

From Revolution to Rebuilding: Next Steps Toward a New Middle East Economy



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Monday, May 2, 2011; 3:50 PM - 5:00 PM

Moderator

Jerrold Green, President and CEO, Pacific Council on International Policy

Speakers

Abdulla Al Awar, CEO, Dubai International Financial Centre Authority

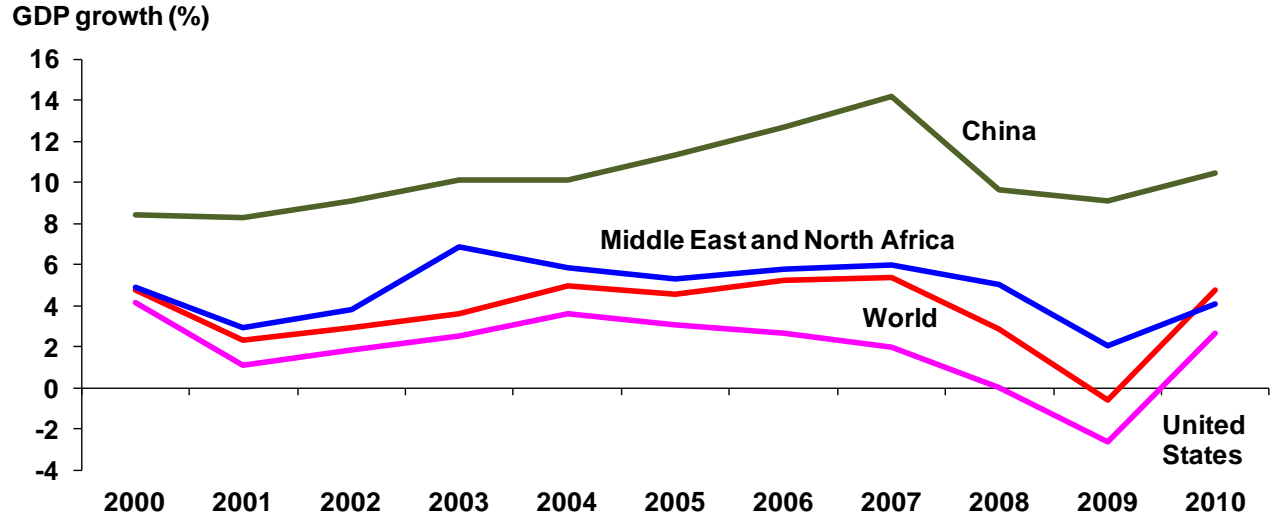
Neveen El Tahri, Co-Chairperson and Managing Director, Delta Financial Investments

Dalia Dassa Kaye, Senior Political Scientist, Rand Corp.

Janet Sanderson, Deputy Assistant Secretary of State, U.S. State Department

MENA performed well for the past decade

GDP growth rate by region

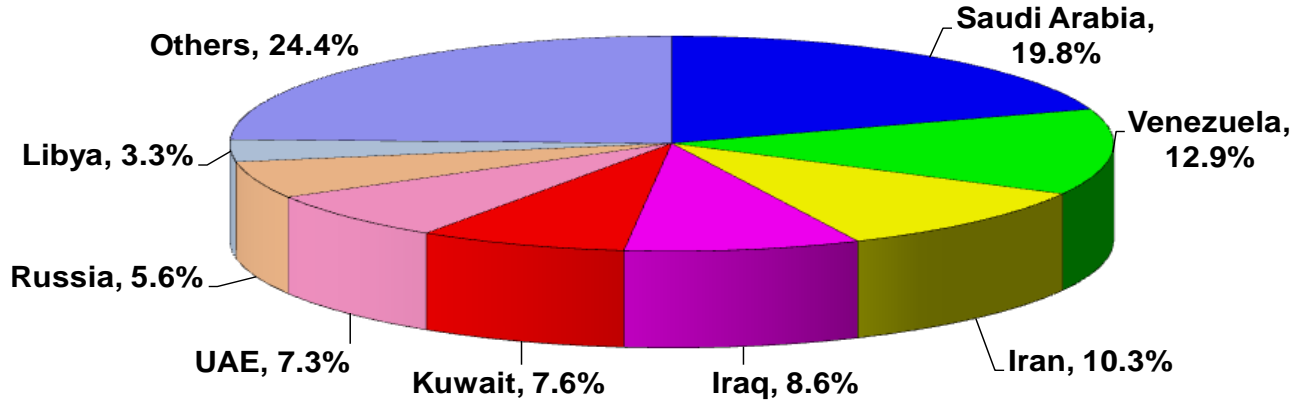


Note: Annual percentages of constant price GDP are year-over-year changes; the base year is country-specific.
Source: IMF World Economic Outlook.

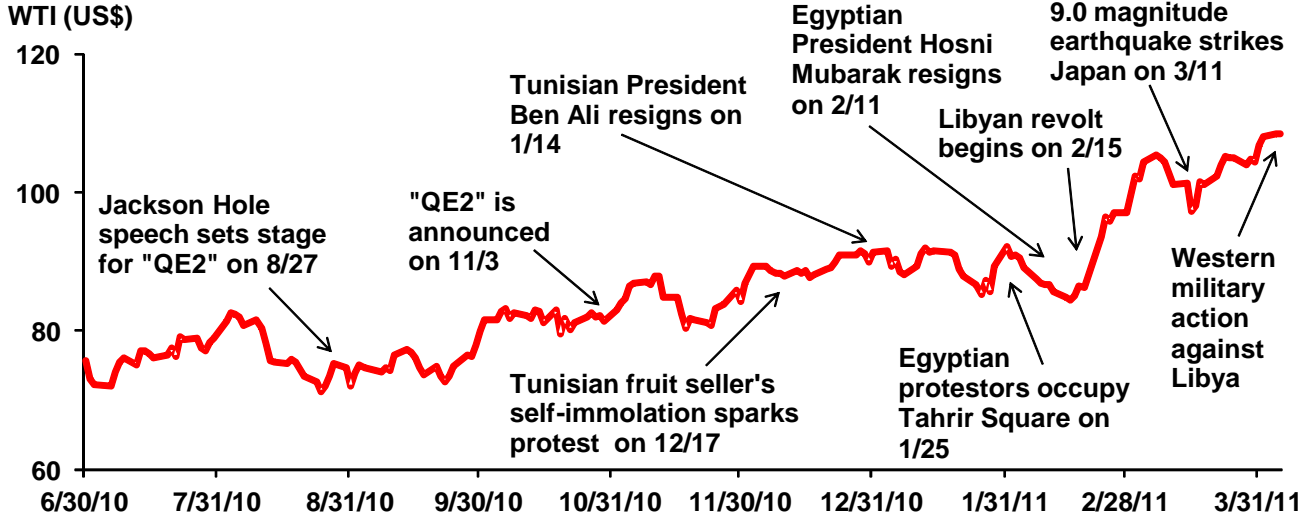
MENA has wealth from natural resources



Countries with largest crude oil reserves
Total reserves = 1.3 trillion barrels (2009)



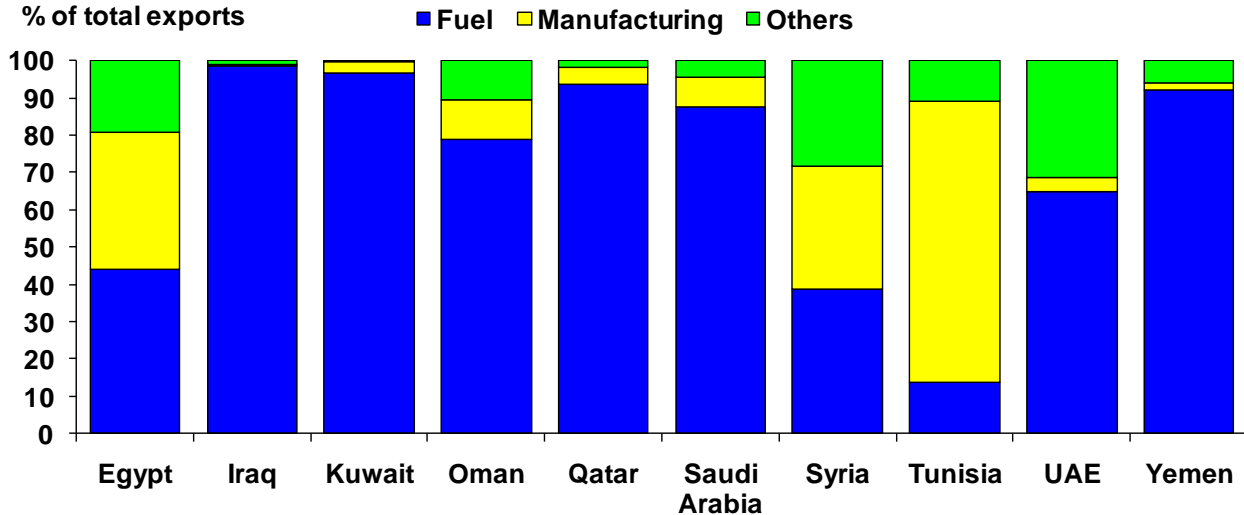
Oil prices and the current unrest in MENA countries



Source: Bloomberg, OppenheimerFunds.

MENA needs a broader base for its economy

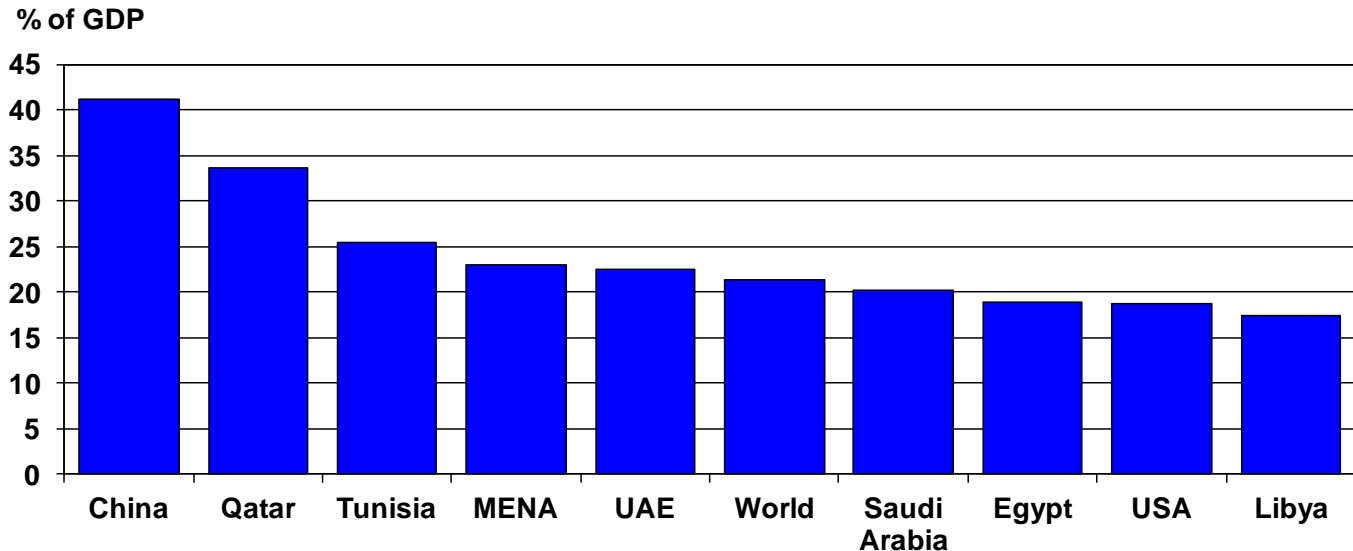
Exports composition, 2009



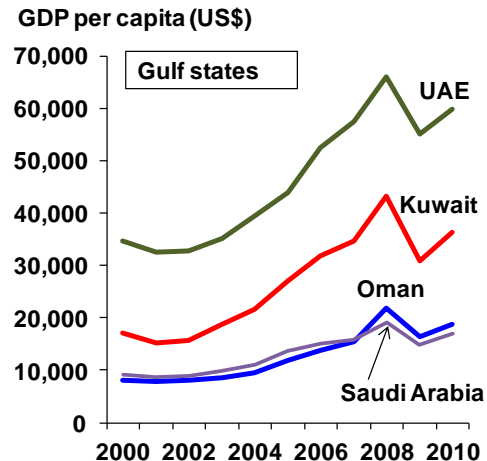
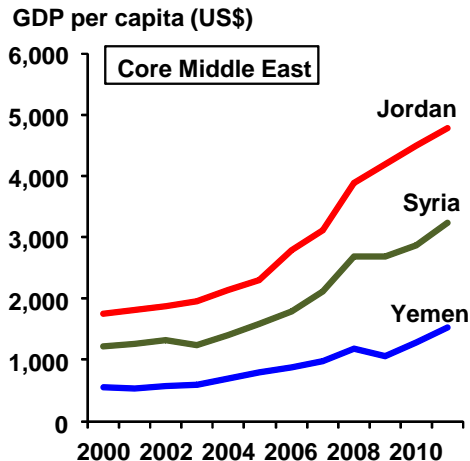
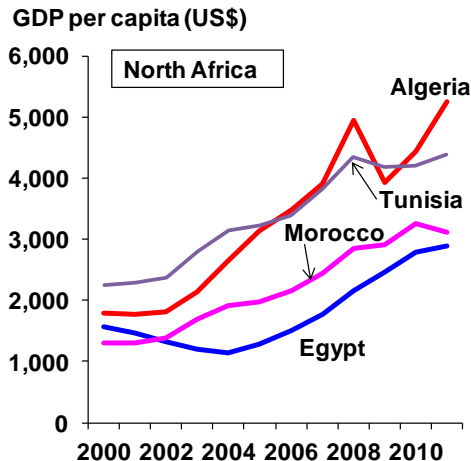
Note: Data for Egypt, Kuwait, Syria and UAE are from the year of 2008.
Source: World Bank.

Investment rates in the Gulf have lagged most high-growth economies

Capital investment as share of GDP, annual average, 2000-2009



MENA countries vary greatly in terms of the level of development

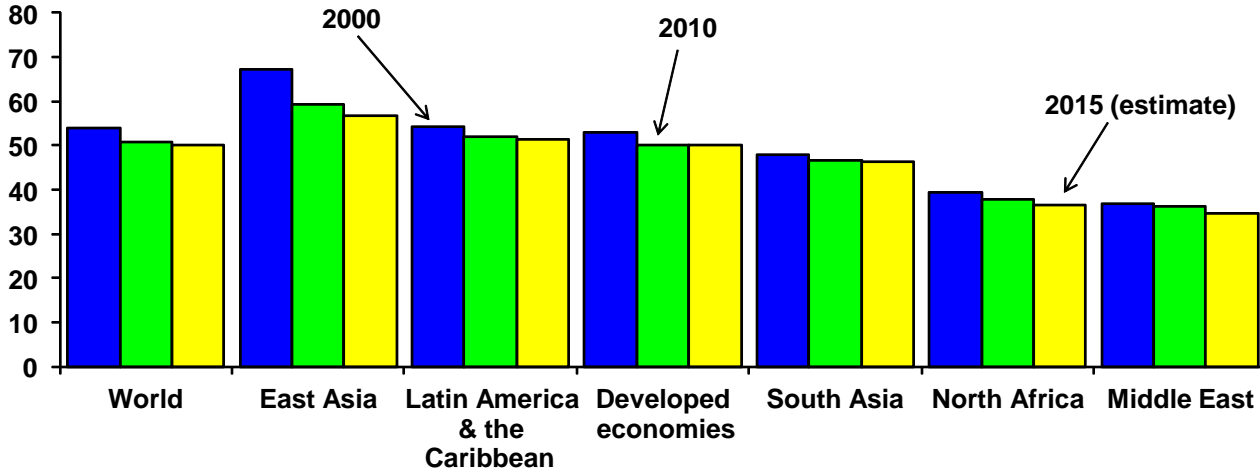


Note: GDP per capita at current price in U.S. Dollars.
Source: IMF World Economic Outlook.

Youth labor force participation in MENA is much lower than other regions



Youth labor force participation rate (%)



Note: Youth labor force participation rate shows the share of young people that do work out of the full youth population that could work, and provides some information on the efficacy of the economy to create jobs.

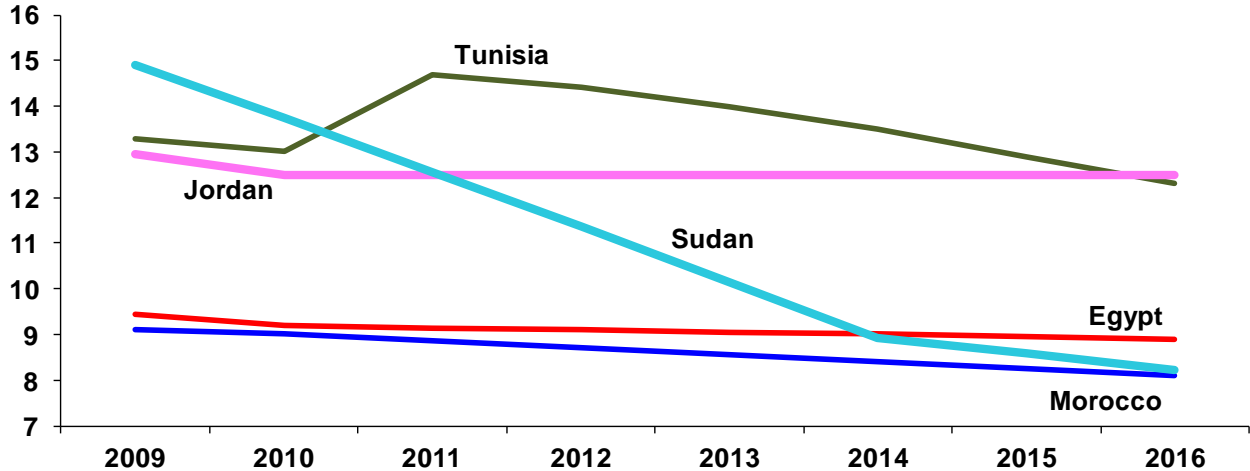
Source: International Labour Office.

Unemployment is expected to be at least 8%



Estimated unemployment rates

Unemployment rate (%)

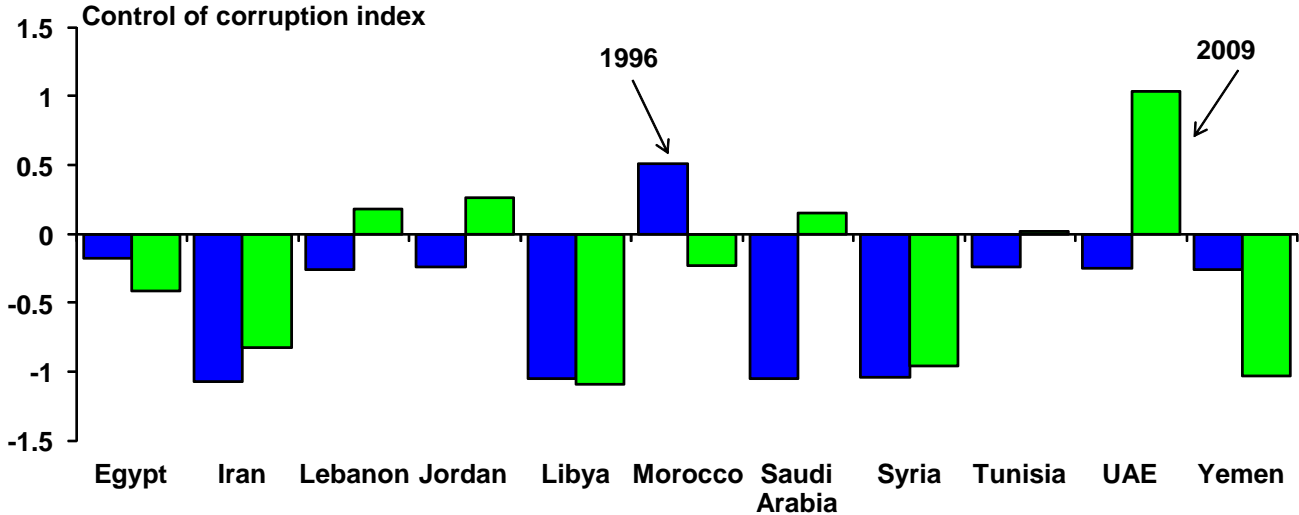


Source: IMF World Economic Outlook.

Corruption still prevails in the Middle East



Control of corruption index, 1996 and 2009



Note: Control of Corruption Index captures the perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

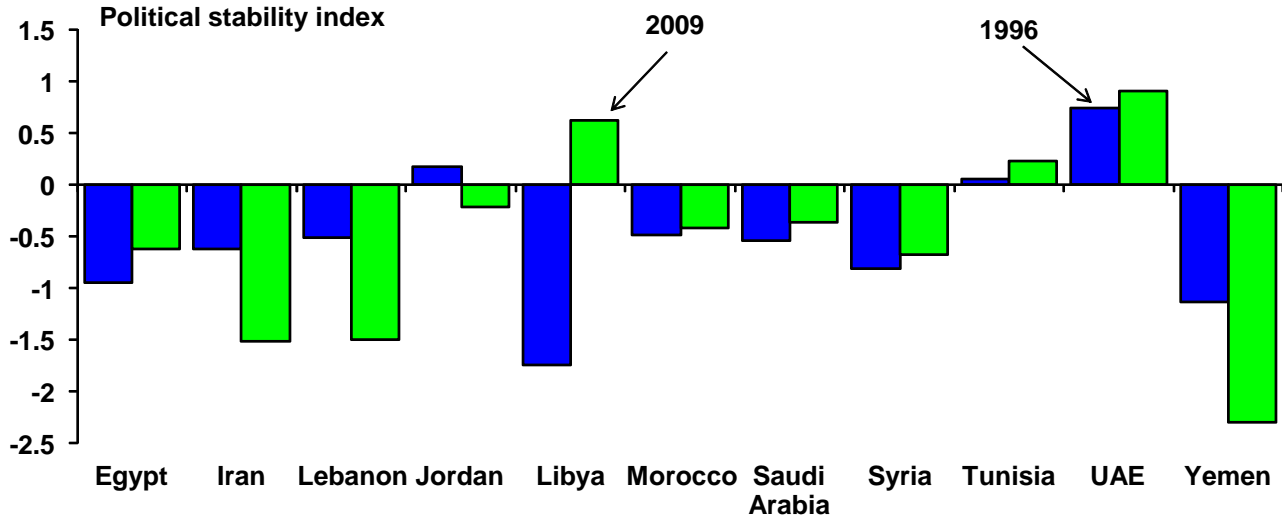
Source: World Bank, World Governance Indicator.

Continuing instability in the Middle East

*Political stability and absence of violence/terrorism index
1996 and 2009*



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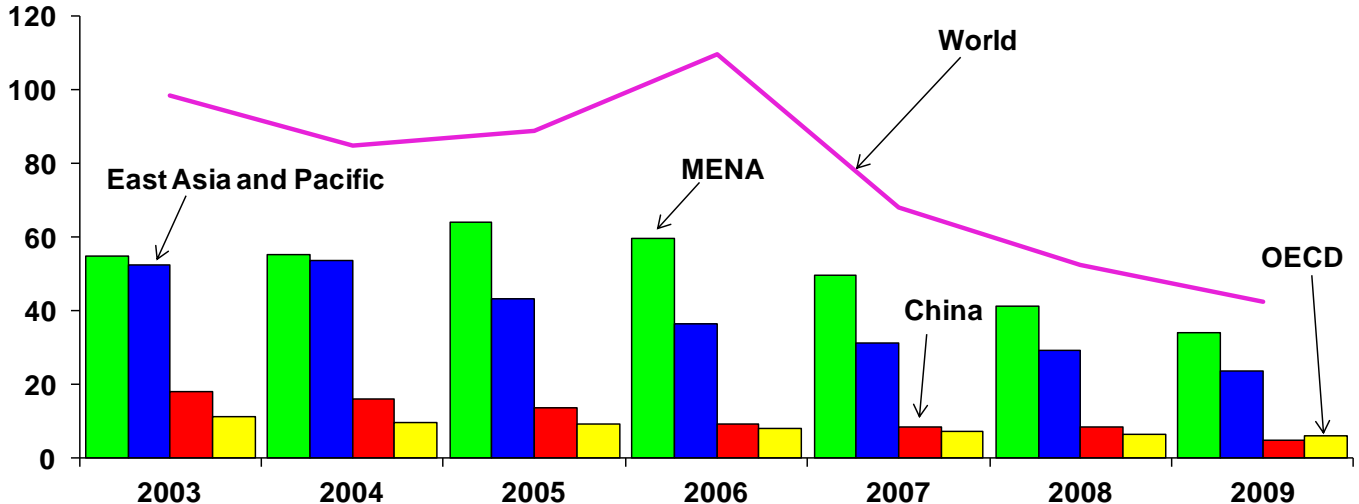
Note: Political Stability and Absence of Violence/Terrorism Index captures the perceptions of the likelihood that the government will be destabilized or overthrown by unconstitutional or violent means, including politically motivated violence and terrorism.

Source: World Bank, World Governance Indicator.

Doing business in the Middle East costs more



Cost of business start-up as % of GNI per capita

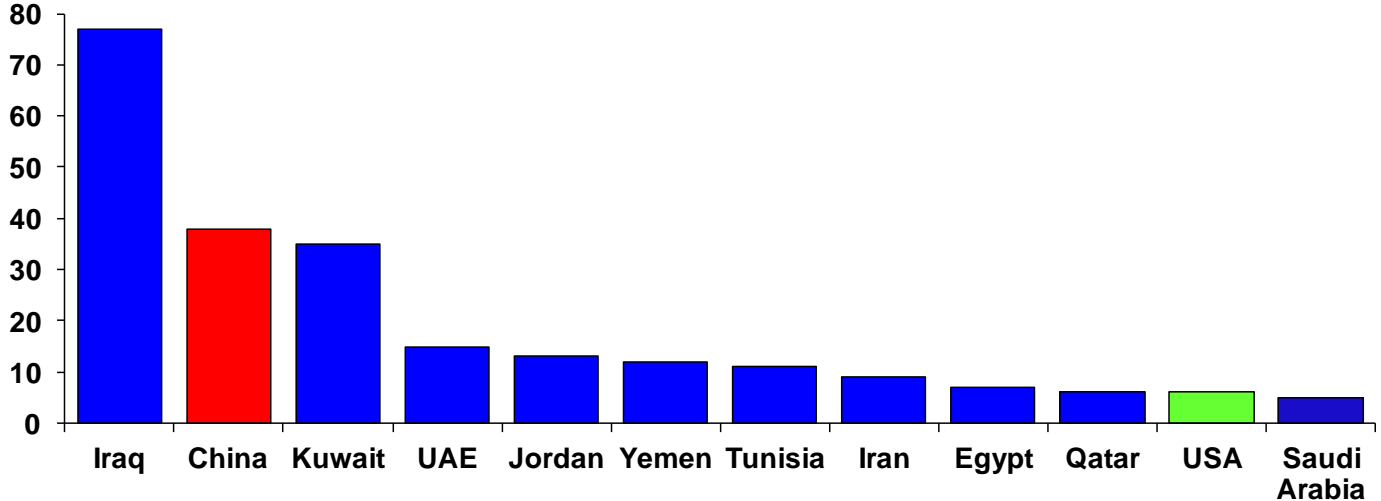


Starting a business takes longer in MENA



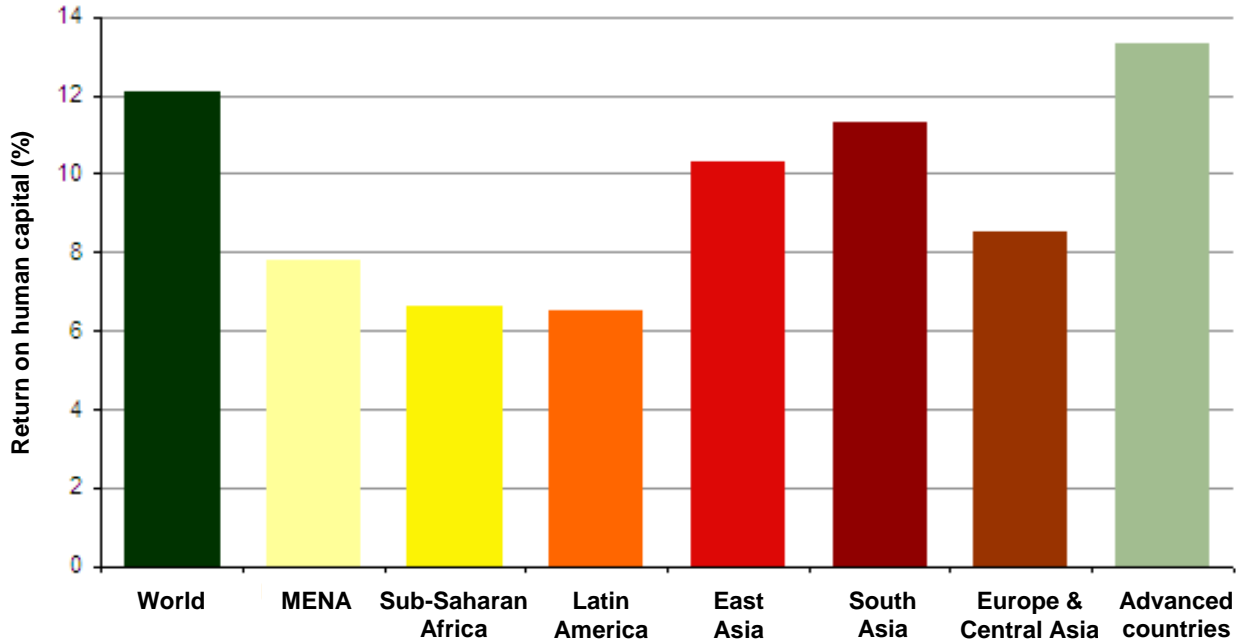
Time required to start a business, 2009

Days to start a business



Lower rates of return on human capital for MENA

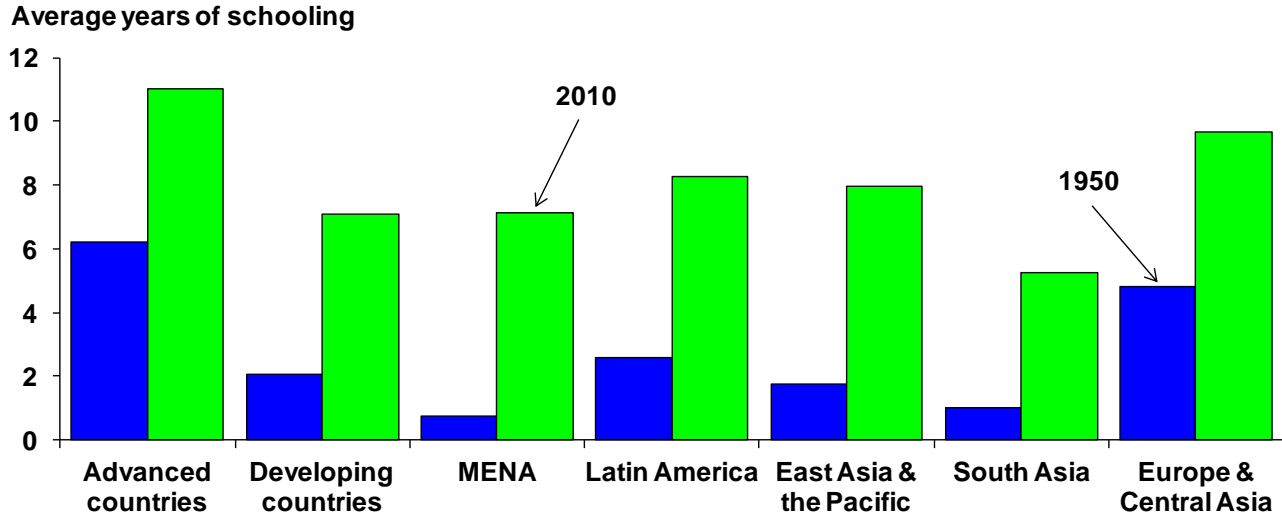
Rates of return on an additional year of schooling in 2010, by region



Source: Robert Barro and Jong-Wha Lee (2010).



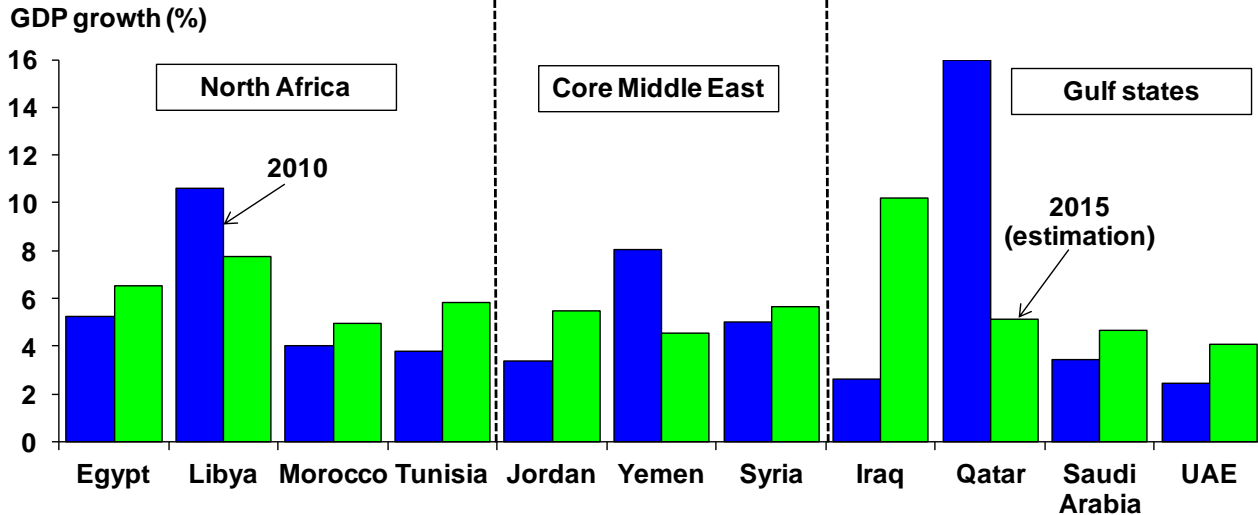
Average years of schooling increased dramatically for MENA countries in the past 60 years



Source: Robert Barro and Jong-Wha Lee (2010).

MENA has the potential to grow

GDP growth rate by selected MENA country, 2010 and 2015 (estimate)

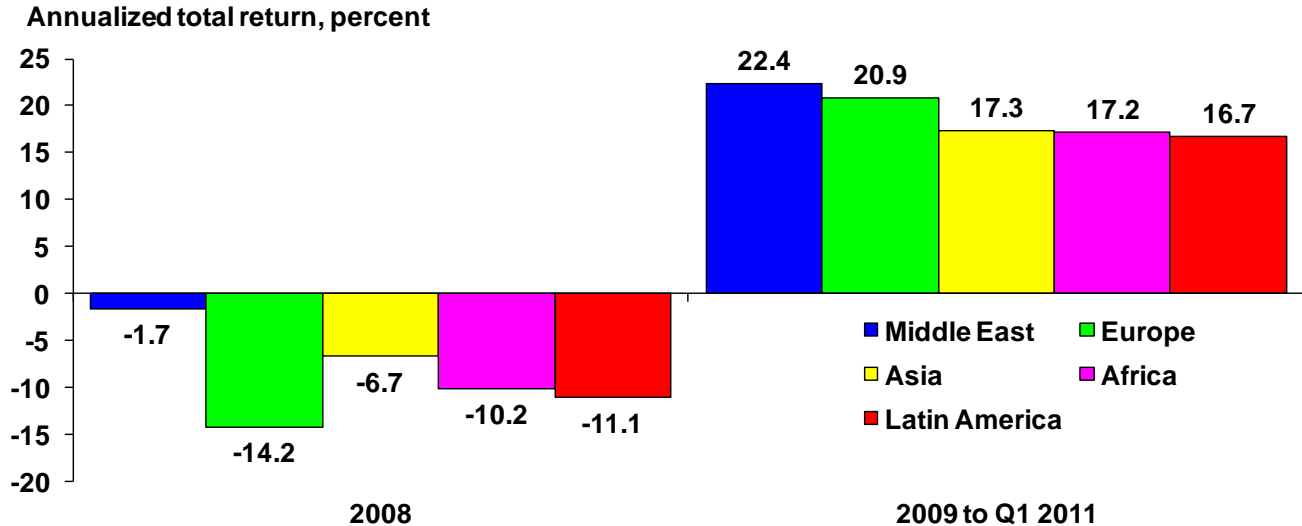


Note: Annual percentages of constant price GDP are year-on-year changes; the base year is country-specific.

Source: IMF World Economic Outlook .

Middle East bond markets outperformed other regions

Total return of JPMorgan EMBI Global indexes

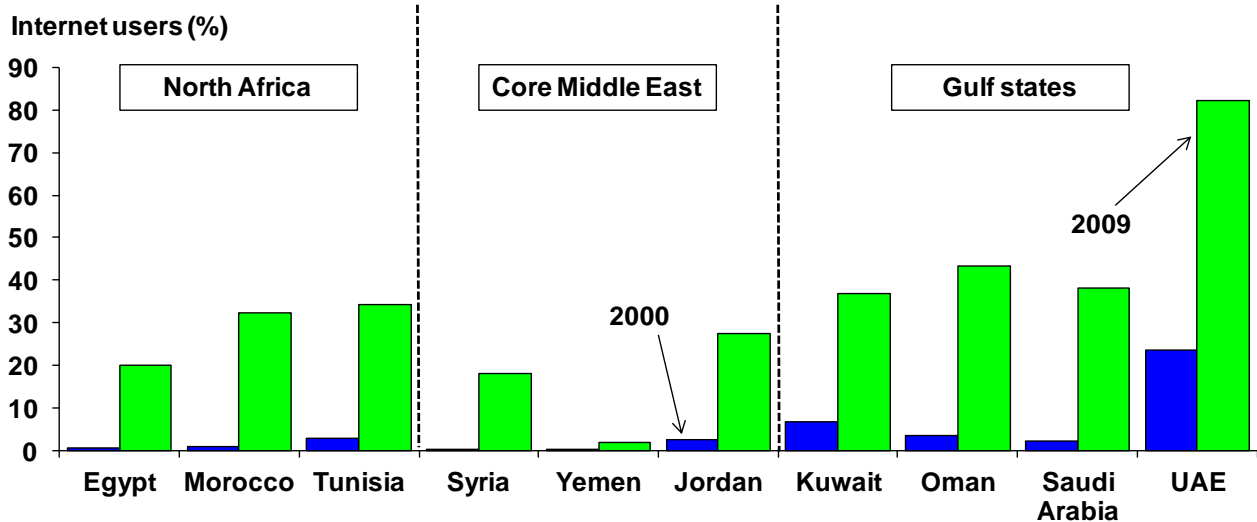


Internet use is growing in MENA countries

Percentage of Internet users, 2000 and 2009



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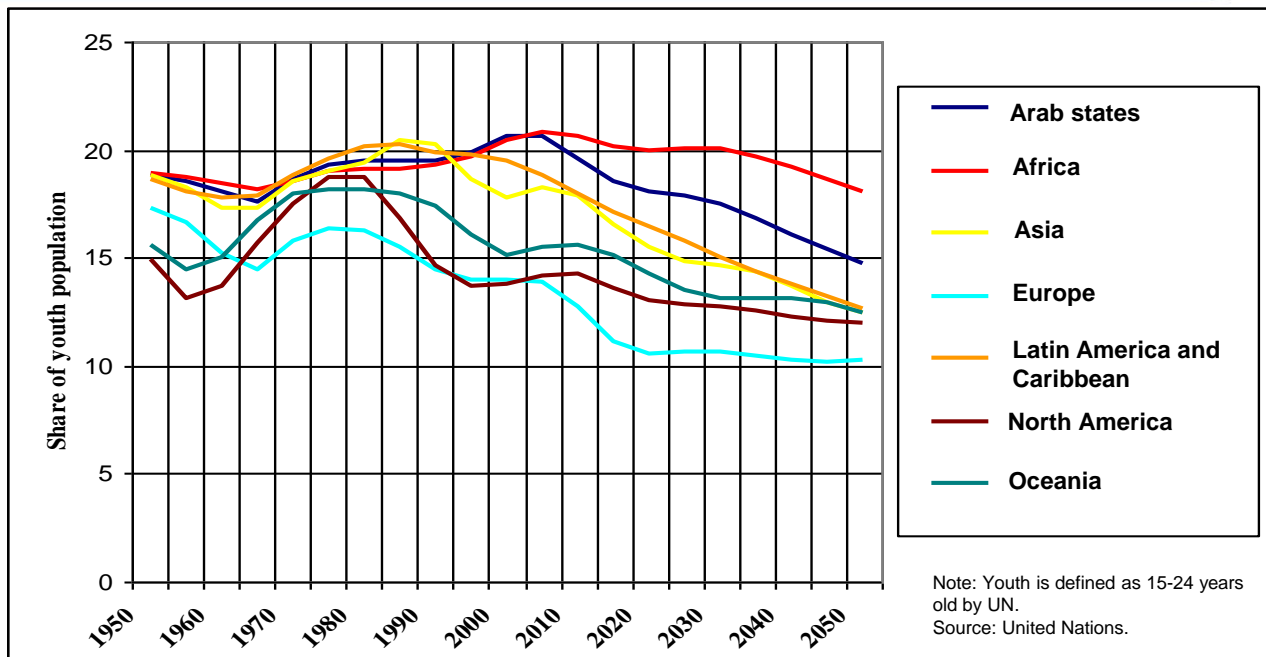
Source: International Telecommunication Union.

Higher share of younger population in MENA

Share of youth population, 1950 – 2050 (estimate)



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The quality of research in MENA is improving

*Published papers as share of global research output, by field
2000 - 2009*



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% of world research output

