Jansen, op.cit., and Nora Boustany, "Syrian Economy on the Mend," The Washington Post, August 16, 1992.
59. CIA, op.cit.
60. Nowles, op.cit., p. 19; and Table 13.
61. Nowles, ibid., p.5.
62. ibid., p.1.
63. ibid., pp. 7, 13, and 14.
64. Reuters, February 4, 1992 and June 3, 1992.
65. Jansen, op.cit., p. 15.
66. Nowles, op.cit.
67. OECD, op.cit., and Nowles, op.cit., p. 23.

68. ibid., p. 24.
69. McNamara, op.cit., pp. 95-125; quote p. 104.
70. ibid., p. 104.
71. ibid., pp. 106 and 107.
72. See, for example, Picciotto, op.cit.
73. Bureau of Public Affairs, Department of State, "Middle East Arms Control Initiative," June 3, 1991.
74. ACDA, WMEAT, op.cit., p. 24; and The Washington Post, May 30, 1992.
75. The Washington Post, ibid.
76. Department of State and the Defense Security Assistance Agency, Congressional Presentation Document for Security Assistance Programs, Fy 1993, p. 5.
77. ibid. and Agency for International Development, Congressional Presentation Document, FY 1993.
78. State/DSAA Congressional Presentation Document for Security Assistance Programs, FY 1992, p.46 and Fy 1993 pp. 47 and 52.
79. This estimate is based on total GNP for the Middle East and North Africa. GNP is based on 1990 data provided by the World Bank, World Bank Atlas 1991, with an estimated 2 percent growth rate in 1991.
80. OECD data for 1990 shows total gross ODA to Middle Eastern countries near \$12 billion.
81. IISS, op.cit., p. 100.
82. Defense News, June 29-July 7, 1992, p.6.
83. ibid.
84. IISS, op.cit.
85. Defense News, July 20-26, 1992, p.4
86. Nowles, op.cit., p.12.
87. Nowles, op.cit., p. 13.
88. CIA, op.cit.

89. During the period 1984-1991 the Soviet Union provided \$44.2 billion in arms to the region, or an average of \$5.525 billion per year in current dollars. Assuming continued Russian military exports of some 10 percent of previous levels, a \$5 billion annual savings on military purchases for the region could accrue. The distribution of savings would initially favor former Soviet arms recipients, led by Iraq (54%), Syria (25%), Yemen (12%), and Jordan (5%).

90. ibid., p. 16.

91. Data through 1989 are from ACDA, op.cit. 1990 defense spending is from the IISS, op.cit., with GDP data from The World Bank Atlas 1991, op. cit.

92. ACDA, op.cit.

93. IISS, op.cit.

ANNEXES

Annex 1: Richard R. Grimmett and Alfred B. Prados, Congressional Research Service, "Near East Arms Transfers, August 2, 1990 - November 1, 1991," December 2, 1991, pp. 5-13.

Annex 2: Larry Q. Nowels, Congressional Research Service, "Arab Economic Aid Donors and Recipients: Trends in Aid Flows to the Middle East/North Africa, 1973-1989," June 10, 1991, pp. 27 and 55-59.

ANNEX 1: NEAR EAST ARMS TRANSFERS

TABLE I. NEAR EAST ARMS TRANSFERS (August 2, 1990-November 1, 1991)					
Recipient Nation	Selling Nation	Item/Case Description	Cost (\$ US)	Status	Data Source
Algeria	--	--	--	--	--
Bahrain	U.S.A.	PAC-2 Patriot missile system	N/A	seeking	DN 10/15/90, p. 74
Bahrain	U.S.A.	8 AH-64 Apache helicopters	N/A	ordered	DN 10/29/90, p. 22; JDW 06/15/91, p. 1001
Bahrain	U.S.A.	27 M60A3 tanks and associated equipment	37.0 million	ordered	36(b) AECA, Notice 90-72, 09/27/91
Egypt	U.S.A.	212 M151A2 utility trucks	(excess articles, no price attached)	ordered	516 FAA, DOD Letter to Cong., 09/19/90
Egypt	U.S.A.	PAC-2 Patriot missile system	N/A	seeking	DN 10/15/90, p. 74
Egypt	U.S.A.	24 AH-64 Apache attack helicopters (McDonnell-Douglas)	N/A	ordered	DN 10/29/90, p. 22
Egypt	U.S.A.	40 M88A1 tank recovery vehicles, with equipment	70.0 million	ordered	36(b) AECA, Notice 90-07, 11/14/90
Egypt	U.S.A.	2 Black Hawk VH-60A helicopters with delivery in Dec. 1990	18.6 million	ordered	JDW 11/17/90, p. 979
Egypt	U.S.A.	46 F-16C/D fighters; 240 MK-84 and 1,000 MK-82 bombs; 40 ACM-65D and 40 AGM-65G (MAVERICK) missiles; 160 CBU-87 and 80 MK-20 cluster bomb units; spares	1.6 billion	ordered	36(b) AECA, Notice 91-05, 02/28/91; DN 03/04/91, p. 28; JDW 03/09/91, p. 325

NEAR EAST ARMS TRANSFERS
(August 2, 1990-November 1, 1991)

Egypt	U.K.	6 Link-Y data link communications equipment for naval vessels and submarines	4.6 million	ordered	JDW 06/01/91, p. 905
Egypt	Turkey	46 F-16 C/D fighters	1.3 billion	seeking	DN 06/10/91, p. 16; JDW 08/03/91, p. 197
Egypt	U.S.A.	12 Phase-III improvement kits for 12 Hawk antiaircraft missile batteries	146.0 million	ordered	36(b) AECA, Notice 91-35, 07/19/91; DN 08/12/91, p. 29
Iran	U.S.S.R.	14 MiG-29 fighter aircraft	N/A	delivered	JDW 10/06/90, p. 619
Iran	Pakistan	Spare parts for F-4 and F-14 aircraft	50.0 million	seeking	JDW 04/04/91, p. 733
Iran	Iraq	24 Mirage F1, 24 Su-24, 40 Su-22, 4 Su-20C, 7 Su-25, 4 MiG-23, 4 MiG-29, 4 MiG-23ML, 1 MiG-23U flown from Iraq to Iran during Jan.-Feb. 1991	N/A	delivered	JDW 04/27/91, p. 684
Iran	U.S.S.R.	Su-24 and MiG-23 and 29 fighter aircraft	N/A	seeking	JDW 04/27/91, p. 684; JDW 07/20/91, p. 89
Iran	Czechoslovakia	1,500 tanks, possibly T72	N/A	seeking	DN 06/17/91, p. 8
Iran	Brazil	Arms and ammunition, including ASTROS rocket system, AMX light attack aircraft, miscellaneous	N/A	considering	AFJI 08/91, p. 42
Iran	U.S.S.R.	SA-5 surface-to-air missiles	N/A	ordered	AFJI 08/91, p. 42
Iraq	--	--	--	--	--

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NEAR EAST ARMS TRANSFERS
(August 2, 1990-November 1, 1991)

Israel	U.S.A.	2 MIM-104 Patriot missile fire units	117.0 million	ordered	506(a) FAA, 09/29/90; JDW 10/13/90, p. 686
Israel	Germany	8 FUCHS armored nuclear/chemical reconnaissance vehicles and related equipment	N/A	ordered	MT 02/91, p. 86
Israel	Germany	2 Dolphin-class submarines	700.0 million	ordered	JDW 03/23/91, p. 455; JDW 04/06/91, p. 519; JDW 05/11/91, p. 774
Israel	U.S.A.	1 Patriot missile fire unit	150.0 million	ordered	36(b) AECA, 03/22/91; DN 04/08/91, p. 29
Israel	Germany	Development of tactical antiballistic missile radar	200 - 400 million	seeking	DN 06/24/91, p. 3
Israel	U.S.A.	10 AH-64 Apache attack helicopters	N/A	delivered	DN 06/24/91, p. 44
Israel	U.S.A.	15 F-15A/B fighter aircraft	67.3 million	ordered	516 FAA, 09/11/91
Israel	U.S.A.	10 F-15A/B fighter aircraft	(draw-down from U.S. stocks)	ordered	599(B) PL 101-513
Jordan	France	20 Mirage-2000 fighter aircraft	N/A	seeking	JDW 05/25/91, p. 863
Kuwait	France	HOT antitank missiles; EXOCET missiles; refurbishing Gazelle helicopters and Mirage F-1 fighter	180.0 million	ordered	DN 12/03/90, p. 36; JDW 12/08/90, p. 1140

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NEAR EAST ARMS TRANSFERS
(August 2, 1990-November 1, 1991)

Kuwait	U.S.A.	800 cargo trucks; recovery vehicles; HMMWVs	N/A	seeking	JDW 04/20/91, p. 634
Kuwait	U.S.A.	250 M1-series tanks	N/A	seeking	DN 07/08/91, p. 12
Kuwait	U.S.A.	35 F/A-18 fighter aircraft (McDonnell Douglas)	N/A	seeking	DN 09/09/91, p. 1
Kuwait	U.S.A.	Emergency restoration, planning, and engineering for two Kuwaiti Air Force bases	305.0 million	ordered	36(b) AECA, Notice 91-49, 09/17/91; JDW 08/17/91, p. 266
Lebanon	--	--	--	--	--
Libya	North Korea	New intermediate-range ballistic missile under development	N/A	seeking	AFJI 08/91, p. 44
Morocco	U.S.A.	20 F-16A/B fighter aircraft (without engines), plus new engines and 4 spare engines [valued at \$250 million]	(excess articles, no price attached)	ordered	516 FAA, DOD Letter to Cong., 07/19/91; DN 07/29/91, p. 11; DN 08/12/91, p. 42
Morocco	U.S.A.	AN/DSM-79 test set for CHAPARRAL missiles, with spares	(excess articles, no price attached)	ordered	516 FAA, DOD Letter to Cong., 07/22/91
Morocco	U.S.A.	Military trucks	(excess articles, no price attached)	ordered	516 FAA, DOD Letter to Cong., 07/22/91
Oman	France	3 naval patrol vessels (SOFRESA)	N/A	seeking	DFAW 1/21-27/91, p. 3, 8
Oman	U.K.	60 Challenger-2 tanks	N/A	considering	DN 07/08/91, p. 12

**NEAR EAST ARMS TRANSFERS
(August 2, 1990-November 1, 1991)**

Oman	U.S.A.	119 V-300 Commando armored wheeled vehicles (Cadillac-Gage), with support equipment	150.0 million	ordered	36(b) AECA, Notice 91-34, 07/19/91; DN 08/12/91, p. 29
Oman	U.S.A.	2 missile corvettes (Vosper-Thornycroft)	225 - 254 million	ordered	JDW 09/07/91, p. 387; JDW 09/14/91, p. 455; DN 09/16/91, p. 37
Qatar	France	Light armored vehicles	42.0 million	delivered	DFAW 2/11-17/91, p. 2,8; AFJI 08/91, p. 42
Qatar	South Africa	12 155 mm G5 towed howitzers and ammunition	N/A	ordered	JDW 08/17/91, p. 267
Saudi Arabia	U.S.A.	12 F-15 fighters, under an emergency transfer in 08/90	N/A	delivered	DN 08/27/90, p. 6; JDW 09/08/90, p. 396
Saudi Arabia	U.S.A.	150 M60A3 tanks (\$206 million), 15,000 105 mm antitank shells (\$13 million); 50 STINGER antiaircraft missiles with 150 reloads (\$12 million); 24 F-16C/D aircraft, AIM-9L SIDEWINDER and AIM-7F SPARROW missiles (\$2.0 billion) under an emergency transfer in 08/90	approx. 2.3 billion [See figures in case description]	delivered	36(b) AECA, Notices 90-57, 68 (08/31/90); DN 08/27/90, p. 6; DN 09/03/90, p. 63; DFAW 09/10-16/90, p. 8; JDW 09/08/90, p. 396

NEAR EAST ARMS TRANSFERS
(August 2, 1990-November 1, 1991)

Saudi Arabia	U.S.A.	150 M1A2 tanks; 200 Bradley FVs; 1,750 TOW IIA missiles; 207 M113 APCs; 50 M548 cargo carriers; 17 M88A1 recovery vehicles; 43 M578 recovery vehicles; 150 TOW missile launchers; 9 multiple launch rocket systems; 2,880 tactical rockets; 9 M755A2 command post carriers; 20 AN/VRC-46 radio sets; 6 Patriot fire units; 12 AH-64 Apache attack helicopters with HELLFIRE missiles, plus 24 spare launchers; 6 UH-60 MEDEVAC helicopters; upgrade of naval command/control/communications system; associated spares and support; 10,000 tactical wheeled vehicles; 7 KC-130H tanker aircraft [commercial sale]; 8 C-130H and 2 C-130H-30 transport aircraft [commercial sale]	7.3 billion	ordered	36(b) AECA, Notices 90-71/74/77/78/80/82/92/93 (09/27/90); CRS IB 91007; JDW 10/06/90, p. 624
Saudi Arabia	Germany	100 FUCHS (FOX) armored nuclear/chemical reconnaissance vehicles; 50 Gephard APCs; 100 Marder FVs	335.0 million	seeking	JDW 10/13/90, p. 686
Saudi Arabia	France	4 frigates and helicopters	3.9 billion	considering	DN 11/22/90, p. 4
Saudi Arabia	Brazil	10,000 <i>Avibras</i> ASTROS-II rockets	69.0 million	delivered	JDW 11/03/90, p. 881
Saudi Arabia	U.K.	48 Tornado strike aircraft (BAe)	1.4 billion	considering	DN 11/05/90, p. 4, 36
Saudi Arabia	France	6 SuperPuma helicopters; 20 <i>Simoneau</i> Marine International small patrol boats	200.0 million	ordered	DFAW 11/5-11/90, p. 2

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NEAR EAST ARMS TRANSFERS
(August 2, 1990-November 1, 1991)

Saudi Arabia	France	MISTRAL non-portable air defense missiles and related equipment (Matra)	600.0 million	seeking	DN 12/03/90, p. 36
Saudi Arabia	France	12 batteries of CROTALE surface-to-air missiles (Thompson-CSF; Matra; SOFRESA)	680.0 million	ordered	DN 12/03/90, p. 36; JDW 12/15/90, p. 1205
Saudi Arabia	U.S.A.	550 M2A2 Bradley FVs (FMC)	N/A	seeking	DFAW 3/18-24/91, p. 8
Saudi Arabia	Japan	Military communications network	N/A	seeking	DFAW 3/18-24/91, p. 8
Saudi Arabia	China	M-9 surface-to-surface missiles	N/A	considering	DN 04/08/91, p. 1
Saudi Arabia	U.K.	Tornado GR-1 ground attack aircraft; 200 Black Hawk helicopters (Westland) (\$8.5 billion); 280 Challenger-2 tanks (Vickers)	N/A	considering	DN 05/06/91, p. 2
Saudi Arabia	U.S.A.	2,300 HMMWVs with equipment	123.0 million	ordered	36(b) AECA, Notice 91-51, 07/10/91; DN 06/03/91, p. 15
Saudi Arabia	U.S.A.	2,486 BMY trucks (HARSCO)	247.0 million	ordered	JDW 07/13/91, p. 47
Saudi Arabia	U.S.A.	E-3A AWACS and KE-3 tanker contractor and maintenance support	350.0 million	ordered	36(b) AECA, Notice 91-32, 07/14/91; DN 08/12/91, p. 29
Saudi Arabia	U.S.A.	Peace Shield air defense system (Hughes Aircraft Co.)	837.0 million	ordered	JDW 07/27/91, p. 166
Saudi Arabia	U.S.A.	2,000 MK-84 bombs; 2,100 CBU-87 cluster munitions; 770 AIM-7M	365.0 million	ordered	36(b) AECA; Notice 91-41, 07/24/91;

TABLE I. NEAR EAST ARMS TRANSFERS
(August 2, 1990-November 1, 1991)

Saudi Arabia	U.S.A.	14 PAC-2 Patriot antimissile fire units	2.3 billion	seeking	DN 10/07/91, p. 4, 37
Saudi Arabia	U.S.A.	72 F-15 fighters	N/A	seeking	DN 11/11/91, p. 1, 44
Syria	China	M-9 surface-to-surface missiles	N/A	seeking	DN 04/08/91, p. 1
Syria	Czechoslovakia	300 T72 tanks	200.0 million	seeking	JDW 05/18/91, p. 813; DN 06/17/91, p. 8
Syria	North Korea	SCUD-C surface-to-surface missiles	N/A	delivered	DN 06/17/91, p. 4
Syria	U.S.S.R.	300 T72/T74/T80 tanks; 48-50 MiG-29 fighter aircraft; 24 Su-24 ground attack aircraft; early warning radar; command/control equipment; SA-11, 13, 16 surface-to-air missiles	2.0 billion	seeking	DN 07/08/91, p. 3; AFJI 08/91, p. 44
Syria	North Korea	54 SCUD-C missiles, with a brigade of missile launchers	200 - 400 million	ordered, some delivered	AFJI 08/91, p. 44
Tunisia	--	--	--	--	--
United Arab Emirates	U.S.A.	PAC-2 Patriot missile system	N/A	seeking	DN 10/15/90, p. 74
United Arab Emirates	Peru	12 Mirage-2000 fighters	600.0 million	seeking	DFAW 02/25 - 03/03/91, p. 8
United Arab Emirates	U.S.S.R.	T-72 tanks (at \$1.8 million each) and BMP-series FVs	N/A	considering	DN 02/25/91, p. 16; MT 07/91, p. 109, 110
United Arab Emirates	U.S.A.	2 C-130H-30 transport aircraft [commercial]	54.9 million	ordered	36(c) AECA, DTC 14-90, Letter to Cong., 03/04/91

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TABLE I. NEAR EAST ARMS TRANSFERS
(August 2, 1990-November 1, 1991)

United Arab Emirates	U.S.A.	20 AH-64A Apache helicopters (McDonnell Douglas), with 620 HELLFIRE missiles and Hydro-70 rockets	682.0 million	ordered	36(b) AECA, Notice 91-03, 06/11/91; JDW 06/15/91, p. 1001; DN 07/15/91, p. 12
United Arab Emirates	U.K.	150 Challenger-2 tanks; Warrior FVs	N/A	considering	DN 07/08/91, p. 12; MT 07/91, p. 109
United Arab Emirates	U.S.A.	337 M1A1 tanks; 160 Bradley FVs; 800 - 900 HMMWVs	N/A	seeking	DN 07/15/91, p. 12
United Arab Emirates	U.S.A.	500 Bradley FVs	N/A	seeking	MT 07/91, p. 109
United Arab Emirates	South Africa	78 G-6 155 mm self-propelled guns (Armscor)	N/A	ordered, 40 delivered	MT 07/91, p. 109
United Arab Emirates	U.K.	18 Hawk-100 fighters and 16 Hawk trainers (BAe)	100.0 million	seeking	AFJI 08/91, p 42
United Arab Emirates	France	390 Leclerc tanks (GIAT Industries)	N/A	seeking	DN 09/16/91, p. 38
Yemen	--	--	--	--	--

Data Source Abbreviations:

AFJI = *Armed Forces Journal International*
 DFAW = *Defense and Foreign Affairs Weekly*
 DN = *Defense News*
 JDW = *Jane's Defense Week*
 MT = *Military Technology*
 PW = *Proliferation Watch*

Statutory Source Abbreviations:

AECA = *Arms Export Control Act*
 FAA = *Foreign Assistance Act*

ANNEX 2: ARAB AID FLOWS

**Arab Middle East/North Africa Economic Aid Recipients
1973-1989**
(gross disbursements of millions of dollars)

	<u>DAC Bilat.</u>	<u>Arab Bilat.</u>	<u>Arab Multilat.</u>	<u>Other Multilat.</u>	<u>Total</u>
Algeria	\$2,230	\$272	\$875	\$1,679	\$5,056
Bahrain	\$14	\$1,124	\$38	\$14	\$1,190
Egypt	\$18,511	\$6,818	\$2,147	\$4,861	\$32,337
Iraq	\$373	\$69	\$345	\$56	\$843
Jordan	\$1,920	\$8,727	\$192	\$927	\$11,537
Kuwait	\$50	\$0	\$0	\$18	\$68
Lebanon	\$704	\$1,087	\$32	\$458	\$2,281
Libya	\$63	\$0	\$131	\$50	\$244
Morocco	\$4,335	\$3,711	\$876	\$4,648	\$13,570
Oman	\$112	\$1,126	\$100	\$107	\$1,445
Qatar	\$10	\$0	\$0	\$10	\$20
Saudi Arabia	\$187	\$0	\$1	\$104	\$279
Syria	\$988	\$12,125	\$317	\$380	\$14,310
Tunisia	\$3,335	\$658	\$413	\$2,489	\$6,895
UAE	\$154	\$45	\$3	\$15	\$217
Yemen, North	\$1,449	\$3,013	\$649	\$821	\$5,932
Yemen, South	\$139	\$707	\$211	\$489	\$1,546
Total	\$34,574	\$39,482	\$6,330	\$17,626	\$98,012

Source: OECD

Table A-1. Aid Flows to Arab Middle East/North Africa, 1973-89

(Millions of Current Dollars)

RECIPIENT:	DONOR:										Total:
	France	FRG	Italy	Japan	US	Other DAC	Arab Bilat.	Arab Multilat.	World Bank	Other Multilat.	
Algeria	1,177	236	31	64	1	721	272	875	1,260	419	6,056
Bahrain	5	1	-	5	•	3	1,124	38	-	14	1,190
Egypt	743	2,002	388	1,499	12,602	1,277	6,818	2,147	2,783	2,078	32,337
Iraq	43	15	10	288	•	17	69	345	-	56	843
Jordan	50	389	53	203	978	244	8,727	192	575	352	11,766
Kuwait	8	19	•	8	-	15	-	-	-	18	68
Lebanon	179	78	75	4	229	139	1,087	32	66	392	2,281
Libya	9	4	43	1	-	6	-	131	-	50	244
Morocco	2,098	709	74	204	881	369	3,711	876	3,332	1,316	13,570
Oman	2	5	•	19	74	12	1,126	100	52	25	1,445
Qatar	4	1	-	5	-	-	-	-	-	10	20
Saudi Arabia	29	39	1	116	-	2	•	1	-	104	292
Yemen, North	101	314	6	245	279	43	12,125	317	436	444	14,310
Tunisia	983	755	369	180	367	661	658	413	1,553	936	6,995
UAE	11	130	1	12	-	•	45	3	-	15	217
Yemen, South	38	358	62	230	348	413	3,013	649	410	411	5,932
Yemen, South	15	3	4	26	10	81	707	211	167	322	1,546
Totals:	5,495	5,058	1,120	3,109	15,789	4,003	39,482	6,330	10,664	6,962	98,012

Source: OECD.

Table A-2. Aid Flows to Arab Middle East/North Africa, 1973-76

(Millions of Current Dollars)

RECIPIENT:	DONOR:										
	France	FRG	Italy	Japan	US	Other DAC	Arab Bilat.	Arab Multilat.	World Bank	Other Multilat.	Total:
Algeria	328	80	3	4	•	50	66	-	62	70	661
Bahrain	-	•	-	•	•	3	191	-	-	2	196
Egypt	42	315	50	91	381	63	4,864	271	100	187	6,364
Iraq	-	2	1	36	•	3	30	-	-	3	75
Jordan	-	75	•	1	273	37	960	5	25	47	1,423
Kuwait	-	•	•	1	-	•	-	-	-	4	5
Lebanon	•	10	3	•	3	16	117	-	11	39	199
Libya	-	•	27	•	-	•	-	-	-	10	37
Morocco	302	81	13	2	99	49	150	23	270	48	1,037
Oman	-	•	-	•	•	2	390	-	-	2	394
Qatar	-	1	-	•	-	-	-	-	-	2	3
Saudi Arabia	-	1	•	2	•	•	-	-	-	13	16
Syria	7	14	2	3	37	5	1,945	24	19	43	2,099
Tunisia	184	114	57	•	51	159	100	25	128	63	881
UAE	-	•	1	•	-	•	11	-	-	-	12
Yemen, North	-	46	2	•	14	6	452	25	27	48	620
Yemen, South	-	1	•	1	9	13	202	19	10	28	283
Totals:	861	740	159	141	867	406	9,478	392	652	609	14,305

Source: OECD.

Table A-3. Aid Flows to Arab Middle East/North Africa, 1977-81

(Millions of Current Dollars)

RECIPIENT:	DONOR:										Total:
	France	FRG	Italy	Japan	US	Other DAC	Arab Bilat.	Arab Multilat.	World Bank	Other Multilat.	
Algeria	401	99	10	49	-	102	65	60	245	68	1,099
Bahrain	1	.	-	.	-	-	183	18	-	3	206
Egypt	195	457	22	515	3,492	364	1,719	1,763	919	659	10,105
Iraq	18	3	1	113	-	4	10	-	-	25	174
Jordan	14	121	2	27	304	102	3,831	69	104	95	4,669
Kuwait	.	6	-	1	-	-	-	-	-	3	10
Lebanon	32	15	4	1	60	53	817	27	29	109	1,147
Libya	1	.	5	.	-	-	-	-	-	9	15
Morocco	585	167	9	21	159	119	2,203	242	450	277	4,232
Oman	.	.	-	1	1	1	283	12	5	2	305
Qatar	.	.	-	.	-	-	-	-	-	1	1
Saudi Arabia	2	12	-	7	-	.	-	-	-	11	32
Syria	16	88	3	6	183	15	6,028	69	254	112	6,774
Tunisia	336	272	10	32	66	309	220	59	275	142	1,715
UAE	-	.	-	3	-	.	33	-	-	3	39
Yemen, North	10	162	6	31	62	99	1,291	107	95	82	1,945
Yemen, South	1	1	.	12	1	22	220	49	33	127	466
Totals:	1,612	1,403	72	819	4,328	1,190	16,903	2,462	2,409	1,728	32,933

Source: OECD.

Table A-4. Aid Flows to Arab Middle East/North Africa, 1982-85

(Millions of Current Dollars)

RECIPIENT:	DONOR:										Total:
	France	FRG	Italy	Japan	US	Other DAC	Arab Bilat.	Arab Multilat.	World Bank	Other Multilat.	
Algeria	194	15	10	7	1	300	9	373	312	86	1,307
Bahrain	2	-	-	•	-	-	614	11	-	7	634
Egypt	162	508	75	329	4,663	349	25	-	1,099	483	7,691
Iraq	11	2	3	34	-	4	•	150	-	8	212
Jordan	20	74	30	70	105	34	2,554	40	145	100	3,172
Kuwait	3	9	-	2	-	15	-	-	-	6	35
Lebanon	51	16	16	2	95	35	115	4	25	142	501
Libya	4	2	3	•	-	•	-	30	-	18	57
Morocco	496	149	16	89	282	63	1,135	278	950	316	3,774
Oman	1	1	-	8	17	4	359	34	35	10	469
Qatar	2	-	-	•	-	-	-	-	-	4	6
Saudi Arabia	13	16	•	89	-	•	•	-	-	47	165
Syria	28	53	•	22	59	14	2,868	84	145	121	3,394
Tunisia	214	189	55	56	89	97	136	151	370	186	1,543
UAE	4	•	-	4	-	•	1	3	-	7	19
Yemen, North	7	42	20	54	120	95	822	209	119	103	1,595
Yemen, South	11	•	4	6	-	18	215	76	73	104	507
Totals:	1,223	1,074	232	772	5,431	1,032	8,853	1,443	3,273	1,748	25,081

Source: OECD.

Table A-5. Aid Flows to Arab Middle East/North Africa, 1986-89

(Millions of Current Dollars)

RECIPIENT:	DONOR:										
	France	FRG	Italy	Japan	US	Other DAC	Arab Bilat.	Arab Multilat.	World Bank	Other Multilat.	Total:
Algeria	256	42	8	4	-	269	132	441	641	194	1,987
Bahrain	2	•	-	4	-	-	136	9	-	3	154
Egypt	344	724	241	564	4,066	501	210	119	664	749	8,176
Iraq	14	8	5	105	-	6	29	195	-	19	381
Jordan	16	119	24	105	296	71	1,382	78	300	112	2,503
Kuwait	5	4	-	4	-	•	-	-	-	6	19
Lebanon	96	37	52	1	71	35	38	1	1	102	434
Libya	4	2	8	-	-	6	-	101	-	13	134
Morocco	715	312	36	93	341	138	223	332	1,661	675	4,526
Oman	1	4	•	10	56	5	94	55	42	10	271
Qatar	2	-	-	5	-	-	-	-	-	4	11
Saudi Arabia	14	10	1	27	-	2	-	1	-	33	88
Syria	50	159	•	214	-	9	1,284	140	19	168	2,043
Tunisia	249	180	247	92	181	92	202	184	780	546	2,757
UAE	7	129	-	5	-	-	-	-	-	6	147
Yemen, North	21	108	34	145	152	209	448	310	169	178	1,774
Yemen, South	4	•	-	7	-	28	70	67	50	53	289
Totals:	1,800	1,838	656	1,385	5,163	1,375	4,248	2,027	4,327	2,881	25,700

Source: OECD.