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SECTION

The policy context for the accession of Arab economies

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Bulk carrier vessels moored in the Port of Salalah on the Arabian Sea, Oman.

Background

Status and characteristics of Arab economies and trade

Arab economies are not an economically homogeneous group; their economies are quite diverse due to variations in natural resources, levels of development, governance structures and regional dynamics. However, there are several similarities, some of which are common across all Arab economies while others are particular to some.

One common characteristic of Arab economies is the long-standing history of the government having a dominant role in economic activity. In some cases, this was a deliberate “centrally planned economy” approach where the government was the main producer of goods and services. In other cases, it was due to the dominance of the oil and gas sector which was government owned and controlled. An inevitable consequence of this history was the limited experience gained in regulating and governing a competitive private sector-led economy.

A transformation from a centrally planned economy to a market economy model normally requires a fundamental shift in the government’s role from being a producer to becoming a regulator. To face this regulatory challenge, it is necessary to make a dual effort of both reforming rules (laws and regulations), as well as institutions for policy-making, implementation and enforcement. This challenge is particularly evident across services sectors such as finance, telecommunications, transport, distribution and logistics.

Governance and institutional challenges persist in many Arab economies, including bureaucratic inefficiencies and weak regulatory frameworks. These factors hinder the development of a dynamic and competitive economy. Additionally, they slow down overall economic development, discourage foreign investment and hinder private sector growth. To evolve away from this and towards sustainable economic progress, certain essential enabling factors must be achieved, such as strengthening governance, promoting transparency and enhancing the business environment.

Several Arab economies have been heavily dependent on oil and gas exports as a primary source of revenue. The annual growth in oil export prices in Arab economies declined in 2023, at varying rates, ranging between 14.9 per cent and 20.6 per cent (AMF, 2024). Accordingly, the value of Arab economies’ oil exports increased significantly, reaching the highest levels seen in several years.

Members such as Kuwait, Qatar, Saudi Arabia and the United Arab Emirates (UAE) are major oil producers. Oil exports contribute significantly to their GDP, government revenues and foreign exchange earnings. For most of them, fuel exports constitute the largest share of total exports. In 2022, Iraq’s export of fuels constituted 97 per cent of its total exports, Algeria and Libya’s exports of fuels constituted 95 per cent of their total exports, Qatar 90 per cent, Saudi Arabia 75 per cent, Oman 56 per cent, Kuwait 51 per cent, Yemen 50 per cent, and the UAE 48 per cent.

This heavy dependence on oil exports has led to high sensitivity to external shocks due to price fluctuations. This vulnerability has incentivized such economies to direct major efforts towards economic diversification and the broadening of their export base. The concerned Arab economies have undertaken initiatives to promote non-oil sectors such as manufacturing, services, tourism and knowledge-based industries.

WTO members such as Bahrain, Oman, Qatar, Saudi Arabia and the UAE have made significant progress in diversifying their economies. They have also invested in infrastructure development, including transportation networks, ports, airports and energy projects. These infrastructure investments aim at facilitating trade, attracting investment and promoting economic growth and development. They also help promote economic integration within the region as well as participation in regional and global value chains. However, inadequate infrastructure in rural areas and the need for continued investments in sustainable infrastructure remain persistent challenges for the region.

Four Arab economies which were recognized in the World Bank’s *Doing Business report 2020* as having had the most notable improvement following the implementation of regulatory reforms are Bahrain, Jordan,

Kuwait and Saudi Arabia. Jordan and Kuwait appeared on the list of the 10 most improved economies for the first time. The main factors considered by the *Doing Business* report to drive economies to reform were political and economic. Additionally, the economic advancement of neighbouring economies as well as cultural proximity were motivational spillover factors in transmitting reforms across economies (World Bank Group, 2020).

Logistics and transport increasingly play a pivotal role in international trade relations. The Logistics Performance Index of the World Bank (LPI) analyses differences between economies in terms of customs procedures, logistics costs and the quality of the infrastructure for overland and maritime transport.

It indicates that there is a diverse performance of Arab economies in the areas of transport infrastructure and auxiliary services that affect their trade performance. Table 1 shows the Arab economies' ranking in the LPI, indicating where they stand across various dimensions of logistics performance and highlighting areas for potential improvement.

Jordan, a non-oil producing member, has a diverse economy, relying on the tourism, manufacturing, agriculture and services sectors, amongst others, while facing challenges such as high unemployment and fiscal deficits. It benefits from trade and remittances but lacks significant natural resources. Jordan advanced 29 places in the *Doing Business* report 2020, and the

Table 1. Logistics Performance Index for 2023

Country/ territory	LPI		Customs		Infrastructure		International shipments		Logistics competence		Tracking & tracing		Timeliness	
	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score	Rank	Score
Algeria	97	2.5	101	2.3	125	2.1	57	3.0	126	2.2	98	2.5	116	2.6
Bahrain	34	3.5	31	3.3	30	3.6	47	3.1	46	3.3	41	3.4	10	4.1
Egypt	57	3.1	59	2.8	55	3.0	43	3.2	65	2.9	72	2.9	35	3.6
Iraq	115	2.4	120	2.1	118	2.2	102	2.5	126	2.2	105	2.4	87	3.0
Kuwait	51	3.2	37	3.2	30	3.6	43	3.2	65	2.9	49	3.3	101	2.8
Libya	138	1.9	133	1.9	138	1.7	135	2.0	138	1.9	136	1.8	137	2.2
Mauritania	123	2.3	120	2.1	130	2.0	128	2.2	103	2.5	98	2.5	101	2.8
Oman	43	3.3	47	3.0	47	3.2	26	3.4	53	3.2	20	3.9	76	3.1
Qatar	34	3.5	43	3.1	19	3.8	47	3.1	14	3.9	34	3.6	46	3.5
Saudi Arabia	38	3.4	47	3.0	30	3.6	38	3.3	46	3.3	37	3.5	35	3.6
Somalia	137	2.0	139	1.5	132	1.9	111	2.4	139	1.8	136	1.8	133	2.3
Sudan	115	2.4	120	2.1	108	2.3	111	2.4	110	2.4	117	2.3	109	2.7
Syria	123	2.3	110	2.2	118	2.2	121	2.3	126	2.2	117	2.3	124	2.5
United Arab Emirates	7	4.0	14	3.7	9	4.1	4	3.8	11	4.0	11	4.1	4	4.2
Yemen	132	2.2	137	1.7	132	1.9	139	1.7	92	2.6	117	2.3	101	2.8

Source: International Logistics Performance Index (LPI) 2023, World Bank Group.

report praised the tangible progress achieved by Jordan in the categories of obtaining financing, electronic payment methods, process automation and laws related to insolvency and bankruptcy.

Lebanon's economy, on the other hand, is primarily service-oriented. Historically, it was known for a robust banking sector and its status as a financial hub. However, since the domestic financial crisis in 2019, the banking sector has experienced severe pressure, and the country now faces its worst economic crisis in decades - marked by high inflation, a sharp currency devaluation, and rising public debt. Political instability and persistent financial challenges have further undermined its prospects. Overall, both economies are influenced by geopolitical factors and regional instability.

Comoros, a non-oil producing member as well as a small island economy, relies mainly on the primary and retail services sectors, accounting for 51 per cent and 18 per cent of its GDP respectively. To promote trade openness, economic diversification, investment and competitiveness, particularly in promising sectors such as tourism, fisheries and agrifood, Comoros must overcome several development challenges. These include a small manufacturing base, limited export capacity, rising unemployment and a high level of external debt.

Arab economies are also facing significant challenges in addressing the high youth unemployment rates, which in the Arab world was 26.7 per cent of the total labour force aged 15–24 in 2022. The region has a young population, and the labour market struggles to absorb the increasing number of young job seekers. Factors contributing to youth unemployment include a mismatch between education systems and job market demands, limited private sector job opportunities, and rigid labour market regulations. Developing a more diverse and dynamic economy would without doubt expand job opportunities, while reforming education and vocational training systems would better prepare the labour force to incorporate them.

In most Arab middle-income countries, unemployment is expected to remain acute. Lebanon is likely to continue recording the highest unemployment rate in the Arab region, at about 29.2 per cent in 2022, as a

result of its protracted financial and economic crisis. In many Arab least-developed countries (LDCs) and economies affected by conflict, unemployment rates are also expected to remain high and even to increase slightly.

The 2024 Global Gender Gap Index reveals that the Arab region continuously has the highest share of the worst-performing economies in the Index. In 2024, there was a slight improvement in the average score for the Arab region. Despite gradual gains since 2006 (+3.9 points), the regional average stands at 61.7 per cent parity, leaving a 38.3 per cent gap. At today's pace, the World Economic Forum projects that it will take 134 years to reach global parity. While there has been some progress in terms of economic participation and opportunity, structural barriers still impede women's involvement in the labour market in the region.

In 2024, the youth female unemployment rate in the region was estimated at 42.0 per cent, the highest of any region in the world, while male youth unemployment was 22.2 per cent. In contrast, global averages stand at 5.2 per cent and 4.8 per cent, respectively (UNESCWA, 2024).

Another characteristic of Arab economies is that they often face trade imbalances, with heavy reliance on imports for consumer goods and a limited export base. While some economies have made progress in expanding their non-oil exports, the overall trade deficit remains a common feature for non-oil exporting economies. Enhancing competitiveness, promoting value-added industries, developing efficient domestic services capacity and improving trade infrastructure are key areas of focus for raising productivity and addressing trade imbalances.

Table 2 shows that members such as Bahrain, Oman, Qatar, Saudi Arabia and the UAE witnessed a trade surplus in 2022, while other Arab members like Egypt, Jordan, Lebanon, Morocco, Sudan and Tunisia still face trade deficits.

The political conflicts and instability that several economies of the Arab region have experienced have adversely affected their economic development.

Table 2. Merchandise trade balance for selected Arab economies (US\$ million, 2022)

Country/territory	Merchandise exports	Merchandise imports	Merchandise trade balance
Algeria	60,924	39,027	21,897
Bahrain	30,194	15,537	14,657
Comoros	54	348	-294
Egypt	48,845	85,844	-37,000
Iraq	138,291	87,216	51,075
Jordan	12,380	27,290	-14,910
Saudi Arabia	411,184	189,877	221,307
Kuwait	101,270	32,356	68,914
Lebanon	4,370	19,503	-15,133
Libya	37,686	29,634	8,052
Morocco	41,481	71,807	-30,326
Oman	66,456	38,704	27,752
Qatar	130,964	33,479	97,485
Sudan	4,357	11,095	-6,737
Tunisia	18,561	26,656	-8,095
United Arab Emirates	532,797	420,510	112,287
Yemen	903	5,312	-4,409

Source: Trade Profiles 2022, WTO.

Ongoing conflicts disrupt trade, investment and the functioning and development of infrastructure. Conflict and political instability hamper economic growth and any development agenda including economic reforms. It also explains the lengthy process of WTO accession in the Arab region. Ultimately, political stability is crucial for sustained economic growth and development in affected economies.

It is important to recall that while these characteristics apply to several Arab economies, there are still considerable variations across the region due to differences in natural resources, economic policies and levels of development.

The role of trade in the overall economic performance and its contribution to growth and development in Arab economies

Trade plays a significant role in Arab economies and contributes to regional and global commerce. Trade accounted for 87 per cent of GDP in 2023, reflecting its importance in the Arab economies (World Bank, 2023). The Arab economies, which include a diverse range of nations in the Middle East and North Africa, with the exception of Comoros in Southeastern Africa, are involved in various types of trade, including

intra-regional trade and trade with other developing economies, as well as trade with developed nations.

On the intra-regional trade front, the Arab League and other regional organizations play an important role in promoting trade and removing trade barriers among member countries. Intra-Arab exports accounted for 9.9 per cent of total exports in 2023 while intra-Arab imports accounted for 12.1 per cent during the same year. However, intra-regional trade still faces challenges, including political tensions, inconsistent regulations, high non-tariff barriers and gaps in infrastructure.

While Arab economies' trade relationships with developing nations aim to strengthen economic ties and contribute to South-South cooperation, they also have extensive trade relations with developed economies, especially in Europe and Asia. Oil-exporting Arab nations have significant trade ties with major economies, supplying oil and gas while importing various goods and services. Non-oil-exporting Arab economies also engage in trade with developed nations, exporting products such as textiles, agricultural goods and chemicals.

The main export destination is Asia, which accounts for the highest share of total Arab exports with 43.9 per cent, the European Union (EU) with 10.0 per cent and the United States of America with 3.4 per cent. Arab imports from the main trading partners during 2023 were valued at 8.0 per cent of total imports from the United States, 19.6 per cent from the EU and 31.9 per cent from Asian economies (AMF, 2024). Figure 1 shows the direction of Arab merchandise exports and imports to different trading partners in 2023.

Notwithstanding the diversity among Arab economies in terms of their size, structure and levels of development, international trade plays an important role in their overall economic performance and contributes significantly to their growth and development. Accordingly, Arab economies have undertaken initiatives to promote trade and economic cooperation. Additionally, regional organizations like the Arab League and the Gulf Cooperation Council (GCC) have been aiming to enhance economic cooperation and to facilitate trade within the region. These efforts can be further supported through more participation by Arab

economies in global trade in goods and services, and their integration into the global economy.

Being a member of the WTO is one of the most effective tools to achieve such integration and increasing participation, including in global value and supply chains. However, membership of the WTO would also need to be supported by domestic reforms and coherent policy approaches to achieve the desired growth and development outcomes. This must include policies covering a wide range of services sectors as well as the protection of intellectual property.

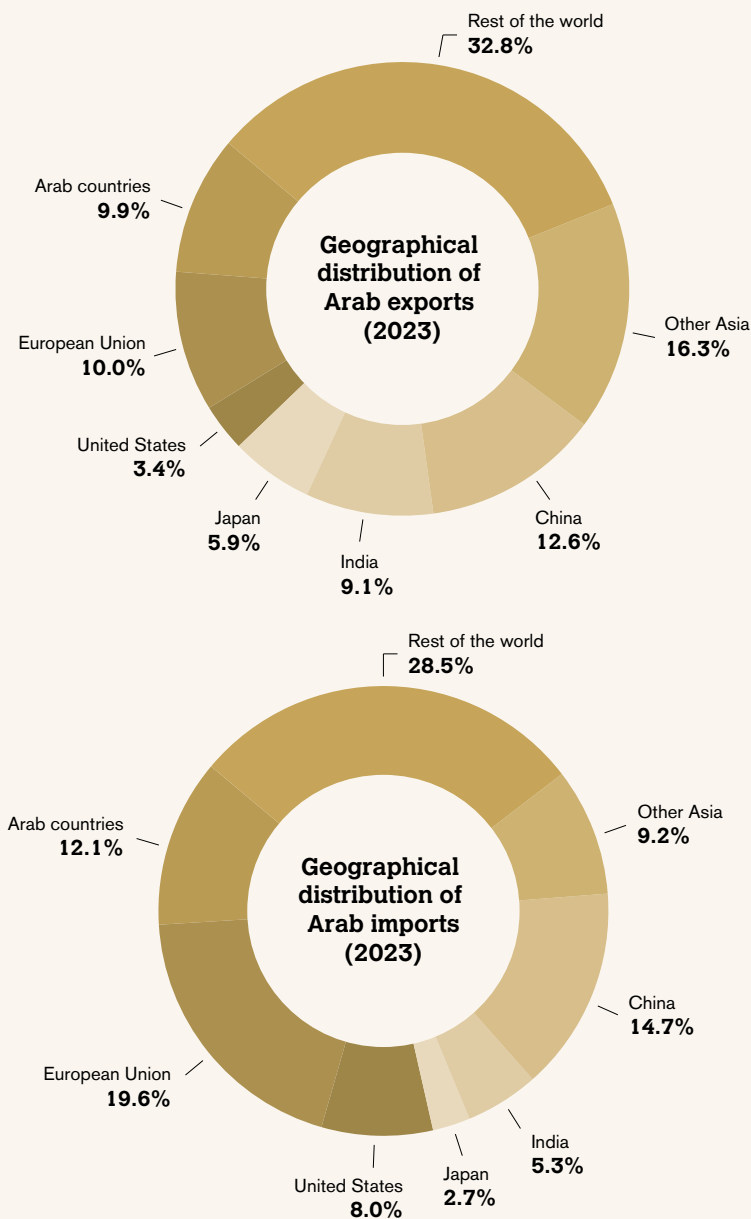
Several Arab economies need to reduce their dependence on natural resources, particularly oil and gas, for their economic growth. Fuel and minerals still account for the largest share in the total Arab exports accounting for 62.9 per cent in 2023, while manufacturing accounted for 27 per cent, and agricultural commodities accounted for 7.7 per cent of total exports (AMF, 2024). Some have already implemented economic reforms to attract investments and improve their business environments.

Greater participation in international trade and opening of markets to competitive goods and services provides an avenue for diversification by promoting new productive sectors and reducing dependence on a narrow economic base. By engaging in international trade in goods and services, Arab economies can develop new industries in the manufacturing, services and agriculture sectors leading to a more balanced and sustainable economy.

Attracting foreign direct investment (FDI) is one of the primary aspirations of economies pursuing growth and development strategies based on a competitive market economy approach. Trade openness through a combination of a rules-based system that provides stability and predictability of policies and regulation, together with supportive economic reforms may go a long way in creating the right conditions to attract FDI.

The right types of investments would bring the associated capital, technology, technical skills and managerial expertise, as well as facilitate access to new markets. All this eventually contributes to economic growth, job creation and the development

Figure 1. Shares of Arab merchandise trade for 2023



Source: Joint Arab Economic Report 2024, Arab Monetary Fund.

of industries and infrastructure in host economies. Trade openness, under WTO rules, signals solid commitment to an open, transparent, stable and predictable competitive market environment.

Trade also plays a major role in the transfer of technology. It exposes Arab economies to new technologies, ideas and best practices from around the world. Through the importation of capital goods, advanced machinery and other high technology products, economies can increase their production capabilities, enhance efficiency and upgrade their industries. State-of-the-art services, which are crucial inputs to all productive activities, also play a decisive role in raising the overall competitiveness of economies. All this enhances economic growth and development.

When it comes to raising competitiveness, engaging in international trade exposes Arab economies to global competition, which stimulates domestic industries to innovate towards higher standards and lower costs. By producing goods and services that meet international quality standards and are cost-effective, economies can expand their export opportunities. Such competitiveness not only benefits the export-oriented sectors but also drives efficiency and innovation on a domestic level.

While stressing that innovation is central to economic development in Arab economies, it is worth examining innovation rankings. Table 3 shows how some Arab economies rank out of 132 economies in the Global Innovation Index 2024 (WIPO, 2024). It is notable that the UAE ranks highest among Arab economies, followed by Saudi Arabia and Qatar. Furthermore, Jordan, Morocco and Tunisia have achieved performance above expectations for their level of development. Additionally, Saudi Arabia and Qatar were among the Top 50 in 2024, while Bahrain and Oman made it to the top 70 in the list.

As stated above, increased trade participation may enhance the opportunities and skills of the labour force. This may help create jobs across various sectors of the economy and in new industries such as digital and other services. Lowering restrictions on digital and other services would enable more digital trade in both goods and services. In digital innovation, the various challenges for governments and policymakers

Table 3. Global Innovation Index for selected Arab economies for 2024

Country	Rank
United Arab Emirates	32
Saudi Arabia	47
Qatar	49
Morocco	66
Kuwait	71
Bahrain	72
Jordan	73
Oman	74
Tunisia	81
Egypt	86
Lebanon	94
Algeria	115

Source: Global Innovation Index 2024 (World Intellectual Property Organization).

also include issues related to data security and privacy, closing the digital divide, internet governance, and expanding trade statistics and trade agreements to cover related issues.

The evolution of e-commerce and the use of digital tools is leading to important changes in international trade. For example, any improvement in trade facilitation is linked to the extent of its support by electronic infrastructure. E-commerce services require infrastructure for telecommunications, the internet, logistics, transportation, information and communications technology (ICT) and electronic systems. The levels of digitization of economic sectors vary across Arab economies, as shown by the Business-to-Consumer (B2C) E-commerce Index produced by United Nations Trade & Development (UNCTAD), which measures an economy's preparedness to support online commerce. Among 152 economies, the highest-ranking Arab economies in the top 100 in 2020 (UNCTAD 2020) are shown in Table 4.

Table 4. Highest-ranking Arab economies in the B2C E-commerce Index 2020

Country/Territory	Rank
United Arab Emirates	37
Saudi Arabia	49
Qatar	50
Oman	54
Lebanon	64
Jordan	76
Algeria	80
Libya	85

Source: UNCTAD.

While the challenges vary from one economy to another, the most important are: providing infrastructure for high-speed internet, lack of necessary regulation for the digital economy, lack of financing, lack of appropriate education and awareness in certain societies, and lack of expertise in the field of software and ICT services.

Trade expansion also enables Arab economies to increase foreign exchange revenues from exports of goods and services. Such valuable earnings, sorely needed in some cases, can be utilized for various purposes, including infrastructure development, education, healthcare and technological advancements. Foreign exchange reserves also provide stability and act as a buffer during times of economic uncertainty which, in turn, contribute to a more stable and inviting business environment.

Arab economies can also benefit from regional trade integration initiatives, such as the Pan-Arab Free Trade Area, the Arab Trade in Services Agreement, and the GCC, which aim to boost intra-regional trade in goods and services, as well as economic cooperation. While regional trade agreements cannot substitute a multilateral rules-based trading system, enhancing trade ties with neighbouring economies could

nevertheless expand Arab economy markets, promote specialization, and achieve economies of scale, leading to increased competitiveness and growth. Additionally, they may facilitate the creation of regional value chains and enhance Arab economy participation in global value chains.

Trade is also an important tool for Arab economies to achieve the Sustainable Development Goals (SDGs) by 2030. The SDGs, established by the United Nations, are a set of 17 interconnected goals aimed at addressing various global challenges, including poverty and inequality, environmental sustainability, and more. Achieving the SDGs is a priority on the political agenda of Arab economies, alongside their efforts of economic diversification towards increased competitiveness. To that end, trade and trade-related reforms have significant potential to contribute to their economic growth and development.

Finally, it is essential to note that the benefits of trade vary depending on other national policies, infrastructure readiness, human capital capabilities, as well as its regulatory and institutional frameworks. Arab economies thus need to adopt supportive trade policies and domestic reforms, invest in infrastructure development, improve the business climate, and prioritize education and skills development to maximize the positive impacts of trade on their economic performance and development.

Overview of Arab economies in the WTO – original members, members that have acceded since 1995, and economies negotiating accession

The Arab economies in the WTO can be divided into three categories: members that have acceded since the creation of the WTO, countries currently negotiating accession, and original members under the GATT. An overview of these economies can be found in Table 5.

Table 5. Arab League countries; WTO members and those acceding

Country/ territory	Status	Date of GATT membership	Date of WTO membership	Date of start of accession process
Jordan	Joined since 1995	/	11/04/2000	/
Oman	Joined since 1995	/	09/11/2000	/
Saudi Arabia	Joined since 1995	/	11/12/2005	/
Yemen	Joined since 1995	/	26/06/2014	/
Comoros	Joined since 1995	/	21/08/2024	
Algeria	Acceding	/	/	17/06/1987
Sudan	Acceding	/	/	25/10/1994
Lebanon	Acceding	/	/	14/04/1999
Libya	Acceding	/	/	27/07/2004
Iraq	Acceding	/	/	13/12/2004
Syria	Acceding	/	/	04/05/2010
Somalia	Acceding	/	/	07/12/2016
Kuwait	Original member	03/05/1963	01/01/1995	/
Mauritania	Original member	30/09/1963	31/05/1995	/
Egypt	Original member	09/05/1970	30/06/1995	/
Morocco	Original member	17/06/1987	01/01/1995	/
Tunisia	Original member	19/08/1990	29/03/1995	/
Bahrain	Original member	13/12/1993	01/01/1995	/
UAE	Original member	08/03/1994	10/04/1996	/
Qatar	Original member	07/04/1994	13/01/1996	/
Djibouti	Original member	16/12/1994	31/05/1995	/

Source: World Trade Organization.

It should be noted that the first category of original members is rooted in membership of the General Agreement on Tariffs and Trade (GATT), the predecessor to the WTO. This transition from the GATT to the WTO facilitated membership under less demanding conditions compared to those who acceded under the previous regimen. For the latter, the negotiation

of terms of accession had a different dynamic which led to a relatively higher level of commitments in their schedules (goods and services) as well as in their protocols of accession. The third category are countries in different stages of the accession process, with some more advanced than others.

Pre-accession assessment – political and economic context before the start of the accession process

Diversity among Arab economies is manifested in their political systems, economic structures, development stages and income levels. However, one of the common features of Arab economic policies is that they are by and large centrally planned. The historic roots of this are found in the post-colonial era, when the government became the central authority that controlled decisions regarding allocation of resources as well as the production and distribution of goods and services.

In the manufacturing sector, the government typically owned and controlled major industrial production units. In the services sector, major services such as telecommunications, financial services, transportation, education, healthcare, and others, were supplied by government owned and controlled companies or public utility entities. This economic model also influenced the type of trade policies adopted at the time and the extent to which openness to and participation in global markets was limited. Achieving competitiveness was not seen as a priority policy objective in the broader context of economic strategy at the time.

It was not until the late 1980s and early 1990s that Arab economies started joining other developing countries in striving towards a market economy approach. The adoption of a market economy model pursuing economic growth and development entailed fundamental changes in the role of government and its institutions in the economy. It also involved a wholesale revision of economic policies and related laws and regulations. This also required a fundamental redesign of trade policies to align with a newly market-oriented economy. This overall trend influenced to a considerable extent the way in which Arab economies considered accession to the WTO.

Not all 14 economies (acceded Arab members) covered in this paper conducted an assessment specifically focused on WTO accession and how

it would support their economic strategy prior to submitting their accession request. However, responses to questionnaires¹ reveal that they all considered that the transformative process towards a market economy would entail policy and regulatory changes that can be significantly facilitated by applying WTO rules and requirements.

Responses to questionnaires as well as subsequent bilateral discussions highlighted several policy objectives, including:

- Ensuring greater economic policy coherence that mainstreams trade policy as an integral part of the overall economic policy vision.
- Raising productivity and the overall competitiveness of the economy through adoption of open policies that ensure fair competition in different sectors of the economy.
- Attracting more FDI inflows to achieve higher levels of growth and benefit from associated technology transfer.
- Upskilling the domestic labour force and creating new jobs.
- Diversifying the economy and avoiding dependence on a narrow export base through, *inter alia*, improving the domestic business environment, and expanding the role of the private sector.
- Securing new export opportunities in foreign markets with stability and predictability of trade conditions. Some specified the need for a legal framework that provides for a rules-based order. The importance of such a stable environment was also highlighted in relation to encouraging FDI inflows.
- Expanding the economy through new opportunities for trade in goods and services in a way that contributes to economic and social development goals, leading to an increase of the overall standard of living in society.
- Facilitating the adoption of international quality standards.
- Streamlining and simplifying regulatory procedures to facilitate trade and improve the business environment.
- Lowering trade and transaction costs by reducing red tape, promoting good governance and the rule of law.

- Improving the efficiency of infrastructure services (transport, logistics, finance, telecommunications, distribution, etc.) through promoting competitive market conditions to raise the overall competitiveness of the economy.
- Using the WTO rules and guidelines as a tool to overcome the challenge of regulatory reform and a changing role of the government in the economy.
- Integrating into the global economy and being part of the multilateral trading system with the aspiration of active participation in the work of the WTO in the future.
- Embarking on substantial domestic reforms associated with accession as well as securing export opportunities in new markets as a means of poverty reduction, particularly for LDCs.

These policy considerations are common across these economies. Some responses to the questionnaires even indicated that these policy objectives were already pursued prior to the decision to seek accession. In one case, the respondent indicated that WTO principles and rules had already been followed by the government far before accession, which eventually helped to conclude the process in a remarkably short time.

Notwithstanding these commonalities, this group of economies remains diverse in terms of their economic profiles. In broad terms, the following 12 economies may be grouped under three profiles: oil-dependent exporters (Algeria, Iraq, Libya, Oman, Saudi Arabia and Syria), non-oil exporters (Jordan and Lebanon), and LDCs (Comoros, Somalia, Sudan and Yemen). Despite

their diversity, they all moved in the same policy reform direction prior to their decision to submit a request to accede to the WTO.

It should be noted that there are additional aspects of diversity, ranging from different government forms (monarchies and republics), different levels of institutional capacity, to different natural resource endowments and levels of income. There are also economies within this group which are facing serious challenges resulting from conflicts and political instability. Against this backdrop of diversity, the decision taken by each government to accede to the WTO was motivated by the common factors referred to above.

Strong commitments in international trade agreements, including those overseen by the WTO, enhance the credibility of trade policy reform programmes and help lock them in. Establishing this credibility enables governments to confidently open to trade while effectively addressing concerns from domestic interest groups. According to the political commitment theory of trade agreements, by participating in an international trade agreement, a government can credibly announce its intention to open to trade while signalling to domestic producers that it cannot subsequently back down from these commitments without facing retaliation from its trading partners. However, the implementation of new obligations and associated reforms requires considerable political effort and effective consultative mechanisms to ensure buy-in from all stakeholders.

Endnotes

1. See questionnaires in Annex I (Questionnaire for Arab acceding governments) and Annex II (Questionnaire for Arab members having acceded to the WTO after 1995).