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Foreword

The Middle East and North Africa (MENA) region continued to attract international attention during 2006. 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 nuclear proliferation in Iran—are important not only to the region, but to the world. But these issues often overshadow another, equally compelling, story from the region that is just beginning to emerge and garner international attention in its own right.

During the last few years, MENA has turned in strong economic performances, driven, to a large degree, by high oil prices and a favorable global environment, but also by reform policies that, though gradual, are generally 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 positive-

ly to these economic developments, and unemployment has declined even as labor-market pressures are peaking. Of course, the region is remarkably diverse, despite many common economic and social features, and economic developments and outcomes differ significantly among its countries.

This is the third in a series of annual overviews of the region. *MENA 2007 Economic Developments and Prospects*, like its predecessors, reports key macroeconomic developments from the regional perspective as well as progress with structural reforms. The aim is 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, an area of vital importance to the region because of the demands that its demographic transition is imposing on employment and socioeconomic infrastructures. We hope that the report will deepen public understanding of the region's progress, prospects, and challenges.

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Abbreviations and Acronyms

AGR	agriculture
ATC	Agreement on Textiles and Clothing
bbl	barrels
BIS	Bank for International Settlements
BOP	balance of payments
CPI	Consumer Price Index
DECPG	Development Economics Projects Group
EAP	East Asia and the Pacific
EAPPEP	<i>Economically Active Population Estimates and Projections</i>
EBRD	European Bank for Reconstruction and Development
ECA	Europe and Central Asia
ELMPS	Egypt Labor-Market Panel Survey
ENP	European Neighborhood Policy
EU	European Union
FDI	foreign direct investment
FTA	free trade agreement
FTZ	free trade zone
GATT	General Agreement on Tariffs and Trade
GCC	Gulf Cooperation Council
GDP	gross domestic product
ICT	information and communication technology
IEA	International Energy Agency
ILO	International Labour Organization
IOSCO	International Organization of Securities Commissions
IT	information technology
LAC	Latin America and the Caribbean
LE	Egyptian pound
LFPR	labor force participation rate
LFS	labor force surveys
LNG	liquefied natural gas

MENA	Middle East and North Africa
MFA	Multi-Fibre Agreement
MVA	manufacturing value added
NAFTA	North American Free Trade Agreement
NAV	non ad valorem
NTBs	nontariff barriers
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of the Petroleum Exporting Countries
PA	Palestinian Authority
PAFTA	Pan-Arab Free Trade Agreement
PW	public works
QIZ	qualified industrial zone
RPLA	resource-poor, labor-abundant
RRLA	resource-rich, labor-abundant
RRLI	resource-rich, labor-importing
SSA	Sub-Saharan Africa
TRAINS	Trade Analysis and Information System
UAE	United Arab Emirates
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
VA	value added
VAT	value added tax
WBG	West Bank and Gaza
WTI	West Texas Intermediate
WTO	World Trade Organization