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Foreword

The Middle East and North Africa (MENA) region continued to garner international attention over 2006. Much of the ‘spotlight’ events have pointed to high oil prices and the region’s ongoing struggles with conflict, including the lack of security and growing sectarian violence in Iraq, the summer war in Lebanon, the Israeli-Palestinian conflict, and tensions over the nuclear proliferation in Iran, all developments and challenges that are important not only to the region, but to the world.

But behind these images, another story from the region emerges that is equally compelling. Over the last few years the region has performed remarkably well on many economic fronts. The MENA region has demonstrated strong economic performance, driven to a large degree by high oil prices and a favorable global environment, but also by reform policies that while gradual are in general on the right track. Growth in the region continues to be robust for the fourth year in a row, with strong external inflows and continued fiscal and external account surpluses at the regional level. Labor markets have reacted positively to these economic developments and unemployment has declined at a time when labor market pressures are at their peak. The region, despite many common economic and social features is remarkably diverse, and economic developments and outcomes differ significantly among its countries.

This year marks the third volume in the series of annual overview reports on the MENA region. *MENA Economic Developments and Prospects 2007* aims to build upon the established tradition of an annual review, monitoring key macroeconomic developments from the regional perspective as well as progress with structural reforms, in order to identify the forces shaping economic outcomes in the region and to highlight the key issues that affect the region’s growth prospects. This year, the thematic chapter focuses on labor market issues, a sector of vital importance to the region, due to the demands that its demographic transition is imposing on employment and socioeconomic infrastructures. As always, it is hoped that the report deepens the understanding of the region’s development progress, prospects, and challenges.

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Abbreviations and Acronyms

ATC	Agreement on Textiles and Clothing
Bbl	Barrels
BCI	Business Climate Index
BCRI	Business Climate Reform Index
BIS	Bank for International Settlements
Bn	Billion
BOP	Balance of Payments
CAB	Current Account Balance
CEE	Central and Eastern Europe
CIDCM	Center for International Development and Conflict Management
CPI	Consumer Price Index
EAP	East Asia and the Pacific
EAPPEP	Economically Active Population Estimates and Projections
EBRD	European Bank for Reconstruction and Development
ECA	Europe and Central Asia
ELMPS	Egypt Labor Market Panel Survey
EM	Emerging Markets
ENP	European Neighborhood Policy
EU	European Union
FDI	Foreign Direct Investment
FSU	Former Soviet Union
FTA	Free Trade Agreement
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GNFS	Good and Non-Factor Services
ICT	Information and Communication Technology
IEA	International Energy Agency
ILO	International Labor Organization
IMF	International Monetary Fund
IOSCO	International Organization of Securities Commissions
IT	Information Technology
LAC	Latin America and the Caribbean
LE	Egyptian Pound
LF	Labor Force
LFPR	Labor Force Participation Rate
LFS	Labor Force Surveys
LIBOR	London Interbank Offered Rate
LMIC	Low and Middle-Income Economies
LNG	Liquefied Natural Gas
M&A	Mergers and Acquisitions

Mb/d	Million Barrels per Day
MENA	Middle East and North Africa
MFA	Multifiber Agreement
MSCI	Morgan Stanley Capital International
MVA	Manufacturing Value Added
NAFTA	North American Free Trade Agreement
NAV	Non Ad-Valorem
NTBs	Non-Tariff Barriers
OECD	Organization for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PAFTA	Pan-Arab Free Trade Area
PAI	Public Sector Accountability Index
PARI	Public Sector Accountability Reform Index
PCA	Principal Component Analysis
PCA	Principal Component Analysis
QAI	Quality of Public Administration Index
QARI	Quality of Public Administration Reform Index
QIZ	Qualifying Industrial Zone
RPLA	Resource-Poor Labor-Abundant
RRLA	Resource-Rich Labor Abundant
RRLI	Resource-Rich Labor Importing
SEE	South Eastern Europe
SMEs	Small and Medium Enterprises
SSA	Sub-Saharan Africa
TPI	Trade Policy Index
TPRI	Trade Policy Reform Index
TRAINS	Trade Analysis and Information System
U.S.	United States
UAE	United Arab Emirates
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USD	United States Dollar
WAP	Working Age Population
WBG	West Bank and Gaza
WTI	West Texas Intermediate
WTO	World Trade Organization