

THEANO TSIOVARIDOU  
As. Professor

GREEK-ARAB ECONOMIC RELATIONS



## INTRODUCTION

Although there are a lot of arabic countries and everyone has its own characteristics, nevertheless we will try, in this communication to give a general picture of what concerns their economic relations with Greece, taking arabic countries as a whole\*.

The common characteristic of these countries, with some exceptions as we will see, is that their main exporting product is petroleum, that many times, as for instance is the case of Oman, covers the revenue of the whole exportation of the country.

So, the most common point is that the whole economy—at least for most arabic countries—relies on one product—petroleum (and the cotton for Egypt)—a fact that can create serious problems in the case that this only product presents a big fluctuation and especially diminution of production or demand with repercussion on its price<sup>1</sup>.

So, the main disadvantage of the one-product countries is the big fluctuations of their revenues<sup>2</sup>.

Many arabic countries have realized the danger that exists for a one product economy and they have decided to diversify their production (for instance Oman, Libya, etc.).

This characteristic is also very important for the international economic relations of these countries, as they are obliged to import almost all the other products that they need for their existence. In a way “they export what they produce and they consume what they import”.

Their fundamental characteristic has also another repercussion

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1. Théano Tsiovaridou, “La répercussion en Grèce à la fin du XIXe siècle de la crise du raisin sec”, *Balkan Studies* 21, Thessaloniki, 1980, pp. 127-145.

2. Theano Tsiovaridou, «The special economic problems of the Department of Kastoria and their solution» (in greek), *Balkan Bibliography*, Tome V-1976 (Annex), Institute for Balkan Studies, Thessaloniki, 1979, pp. 211-238.

that reflects directly on the economic relations between arabic countries and Greece, which is the subject of our communication to-day: The big fluctuations of our relations: Petroleum is the determined factor for our relations, that, fatally, follow more or less its fluctuations.

The most important economic relations are the commercial ones, that are based on special bilateral agreements. The Balance of Trade, most of the time is negative for Greece, as will have the opportunity to see with more details, but with many and big fluctuations.

The other economic activities are very insignificant, although they could be very developed, and they are limited to some building (S. Arabia), Touristic (S. Arabia) or investment activities (Arab-Hellenik Bank) etc.

We will try to classify the arabic countries into three groups<sup>3</sup>.

- I. Maghreb's group Countries,
- II. The Gulf's Countries group and
- III. The other arabic countries.

#### I. MAGHREB'S GROUP COUNTRIES

The common point of Maghreb's countries (in which Jordan is also included) is that they have signed a Special Accord with the European Economic Community for "preferential agreements", which Greece also, since 1981, must follow.

##### *1. Marocco*

The commercial exchanges of our two countries are situated in a very low level, especially for two reasons: First, the production in the agricultural sector is almost of the same kind, and second Marocco's commercial trade is oriented from many years towards West Europe and especially France.

The Balance of Trade is negative for Greece (see table 1) and the deficit fluctuates about 10.000.000 (ten millions) dollars per year.

3. I would like to express my appreciation to the Department of International Commercial Relations of the Ministry of Commerce of Greece, which assisted me to collect most of the statistics used in this paper.

TABLE 1

*The evolution of Balance of Trade between Greece and Marocco (1.000 \$)*

	1981	1982	1983	1984	1985	1986	1987
Importations	2.901	14.779	10.779	11.056	11.040	16.997	23.305
Exportations	2.571	796	4.680	1.986	1.018	2.533	2.533
Balance of Trade	-330	-13.983	-6.155	-9.074	-10.022	-14.464	-20.752

*2. Tunisia*

The Balance of Trade is strongly negative for Greece (see table 2) and petroleum is the main imported product (98% in 1981, 85% in 1985 and 90% in 1986).

TABLE 2

*The evolution of Balance of Trade between Greece and Tunisia (1.000 \$)*

	1981	1982	1983	1984	1985	1986	1987
Exportations	13.916	23.599	21.307	6.301	5.378	5.150	11.184
Importations	81.811	45.903	54.075	29.531	19.704	67.787	158.861
Balance of Trade	-67.895	-22.304	-32.768	-23.230	-14.326	-62.637	-147.673

*3. Algeria*

On the 13th of March 1982 the two countries signed an agreement for economic, scientific and technical cooperation. The two members understood that the commercial exchanges didn't correspond to the real possibilities of the two countries, if we take in consideration that the two economies are complementary:

Since 1982, the Balance of Trade is strongly negative (except in 1986) for Greece (see table 3) and the main imported product is petroleum and exported cement.

*TABLE 3*  
*The evolution of Balance of Trade between Greece and Algeria (1.000 \$)*

	1980	1981	1982	1983	1984	1985	1986	1987
Imports	1.840	3.512	201.145	163.688	302.428	176.212	37.224	36.253
Exports	60.244	34.490	55.716	105.554	83.894	63.105	70.371	29.550
Balance of Trade	+ 58.404	+ 30.978	-145.429	-58.134	-218.534	-113.107	+ 33.147	-6.703

There is a big possibility for Greece to increase its exports to Algeria, as our two economies are complementary. The products that Greece can export to Algeria, the last one imports them from our competitors, namely, Italy, Spain and Turkey:

#### 4. Jordan

The Balance of Trade is positive for Greece (see table 4) but the volume of commercial exchanges between the two countries fluctuates on a very low level.

TABLE 4

*The evolution of Balance of Trade between Greece and Jordan (1.000 \$)*

	1981	1982	1983	1984	1985	1986	1987
Importations	713	1.309	254	1.118	2.039	2.660	6.173
Exportations	65.135	47.580	40.628	23.182	16.429	14.690	14.087
Balance of Trade	+64.417	+46.374	+40.374	+22.064	+14.336	+12.030	+7.914

## II. THE GULF'S COUNTRIES GROUP

Greece has signed special agreements for economic, technical etc. cooperation with the United Arabian Emirata (1976), Oman (1977), Kouveit (1977), Bahreim (1976) and Saudite Arabia (1986). For the other countries of the Gulf there are no special agreements with Greece.

The volume of commercial exchanges between Greece and the Gulf's countries has risen, for the 5 last years, to 30% and it is owed mainly to petroleum. Nevertheless, the exports of Greece to the Gulf, for the same period have diminished to 6% and it is owed first to the fact that some products (for instande cement) the Gulf's countries have imported from the neighboring arabic countries and second for some special technical obstacles.

### 1. Saoudite Arabia

The Balance of Trade is constanly negative for Greece (see table 5)

TABLE 5

*The evolution of Balance of Trade between Greece and Saudite Arabia (1.000 \$)*

	1980	1981	1982	1983	1984	1985	1986	1987
Exportations	280.770	237.298	272.880	323.297	244.627	181.383	158.354	130.837
Importations	779.303	489.644	1.255.000	1.191.711	651.495	819.225	732.099	493.837
Balance of Trade	-498.533	-252.343	-982.120	-868.414	-406.868	-637.887	-573.745	-363.000

that imports almost exclusively petroleum and whose exports contain 85% manufacturing products and 15% agricultural ones.

Greece has the sixth place between the imported products in Saoudite Arabia although its percentag doesn't surpass 0,8%.

Greece and Saoudite Arabia have also some other activities (building, investment, touristic) but there are a lot of technical obstacles that is the main case for the diminution of Greece's exports to Saoudite Arabia.

## 2. Kouveit

The Balance of Trade until 1984 was positive for Greece and since 1985 it is negative (see table 6) and it is owed to the import of big quantities of petroleum.

Greece imports almost exclusively petroleum and exports an important variety of products that represent 0,4% of the whole imported products in Kouveit and has the 30th place between the suppliers.

Greece's exports are lower than it was expected and also than it is possible to realise. There are a lot of technical obstacles for the expansion of the trade.

Kouveit participates in 20% to the Arab-Hellenik Bank.

TABLE 6

*The evolution of Balance of Trade between Greece and Kouveit (1.000 \$)*

	1981	1982	1983	1984	1985	1986	1987
Importations	53	50	922	2.432	263.997	10.885	229.711
Exportations	44.559	48.487	30.447	19.183	20.271	14.428	13.174
Balance of Trade	+44.506	+48.843	+29.525	+16.751	-143.666	+3.537	-216.537

## 3. Oman

The Balance of Trade is positive for Greece (see table 7), that has th 12th place between the suppliers with a percentage of 0,08% of the whole imported products in Oman.

TABLE 7

*The evolution of Balance of Trade between Greece and Oman (1.000.000 \$)*

	1980	1981	1982	1983	1984	1985	1986	1987
Importations	1.794	2.370	2.781	2.583	14	40	17	241
Exportations	3.885	4.866	4.581	4.267	2.393	3.413	3.568	2.034
Balance of Trade	+2.091	+2.496	+1.802	+1.684	+2.379	+3.373	+3.551	+1.793

Oman is the country that has the biggest dependence from the petroleum, as, for instance, in 1982 92% of the whole revenue from exports were coming from petroleum. For this reason in 1981-1985's plan, Oman's Government decided to diversify their production by developing especially agriculture and agricultural industry.

Our commercial exchanges are in an extremely low level but there are big possibilities for Greece to rise its exports, diversify its export products and also increase other economic activities (building etc.), that are also insignificant.

#### 4. *United Arabian Emirata (U.A.E.)*

The Balance of Trade is positive for Greece (see table 8) that has big possibilities to increase her exports as the percentage of greek imports to U.A.E. is very low and U.A.E. needs a lot of products. The negative point is some technical problems (visa etc.) that prevent the expansion of trade.

TABLE 8

*The evolution of Balance of Trade between  
Greece and United Arabian Emirata (1.000.000 \$)*

	1981	1982	1983	1984	1985	1986	1987
Importations	17	48	614	26.689	425	1.226	336
Exportations	19.544	13.837	12.478	19.212	21.932	32.204	23.381
Balance of Trade	+12.527	+13.789	+11.864	-7.477	+21.932	+30.978	+23.045

5. *Bahrein*

The Balance of Trade is positive for Greece (see table 9), except in 1985.

TABLE 9

*The evolution of Balance of Trade between Greece and Bahrein (1.000.000 \$)*

	1981	1982	1983	1984	1985	1986	1987
Importations	—	—	—	—	4.601	1.601	1.293
Exportations	5.698	5.214	5.551	3.150	2.962	2.549	2.129
Balance of Trade	+5.698	+5.214	+5.551	+3.150	-1.639	+945	+206

## 6. Katar

The Balance of Trade was positive for Greece till 1986 and in 1987 became negative (see table 10).

TABLE 10

*The evolution of Balance of Trade between Greece and Katar (1.000.000 \$)*

	1981	1982	1983	1984	1985	1986	1987
Importations	—	—	—	5	—	497	4.183
Exportations	6.417	4.043	3.457	3.577	3.847	5.382	3.334
Balance of Trade	+6.417	+4.043	+3.457	+3.572	+3.847	+4.885	-949

7. *North Yemen*

The Balance of Trade is positive for Greece (see table 11).

TABLE 11

*The evolution of Balance of Trade between Greece and North Yemen  
(1.000.000 \$)*

	1986	1987
Importations	7	—
Exportations	11.688	7.432
Balance of Trade	+11.681	+7.432

8. *South Yemen*

The balance of Trade is positive for Greece (see table 12).

TABLE 12

*The evolution of Balance of Trade between Greece  
and South Yemen (1.000.000 \$)*

	1986	1987
Importations	110	76
Exportations	3.145	708
Balance of Trade	+3.035	+632

## III. THE OTHER ARABIC COUNTRIES

1. *Egypt*

Greece and Egypt have signed economic, cultural, professional etc. agreements.

The Balance of Trade is positive for Greece (see table 13) who imports petroleum (54,6% of the whole imported products from Egypt) and raw cotton (36,8%) and its exports are various although cement occupies 42,7% of the whole exported products.

There are big possibilities for Greece to increase and diversify its export to Egypt.

TABLE 13

*The evolution of Balance of Trade between Greece and Egypt (1.000 \$)*

	1983	1984	1985	1986	1987
Importations	6.159	14.670	68.410	119.449	37.992
Exportations	157.308	163.245	143.285	135.107	122.126
Balance of Trade	+151.149	+148.575	+74.875	+15.758	+84.134

2. *Libya*

The Balance of Trade is constanly negative for Greece (see table 14) and her exports are continually decreasing and its imports (almost exclusively petroleum) fluctuate on high levels.

TABLE 14  
*The evolution of Balance of Trade between Greece and Libya (1.000.000 \$)*

	1980	1981	1982	1983	1984	1985	1986	1987
Imports	263,0	325,4	710,2	352,5	544,3	559,6	384,3	223,0
(petroleum)		(320,5)	(705,9)	(341,2)	(543,3)			
Exports	168,0	221,8	111,6	103,3	87,5	47,4	57,1	40,5
Balance of Trade	-95,0	-103,6	-598,6	-249,1	-456,7	-512,2	-327,2	-182,5

### 3. *Syria*

Since 1982, the Balance of Trade is positive for Greece (see table 15) that imports cotton and petroleum and exports cereal, soya oil, cement etc.

The conditions are favorable to increase the volume of exchanges on both sides.

### 4. *Irak*

The Balance of Trade, since 1982, is negative for Greece (see table 16), but with very important fluctuations from one year to another owed to the fact that the only imported product is petroleum. Greece exports different products that can be increased.

## CONCLUSION

The structure of arabic countries' economy, as we have already analysed, permits us to conclude that, in order to diminish the fluctuations of our commercial relations we must diversify the products of our exchanges.

Greece's economy is complementary to almost all arabic countries (except, perhaps, Marocco), and, so, Greece's exports can be risen in advantage to both sides. Also, there are big possibilities to extend our cooperation to other fields, as for instance, building, touristic, investment activities and so on. Governments must try to facilitate our economic relations by effacing, at least, technical obstacles, as those, for instance, concernig visa, transports etc.

Many arabic countries desire to sign special agreements to European Economic Community and Greece, being a full member since 1981, can facilitate this.

Greece is the crossroad of three Continents. So her geographical place is privileged and can play an important role, when political circonstances permit it, to "join" Europe, and especially Balkan Countries, to Mediterranean and Near East.

*TABLE 15*  
*The evolution of Balance of Trade between Greece and Syria (1.000 \$)*

	1981	1982	1983	1984	1985	1986	1987
Importations	79.029	51.074	24.978	17.857	6.672	9.787	8.105
Exportations	74.167	59.259	35.178	34.269	36.047	27.700	22.190
Balance of Trade	-4.862	+8.185	+10.200	+16.412	+29.375	+17.913	+14.085

TABLE 16

*The evolution of Balance of Trade Between Greece and Irak (1.000.000 \$)*

	1980	1981	1982	1983	1984	1985	1986	1987
Importations	53,9	106,5	130,6	472,1	338,0	477,9	131,0	127,1
Exportations	67,3	110,8	115,1	53,7	53,6	45,5	60,2	17,0
Balance of Trade	+13,4	+4,3	-15,5	-418,4	-284,4	-432,4	-70,8	-110,1