



2005

Annual Report



G OIC 2005

منظمة الخليج للاستشارات الصناعية
Gulf Organization For Industrial Consulting

Annual Report

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GCC Member States

The United Arab Emirates
The Kingdom of Bahrain
The Kingdom of Saudi Arabia
The Sultanate of Oman
The State of Qatar
The State of Kuwait

Their Excellencies the Ministers of Industry in the Member States



H.E. Shaikh Hamdan Bin Rashid Al-Maktoom,
United Arab Emirates



H.E. Maqbool Bin Ali Sultan
Sultanate of Oman



H.E. Dr. Hassan Bin Abdullah Fakhro
Kingdom of Bahrain



H.E. Abdullah Bin Hamad Al-Atiyya
State of Qatar



H.E. Dr. Hashim Bin Abdallah Yamani
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State of Kuwait

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United Arab Emirates



H.E. Ahmad Hassan Al-Theeb
Sultanate of Oman



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Kingdom of Bahrain



H.E. Dr. Mohamed Salih Al-Sadah
State of Qatar



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Kingdom of Saudi Arabia



H.E. Dr. Yousif Shiab Al-Bahr
State of Kuwait

The General Secretariat

H.E. Dr. Ahmed Khalil Al-Mutawa
Secretary General

H.E. Dr. Lulwa A. Al-Misned
Assistant Secretary General for Investment
Promotion and Industrial Research and Economic Analysis

H.E. Ahmed Hassan Dhaif
Assistant Secretary General for Information

Foreword

By the Secretary General



During 2005, The GCC Member States witnessed high growth rates in their respective GDPs as a result of a considerable rise in oil prices, the repatriation of capital, along with regional political stability and the effects of various domestic structural reforms. The GCC States continued their efforts for revenue diversification in order to reduce their dependence on the energy sector, and play down their exposure to its price fluctuation. The petrochemical industry, as a whole, represented a significant portion of the GCC GDP, with 40 million MT produced in 2005, while capital investment growth in that sector continued unabated.

Total investments in the oil and gas sector in 2005 amounted to USD 30 billion, and are predicted to increase further during 2006 due to large scale projects in the oil and gas sectors in Saudi Arabia, Qatar and in Kuwait.

In most GCC economies, the services sectors saw a significant increase. Both the real estate and the stock markets within the GCC, experienced a considerable growth due to the available liquidity in the global capital markets. Preliminary estimates put investments in real estate, in those economies, to be in excess of USD 250 billion. Similarly, stock market capitalization in the GCC member states witnessed a rapid growth reaching one Trillion USD in 2005.

The manufacturing sector performed extremely well in the GCC economies, and contributed substantially to domestic GDP. At the end of 2005, the number of factories in the GCC region amounted to 9,906 with an estimated workforce of 740,000.

The public sector is still predominant in the industrial sector – particularly in petrochemicals and gas, as well as in the desalination industry. Of the USD 105 billion of capital invested in chemical plants within the GCC, the public sector contributed to as much as 60% in investment. Respective governments constantly target high profile investment projects in the industrial sector, while teaming up with the private sector.

Economic policies adopted by the GCC governments aimed towards sharpening their respective industries' competitive edge, by achieving higher profits through increased productivity, greater product quality, improved resource allocation, as well as technology and knowledge transfer.

However, significant consideration needs to be given to SMEs particularly to those involved in the knowledge-based industries and services sector. Those industries require substantial investment in human capital as well as hi-tech infrastructure thus

bridging any existing knowledge or digital gaps.

As far as GOIC is concerned, the year 2005 saw major changes to the organization, affecting its corporate identity and its business outlook. A new corporate identity was adopted to keep up with the ever-increasing demand on its services, to adapt to the external global and regional changes and to maintain its high profile within the consulting services. Such change will strengthen GOIC's leading role needed to become the repository institution for advanced industrial research with the GCC, and would allow the organization to play a central function on the international scene.

Bearing this in mind, and with the help of reputable and specialized international marketing agencies, GOIC put together wide-ranging advertising and marketing strategies to promote the organization's products and services.

A new chapter has begun for GOIC, that will be marked with unremitting endeavors, essential for the industrial development of the region. The organization's products and services will contribute significantly towards the progress and welfare of its member states.

The above achievements would not have been possible without the blessing of the Almighty. Furthermore, the support and backing of Their Excellencies the Ministers of Industry of the GCC, was critical for the advancement of the organization, notwithstanding its Board Members constant and relentless efforts devoted to planning, evaluation and follow-through on the organization's activities.

Dr. Ahmed Khalil Al-Mutawa

Global Economic Performance 2005

Global nominal GDP growth for the year 2005 reached 4.8% (real growth, 3.2% in real terms) and is projected to remain slightly below 5% over 2006-2007. A slightly higher than expected GDP growth was mainly attributed to the increased global industrial production during the third and fourth quarters of 2005 (IMF 2006).

Inflation reached 2.3%, and 5.9% in developed and developing economies, respectively. Despite higher oil prices, inflation has been more moderate than generally expected, mainly because producers and consumers believe the oil price spike to be temporary. Nevertheless, if oil prices move above USD 80 per barrel, the adverse impact is likely to be greater. The projected inflation rate for 2007 is in the region of 2.1% and 4.4% for developed and developing economies respectively.

This projection is based on the expectation of positive supply-side responses to increasing demand, moderate increases in commodity prices and consistent inflation-targeting policies pursued by the main central banks around the world.

The United States' economy remains the main engine of global growth, but the dynamic expansion of China, India and other large developing economies is now becoming an increasingly important factor. Economic growth in most parts of the developing world and 'economies in transition' is well above the world average. Indeed the developing economies are expected to expand at a rate of 5.6% while the 'economies in transition' will grow at 5.9%, despite the challenges they will face during 2006.

The sharp rise in oil prices has contributed to the recent decline in growth rates and this trend is likely to continue throughout 2006. Second round effects from energy prices to wages have not materialized thus far, and accordingly long term inflation expectations remain well anchored.

Core inflation is expected to drift modestly upward in the United States as activity expands beyond capacity. However, inflation is set to remain low in the Euro area. Current account imbalances are expected to widen substantially over the next two years with the US deficit exceeding 7% of GDP in 2006 while China and Japan will record ever larger surpluses.

These imbalances reflect inadequate and uncoordinated macroeconomic policy in the largest economies. A substantial fiscal deficit, in the presence of a negative private savings rate and relatively low long term interest rates in the United States, is combined by an exchange rate policy geared towards market-share maximization in several Asian countries.

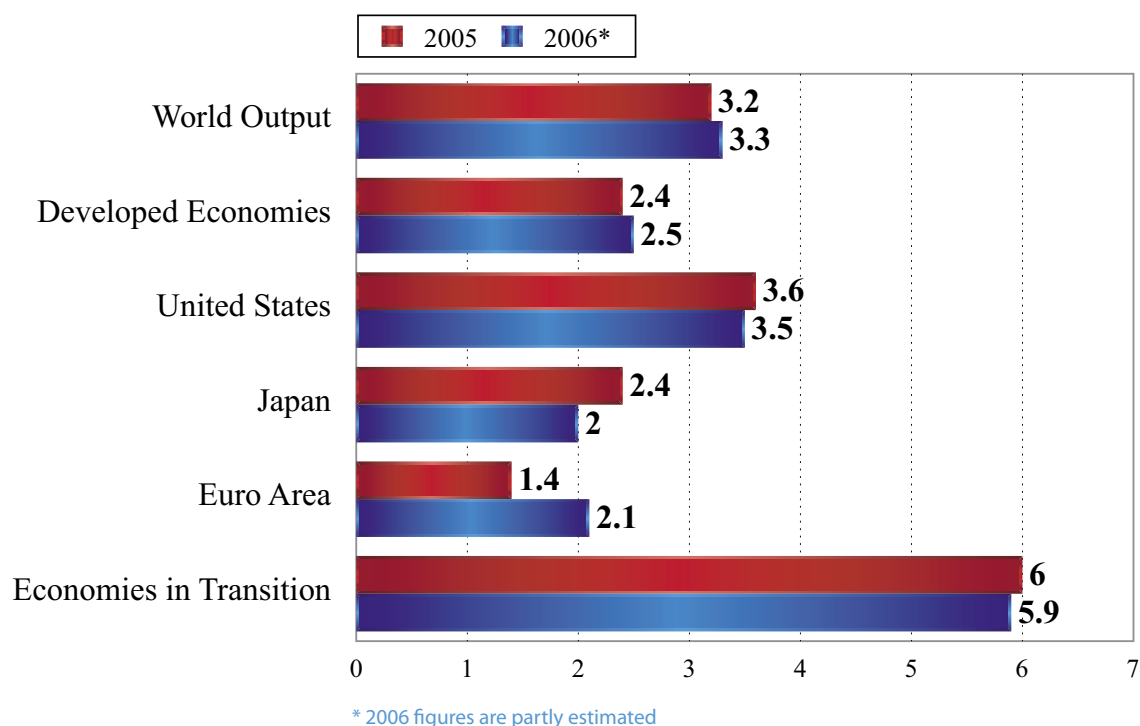
This policy stance might lead to an unsustainable current account imbalance, thereby sapping demand for dollar-denominated assets. Such a shift in investors' portfolio choices would result in a sudden jump in long-term interest rates, falling asset prices (including house prices) and ultimately a recession in the USA. Currency appreciation and deflationary risks in Japan and the Euro area, where inflation remains low, would eventually weaken world economic growth and destabilize global financial markets.

Table 1: **Overview of the World Economic Situation**
(Annual percentage change)

| | 2003 | 2004 | 2005 | 2006* |
|--|------|------|------|-------|
| World output | 2.6 | 4 | 3.2 | 3.3 |
| Developed economies | 1.9 | 3.2 | 2.4 | 2.5 |
| United States | 2.7 | 4.2 | 3.6 | 3.5 |
| Japan | 1.4 | 2.7 | 2.4 | 2 |
| Euro area | 0.8 | 1.8 | 1.4 | 2.1 |
| Economies in transition | 7.1 | 7.7 | 6 | 5.9 |
| Developing economies | 4.9 | 6.6 | 5.7 | 5.6 |
| Least developed countries | 6.5 | 6.7 | 6.8 | 6.6 |
| Inflation | | | | |
| United States | 2.3 | 2.7 | 3.4 | 2.8 |
| Japan | -0.3 | 0 | -0.4 | 0.1 |
| Euro area | 2.1 | 2.1 | 2.2 | 2.1 |
| World trade | 6.4 | 11 | 7.1 | 7.2 |
| Current account balance(% of GDP) | | | | |
| United States | -4.7 | -5.7 | -6.5 | -6.7 |
| Japan | 3.2 | 3.7 | 3.4 | 3.9 |
| Euro area | 0.3 | 0.5 | -0.2 | -0.2 |
| Short term interest rate | | | | |
| United States | 1.2 | 1.6 | 3.5 | 5.2 |
| Japan | 0 | 0 | 0 | 0.2 |
| Euro area | 2.3 | 2.1 | 2.2 | 3.0 |

Source: OECD Economic Outlook & UN/DESA
* 2006 figures are partly estimated

Chart 1: Real GDP Growth (%)



GCC STATES ECONOMIC PERFORMANCE REPORT

The GCC economies experienced considerable real growth rates in GDP during 2005, although less than during previous years. With the exception of Saudi Arabia, inflation has risen in all GCC countries during 2005. Table 2 shows estimated GDP growth rates for 2005 and 2006 respectively.

Growth accelerated only in Bahrain and Saudi Arabia during 2005, while the remaining GCC economies have grown, but at a decreasing rate. For 2006 it is expected that growth rates will decline further, although as a consequence of increasing oil prices, growth rates forecasts have been revised upwards for all the GCC economies.

Table 2: GCC Economies Real Growth Rates (%)

| | 2004 | 2005e | 2006f |
|---------|------|-------|-------|
| Bahrain | 3.9 | 5.9 | 5.6 |
| Kuwait | 7.8 | 4.8 | 3.6 |
| Oman | 5.6 | 4.3 | 3.6 |
| Qatar | 9.9 | 8.8 | 7.9 |
| K.S.A. | 5.2 | 6.5 | 4.6 |
| U.A.E | 9.7 | 6.7 | 6.4 |

SOURCE: Country Reports, The Economist Intelligence Unit, March 2006.
E = Economist estimates F = Economist forecast

Chart 2: GCC Member States Real GDP Growth (%)

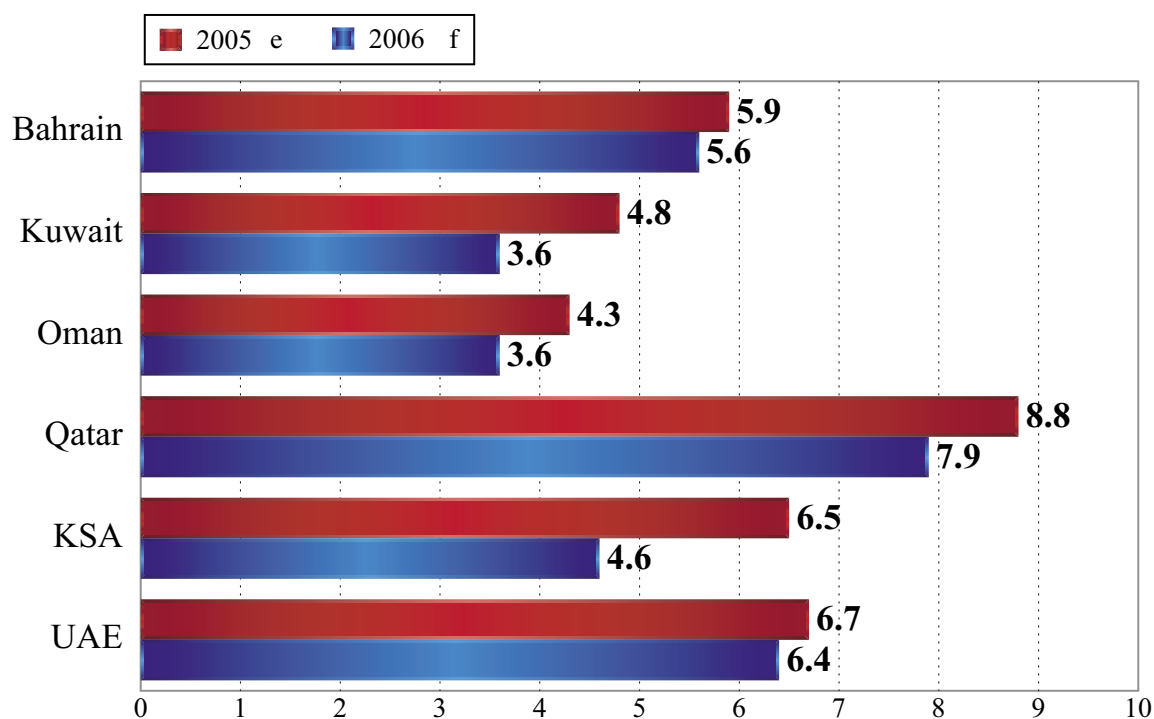
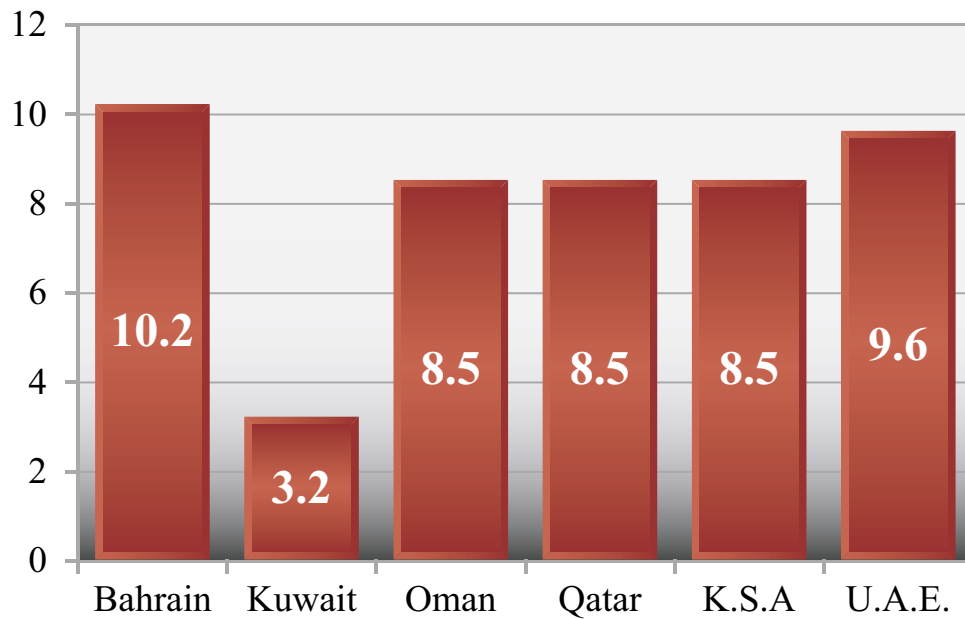


Table 3: Main Sectors' Shares of GDP in GCC Economies (%)

| Countries | Oil and mining | | Manufacturing | | | Construction | | Services | |
|-----------|----------------|------|---------------|------|------|--------------|------|----------|------|
| | 2003 | 2004 | 2003 | 2004 | 2005 | 2003 | 2004 | 2003 | 2004 |
| Bahrain | 25.2 | 25.2 | 11.2 | 10.6 | 9.6 | 3.8 | 3.8 | 56.4 | 56.4 |
| Kuwait | 46.6 | 49.4 | 7.2 | 3.8 | 10.2 | 2.3 | 2.4 | 44.6 | 41.3 |
| Oman | 42 | 42.4 | 8.3 | 8.5 | 8.5 | 2.3 | 3 | 43.5 | 42.5 |
| Qatar | 59.8 | 62.2 | 5.6 | 10.4 | 8.5 | 4 | 5.2 | 28.3 | 21.9 |
| K.S.A | 38.1 | 41.5 | 10.1 | 10.2 | 8.5 | 5.8 | 5.4 | 39.2 | 37.2 |
| U.A.E. | 32.1 | 32.8 | 13.7 | 13.1 | 3.2 | 8.1 | 7.5 | 42.7 | 42.2 |

SOURCE: Industrial Market Intelligence Dept., GOIC, imi.com.qa

Chart 3: Manufacturing Sector Share in GDP in GCC States (%)



The GCC economies are gradually diversifying their revenue sources, leading to a gradual change in a decades-long pattern of dependency on oil. The services sector has grown in importance in most GCC economies and its share in GDP has steadily expanded in recent years. For example, in 2004 the services sector share in Bahrain GDP was 56.4% - more than twice that of the oil and mining sectors.

Similarly, the services sector share in UAE GDP was 42.2% in 2004, while the oil and mining sector share accounted for only 32.8%. Overall, the services sector in GCC GDP is growing faster than other sectors.

During 2004, the manufacturing sector share in GDP gained momentum and reached a high rate of 10.2% in Bahrain and 9.6% in UAE. Nevertheless continuing efforts are essential for the manufacturing sector to play a prominent role in GDP expansion across all GCC economies.

Table 4: Annual Indicators for GCC countries (year 2005)

| | Bahrain | Kuwait | Oman | Qatar | K.S.A | U.A.E. |
|---|----------|----------|--------|----------|---------|-----------|
| GDP(USD n) | 12.8 | 71.4 | 32,167 | 35.4 | 307.9 | 117.1 |
| Real GDP growth(%) | 5.9 | 4.8 | 4.3 | 6.7 | 6.5 | 6.7 |
| Consumer price inflation (av%) | 2.7 | 3.6 | 1.4 | 7.8 | 0.4 | 6.0 |
| Population (m) | 0.7 | 3.0 | 2.8 | 0.8 | 24.6 | 4.7 |
| Exportsofgoodsfob(USDm) | 10,086.6 | 42,401.5 | 18,243 | 23,389.3 | 173,298 | 102,300.0 |
| Importsofgoodsfob(USDm) | 7,656.5 | 11,848.2 | 8,358 | 6,705.5 | 45,976 | 60,200.0 |
| Current account balance (USD m) | 874.8 | 30,124.9 | 4,364 | 9,230.4 | 87,249 | 24,900.0 |
| Foreign-exchangereserves exclude gold (USD m) | 2,425.6 | 8,862.8 | 4,358 | 4,945.9 | 28,791 | 23,500.0 |
| Totalexternaldebt(USDbn) | 6.8 | 15.9 | 4.4 | 21.1 | 37.7 | 30.2 |
| Debt service ratio, paid (%) | 6.4 | 2.4 | 6.3 | 9.8 | 1.9 | 1.8 |
| Exchangerate(av)currency:USD | 0.376 | 0.292 | 0.385 | 3.64 | 3.75 | 3.67 |

SOURCE: Country Report, The Economist Intelligence Unit, 2006.

As a result of the oil price boom in recent years, the GCC economies are accumulating huge foreign currency reserves from current account surpluses. This should have positive knock-on effects on national savings and investments.

Inflation rates measured by consumer price indexes, soared during 2005, with Saudi Arabia experiencing the lowest inflation rise at 0.4% against the highest ever rate of 7.8% in Qatar. However, to date, these rates are neither sapping consumer consumption nor discouraging business investments.

Generally, interest rate policies and an exchange rate pegged to the dollar provide an impetus for potential investment opportunities and output diversifications in the GCC economies. Stock markets and financial institutions need to be further deregulated to allow a larger pool of private savings to be rationally allocated for investment projects with positive net present value.

Oil Sector

The oil sector in the GCC countries continues to be the major source of governments' revenues. The size of this contribution depends on crude oil prices determined on world markets. A commonly used crude oil index is the OPEC Basket depicted in Table 5. This, together with crude oil production and exports, shows oil prices increasing to record highs in the course of 2006.

In the period 2004-2006, production of crude oil in the GCC countries grew by 9% from 15,067 B/d to 16,381 B/d. This increase matched closely a corresponding expansion of OPEC's daily quotas for its member countries, including the four biggest GCC oil producers (Saudi Arabia, UAE, Kuwait and Qatar), whose combined production accounts for 94% of the total oil production in the GCC region.

The increase in the production of crude oil was accompanied by a significant growth in price, as the strength of world oil demand and the deterioration of the security situation in the Middle East sapped the ability of OPEC, through its quotas system mechanism, to influence oil prices on international markets. As a result, the value of petroleum exports from the GCC countries grew by 37%, 13 percentage points above their production growth rate.

Among the OPEC member countries, Saudi Arabia was the most successful in increasing its export value by 19 percentage points above its production expansion, while the value exports of Kuwait grew 14 percentage points below the production growth.

Even though the production of crude oil among the four biggest oil-producing member countries of the GCC rose, it contracted by 1.5% in Bahrain and 3% in Oman. However, this contraction did not translate into reductions in the export revenues, thanks to increases in their exported oil prices. As a consequence, the value of petroleum exports grew by 122% in Bahrain and 20% in Oman.

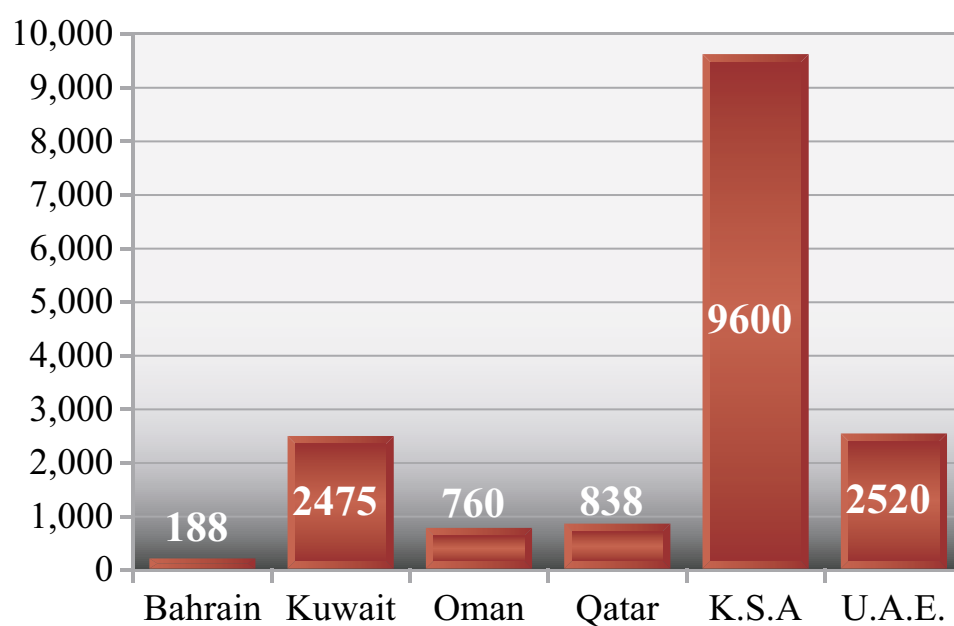
Table 5: GCC Member States Crude Oil Prices, Production and Exports

| | Bahrain | Kuwait | Oman | Qatar | K.S.A. | U.A.E. |
|---------------------------------|---------|--------|--------|--------|---------|--------|
| 2004: OPEC Basket: USD 30.8/B | | | | | | |
| Production (000 b/d) | 188 | 1,925 | 779 | 782 | 9,040 | 2,353 |
| Exports (USD m) | 5,551 | 28,157 | 9,078 | 8,529 | 77,796 | 29,619 |
| 2005: OPEC Basket: USD 53.93/B | | | | | | |
| Production (000b/d) | 186 | 2,120 | 774 | 800 | 9,487 | 2,490 |
| Exports (USD m) | 8,203 | 39,866 | 12,958 | 12,589 | 120,043 | 42,003 |
| 2006: OPEC Basket: USD 61.93/B* | | | | | | |
| Production (000b/d) | 188 | 2,475 | 760 | 838 | 9,600 | 2,520 |
| Exports (USD m) | 9,215 | 45,754 | 13,932 | 13,398 | 121,186 | 43,507 |

SOURCES: OPEC: Arab Oil & Gas Magazine, January, 2006, Production and Exports: Country Reports, The Economist Intelligence Unit, March, 2004-2006.

* 2006 figures are forecast.

Chart 4: GCC Member States Crude Oil Production (000' b/d)



The Manufacturing Sector

The manufacturing sector has enjoyed a healthy five-year growth trend in the GCC economies as shown in Table 6, thereby raising its relative importance. Efforts to make the manufacturing sector a second major source of national income, and to progressively reduce the dependency on oil and mineral sources, are yet to bear fruits both in terms of quantity and quality. More integrated industries enjoying a sizeable comparative advantage need to be established. In fact, in the absence of measures to spur efficient production processes and high quality products, even existing enterprises risk losing their competitive edge.

Table 6: **The Share of Manufacturing Sector in GDP**
(current prices) in the GCC (%)

| | 2001 | 2002 | 2003 | 2004 | 2005 |
|---------|------|------|------|------|------|
| Bahrain | 12 | 11.8 | 11.2 | 10.6 | 10.2 |
| Kuwait | 6.5 | 6.9 | 7.2 | 3.8 | 3.2 |
| Oman | 8.3 | 7.7 | 8.3 | 8.5 | 8.5 |
| Qatar | 6.1 | 7.1 | 7.6 | 10.4 | 8.5 |
| K.S.A | 10.1 | 10.3 | 10.2 | 10.2 | 8.5 |
| U.A.E. | 13.8 | 13.8 | 13.1 | 13.1 | 9.6 |

Source: Industrial Market Intelligence Dept., GOIC, imi.com.qa

Strenuous efforts are therefore required to bring about the paradigm shift capable of diversifying the GCC economies and modernizing their domestic industries through the adoption of new technologies.

The manufacturing sector is classified through an International Standard Industrial Classification (ISIC) coding system which at two-digit level is divided into nine groups, numbered from 31 through 39:

- ISIC 31: Food, Beverages and Tobacco
- ISIC 32: Textiles, Wearing Apparel and Leather Industries
- ISIC 33: Wood and Wood Products (including Furniture)
- ISIC 34: Paper, Paper Products, Printing and Publishing
- ISIC 35: Chemical and Plastic Products
- ISIC 36: Non-Metallic Mineral Products (except Products of Petroleum and Coal)
- ISIC 37: Basic Metal Industries
- ISIC 38: Fabricated Metal Products, Machinery and Equipment
- ISIC 39: Other Manufacturing Industries.

In order to analyze these sectors, we consider the number of Establishments (E), the level of Investment (I), and the number of Workers (L) in each group for two time periods: period 1 (1991-1993) and period 2 (2002-2004). The average values of E, I and L in periods 1 and 2 and the percentage growth rates between periods 2 and 1 are shown in Table 7.

Table 7: **ISIC DIVISIONS OF THE MANUFACTURING SECTOR**
GCC LEVEL ANALYSIS

Period 1: Average 1991-1993; Period 2: Average 2002-2004;

E = Number of Establishments; I = Invested Capital (Millions USD); L = Number of Workers

| Period | 1 | 2 | % | 1 | 2 | % | 1 | 2 | % |
|--------|------------------|---------|-------|-----------------------|--------|-------|---------------------------|---------|-------|
| ISIC | 31: Food | | | 32: Textile | | | 33: Wood | | |
| E | 750 | 1284 | 71.2 | 276 | 597 | 116.3 | 326 | 595 | 82.5 |
| I | 3332 | 7950.3 | 138.6 | 529.7 | 1546 | 191.8 | 456.7 | 901.3 | 97.4 |
| L | 46046 | 109203 | 137.2 | 35665 | 86857 | 143.5 | 15414 | 32816 | 112.9 |
| ISIC | 34: Paper | | | 35: Chemicals | | | 36: Non-Metallic Minerals | | |
| E | 330 | 595 | 80.3 | 847 | 1812 | 113.9 | 1020 | 1551 | 52 |
| I | 1073.7 | 2352 | 119 | 20763 | 60269 | 190.3 | 6573 | 10837.3 | 64.8 |
| L | 19442 | 36958 | 90.1 | 66069 | 146840 | 122.2 | 69453 | 102666 | 47.8 |
| ISIC | 37: Basic Metals | | | 38: Fabricated Metals | | | 39: Other manufacturing | | |
| E | 36 | 126 | 241.7 | 1354 | 2399 | 77.2 | 99 | 240 | 142.4 |
| I | 4538 | 6722.3 | 48.1 | 3507.3 | 8891 | 153.5 | 121.3 | 366.7 | 202.3 |
| L | 11388 | 21165 | 85.8 | 78278 | 180162 | 130.1 | 3364 | 12900 | 283.4 |
| | Entire Sector | | | | | | | | |
| E | 5041 | 9195 | 82.4 | | | | | | |
| I | 40895.3 | 99836.7 | 144.1 | | | | | | |
| L | 345123 | 720209 | 108.7 | | | | | | |

SOURCE: Basic Data Compiled by Industrial Market Intelligence Dept. GOIC.

Table 7 indicates a significant growth in all manufacturing sectors in terms of the number of establishments (E), the capital investment (I) and the number of workers (L). A comparison of the growth in E with that in I and L provides an indication of change in the number of establishments. A comparison of the growth of I with that of L provides an indication of change in the capital intensity.

Estimates for each of the nine divisions, follow:

| ISIC | Establishment size | Capital intensity |
|---------------------------|--------------------|-------------------|
| 31: Food | Increase | Increase |
| 32: Textile | Increase | Increase |
| 33: Wood | Increase | Decrease |
| 34: Paper | Increase | Increase |
| 35: Chemicals | Increase | Increase |
| 36: Non-Metallic Minerals | Increase | Increase |
| 37: Basic Metals | Decrease | Decrease |
| 38: Fabricated Metals | Increase | Increase |
| 39: Other Manufacturing | Increase | Decrease |
| Entire Sector | Increase | Increase |

SOURCE: Country Report, The Economist Intelligence Unit, 2006.

As a result of the oil price boom in recent years, the GCC economies are accumulating huge foreign currency reserves from current account surpluses. This should have positive knock-on effects on national savings and investments.

Inflation rates measured by consumer price indexes, soared during 2005, with Saudi Arabia experiencing the lowest inflation rise at 0.4% against the highest ever rate of 7.8% in Qatar. However, to date, these rates are neither sapping consumer consumption nor discouraging business investments.

Generally, interest rate policies and an exchange rate pegged to the dollar provide an impetus for potential investment opportunities and output diversifications in the GCC economies. Stock markets and financial institutions need to be further deregulated to allow a larger pool of private savings to be rationally allocated for investment projects with positive net present value.

Table 8: GCC' Joint-venture Industrial Projects (2005)

| Country | Number of Factories | | Labor | | Capital | |
|---------|---------------------|------|-------|------|----------|------|
| | No. | % | No. | % | USD | % |
| Bahrain | 26 | 15.1 | 14468 | 36.2 | 4,128 | 32.5 |
| Kuwait | 5 | 2.9 | 413 | 1.1 | 57.2 | .5 |
| Oman | 6 | 3.5 | 527 | 1.4 | 57.3 | .5 |
| Qatar | 16 | 9.3 | 731 | 1.9 | 66.7 | .6 |
| K.S.A | 77 | 44.8 | 20638 | 51.6 | 7,858 | 61.8 |
| U.A.E. | 42 | 24.5 | 3239 | 8.1 | 563 | 4.5 |
| Total | 172 | 100 | 40016 | 100 | 12,730.2 | 100 |

SOURCE: Industrial Marke Intelligence Dept., GOIC, imi.com.qa

The number of joint-venture industrial projects in the GCC countries was 172 in 2005, with investment of approximately USD 12.7 billion and employing more than 40,000 workers as indicated in Table 8.

Also, indicated in Table 8 are the majority of joint-venture industrial projects, their labor, and capital invested. These are concentrated in three countries, namely the Kingdom of Saudi Arabia, the UAE and Bahrain. Saudi Arabia has the largest number of joint-venture projects and amount of capital invested, with the UAE the second largest and Bahrain hosting the third largest number of joint-venture industrial projects, although the investment value here is in fact second to that of Saudi Arabia - implying that Bahrain's capital intensity is significantly greater than that of the UAE.

Foreign Trade

Access to international markets has become an essential complement to the industrial development effort. The causality link between export and growth is a long standing issue, which is also linked to the effects of economic diversification and to the competitive advantage of domestic industrial products.

Table 9 shows the trade balance in 2003, 2004 and 2005 together with exports and imports. In the GCC countries, crude oil exports account for the largest share of trade by far, hence the external balance tends to reflect oil market conditions.

Table 9: Foreign Trade in Goods and Services (USD billion dollars)

| | Bahrain | Kuwait | Oman | Qatar | K.S.A. | U.A.E. |
|------------------------------------|---------|--------|------|-------|--------|--------|
| 2003 | | | | | | |
| Goods: exports, fob | 6.5 | 22.3 | 11.5 | 12.4 | 86.5 | 56.8 |
| Goods: imports, fob | 5.1 | 9.6 | 5.7 | 5.7 | 30.4 | 37.2 |
| Trade balance | 1.4 | 12.7 | 5.8 | 6.7 | 56.1 | 19.6 |
| Services: net exports | -1.7 | -4.4 | -3.5 | -3.7 | -31.2 | -7.1 |
| Current account balance | -0.3 | 8.3 | 2.3 | 3.0 | 24.9 | 12.5 |
| Current account balance(% of GDP) | -3.2 | 20.1 | 10.7 | 15.6 | 11.8 | 15.9 |
| 2004 | | | | | | |
| Goods: exports, fob | 5.7 | 16.6 | 9.8 | 11.6 | 66.7 | 54.1 |
| Goods: imports, fob | 5.0 | 10.3 | 6.0 | 6.2 | 31.2 | 39.8 |
| Trade balance | 0.7 | 6.3 | 3.8 | 5.4 | 35.5 | 14.3 |
| Services: net exports | -1.7 | -4.1 | -3.5 | -4.1 | -30.3 | -7.4 |
| Current account balance | -1.0 | 2.2 | 0.3 | 1.3 | 5.2 | 6.9 |
| Current account balance(% of GDP) | -11.8 | 6.0 | 1.3 | 7.1 | 2.6 | 9.1 |
| 2005 | | | | | | |
| Goods: exports, fob | 9.3 | 32.1 | 13.6 | 20.5 | 118.2 | 76.7 |
| Goods: imports, fob | 6.8 | 12.2 | 8.0 | 5.8 | 42.6 | 52.9 |
| Trade balance | 2.5 | 19.9 | 5.6 | 14.7 | 75.6 | 23.8 |
| Services: net exports | -2.0 | -4.4 | -4.4 | -4.6 | -31.8 | -12.7 |
| Current account balance | 0.5 | 15.5 | 1.2 | 10.1 | 43.8 | 11.1 |
| Current account balance(% of GDP) | 4.5 | 28.8 | 5.2 | 34.8 | 17.0 | 12.4 |

SOURCE: Country Report, The Economist Intelligence Unit, various Years

Intra GCC Trade

Intra-regional trade among the GCC countries has recently gained momentum after the launch of the unified customs regime in 2003. The value of traded goods had jumped from USD 15 billion in 2002 to USD 17.8 and USD 23.7 billion in 2003 and 2004 respectively. Trade volume and value after the unified customs regime inception grew by 37% - a historical record.

Overall, intra-GCC trade has two salient features:

- firstly, the share of trade among the GCC countries is less than 8% of their total trade with other countries;
- secondly, the shares of individual countries in intra-trade exports and imports vary considerably.

During the period 1995-2004, Oman, Bahrain and Saudi Arabia imported from the local Gulf market at average rates of 11.7%, 9.2%, and 7.1% respectively (of total GCC imports). During the same period, Kuwait, Qatar and the UAE imported from the GCC market at average rates of 1.7%, 4.3%, and 5.5% respectively, as depicted in Table 10.

These import rates are calculated by taking the percentages of each country's annual imports from the GCC market and dividing them by total imports. Exports rates are calculated analogously and they range between a high of 34% exported by Bahrain, to a low of 3.4% exported by Saudi Arabia to the GCC markets during the same period, see Table 11.

Table 10: intra-gcc imports share of total imports (%)

| | Bahrain | Kuwait | Oman | Qatar | K. S.A. | U.A.E. |
|----------------|---------|--------|------|-------|---------|--------|
| 1995 | 10.3 | 1.8 | 11.8 | 6.9 | 7.1 | 5.7 |
| 1996 | 9.3 | 1.2 | 9.8 | 5.9 | 7.1 | 4.6 |
| 1997 | 8.7 | 1.4 | 11.3 | 5.7 | 7.5 | 4.7 |
| 1998 | 13.7 | 2.2 | 16.3 | 4.7 | 8.5 | 6.7 |
| 1999 | 9.5 | 1.9 | 10.5 | 3.3 | 6.9 | 6.1 |
| 2000 | 6.4 | 1.2 | 7.9 | 2.1 | 5.5 | 5.4 |
| 2001 | 7.6 | 1.5 | 8.2 | 2.6 | 5.8 | 5.5 |
| 2002 | 7.7 | 1.5 | 9.7 | 2.4 | 6.1 | 5.2 |
| 2003 | 6.9 | 1.6 | 12.4 | 2.2 | 6.6 | 4.6 |
| 2004 | 11.8 | 3.1 | 19.5 | 6.7 | 10.2 | 6.1 |
| Period Average | 9.2 | 1.7 | 11.7 | 4.3 | 7.1 | 5.5 |

SOURCE: S.G. of GCC, Industrial Market Intelligence, GOIC., imi.com.qa

TABLE 11: INTRA-GCC EXPORTS SHARE OF TOTAL EXPORTS (%)

| | Bahrain | Kuwait | Oman | Qatar | K.S.A. | U.A.E. |
|---------------|---------|--------|------|-------|--------|--------|
| 1995 | 44.3 | 9.6 | 27.8 | 8.1 | 2.7 | 7.4 |
| 1996 | 44.6 | 9.5 | 27.1 | 12.1 | 3.2 | 5.7 |
| 1997 | 49.2 | 10.4 | 28.1 | 10.8 | 3.1 | 5.6 |
| 1998 | 27.1 | 9.4 | 28.1 | 15.4 | 3.3 | 6.2 |
| 1999 | 25.9 | 10.4 | 31.8 | 17.6 | 3.8 | 6.5 |
| 2000 | 25.9 | 14.2 | 38.5 | 14.8 | 3.5 | 5.9 |
| 2001 | 30.1 | 12.6 | 32.3 | 12.5 | 3.8 | 5.9 |
| 2002 | 27.6 | 10.5 | 28.7 | 11 | 4.6 | 5.9 |
| 2003 | 32.7 | 13.1 | 30.6 | 9.7 | 4.3 | 5.5 |
| 2004 | 32.1 | 4.7 | 14.7 | 3.6 | 1.4 | 5.5 |
| PeriodAverage | 34.0 | 10.4 | 28.8 | 11.6 | 3.4 | 6.0 |

SOURCE: S.G. of GCC, Industrial Market Intelligence Dept., GOIC, imi.com.qa.

TABLE 12: INTRA-GCC TRADE (IMPORTS & EXPORTS) (Million USD)

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|------------------|---------|---------|---------|---------|---------|---------|
| Total trade | 189317 | 261379 | 262311 | 254990 | 318305 | 382872 |
| Intra-GCC trade | 13513.1 | 13477.6 | 12746.3 | 15137.1 | 17675.5 | 23694.9 |
| % of total trade | 7.1 | 5.2 | 4.9 | 5.9 | 5.6 | 6.2 |

SOURCE: IMF

Chart 5: Volume of Intra-GCC Trade (Billion USD)

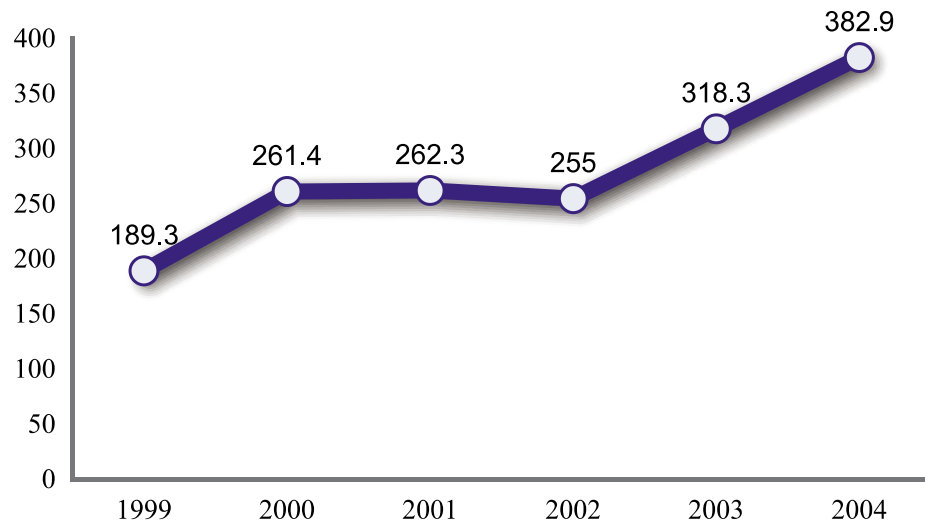
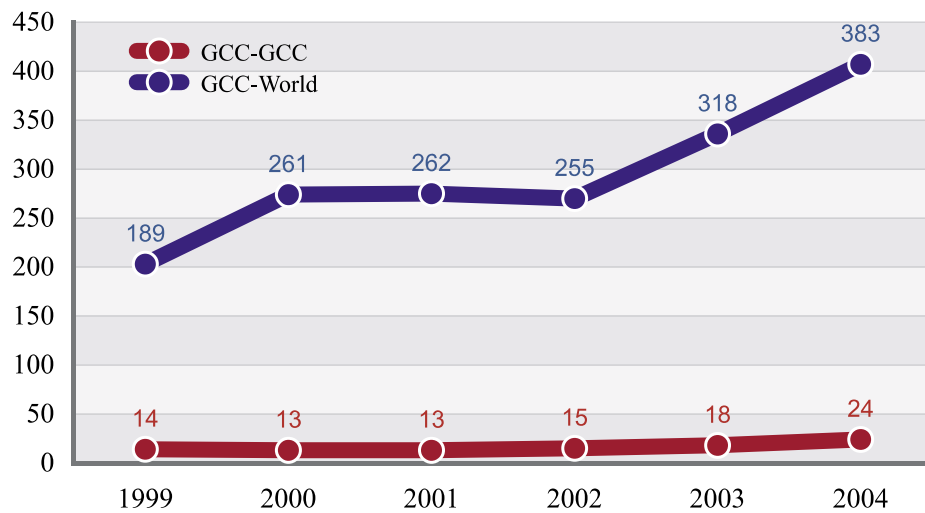


Chart 6: Intra-GCC Trade Compared to Total Trade (Billion USD)



Unified Industrial Development and Economic Integration

Efforts to boost industrial development culminated in the approval of a unified industrial development strategy on November 11th 1981, (revised in 1998) which pinpoints six economic areas for cooperation and integration:

- Trade policy and uniform customs tariffs
- Movement of capital and individuals and the exercise of economic activities
- Coordination and harmonization of plans to achieve economic integration
- Technical cooperation with respect to R&D, technology transfer, technical and vocational training, and human resources coordination
- Transport and communications
- Financial and monetary cooperation

The unified industrial development strategy formulates eight main objectives geared towards industrial development in the GCC member states whose achievement hinges greatly on private sector initiatives. Member states are in charge of attaining the strategy objectives and report the outcomes to GOIC.

In February 2005, a workshop was organized and hosted by GOIC for delegates from the GCC member states to establish quantitative methods and criteria to gauge and measure the development of the unified strategy objectives attainment. Similar workshops will be held annually to continuously monitor the process.

Hierarchical Structure for Processing Industry in GCC Member States in 2005

| Industrial Activity | No. of Factories | % | Invest. Size USD Million | % | No. of Workers | % |
|---------------------------------------|------------------|------|--------------------------|------|----------------|------|
| Food, Beverages & Tobacco | 1,348 | 13.6 | 8,443 | 8.0 | 105,706 | 13.7 |
| Textiles, Clothes & leathers | 620 | 6.3 | 1,643 | 1.6 | 90,576 | 11.7 |
| Wood & Furniture | 655 | 6.6 | 973 | 0.9 | 36,699 | 4.7 |
| Paper, Printing & Publishing | 635 | 6.4 | 2,559 | 2.4 | 38,997 | 5.0 |
| Chemical & Plastic Products | 1,963 | 19.8 | 62,643 | 59.4 | 155,697 | 20.1 |
| Non Metallic Mineral prod. except Oil | 1,718 | 17.3 | 11,743 | 11.1 | 115,252 | 14.9 |
| Basic Meneral Industries | 140 | 1.4 | 6,835 | 6.5 | 23,342 | 3.0 |
| Fabricated Metals | 2,574 | 26.0 | 10,226 | 9.7 | 194,003 | 25.1 |
| Other processing Industries | 253 | 2.6 | 369 | 0.4 | 13,514 | 1.7 |
| Total | 9,906 | 100 | 105,436 | 100 | 773,786 | 100 |

Source: Industrial Market Intelligence Dept., GOIC, imi.com.qa.

Hierarchical Structure for Processing Industry in UAE in 2005

| Industrial Activity | No. of Factories | % | Invest. Size USDMillion | % | No. of Workers | % |
|---------------------------------------|---------------------|------|----------------------------|------|-------------------|------|
| Food, Beverages & Tobacco | 317 | 9.9 | 1,042 | 8.4 | 23,195 | 10.3 |
| Textiles, Clothes & leathers | 286 | 8.9 | 326 | 2.6 | 38,098 | 17.0 |
| Wood & Furniture | 281 | 8.8 | 129 | 1.0 | 13,942 | 6.2 |
| Paper, Printing & Publishing | 248 | 7.7 | 297 | 2.4 | 12,701 | 5.7 |
| Chemical & Plastic Products | 705 | 22.0 | 5,834 | 46.9 | 37,713 | 16.8 |
| Non Metallic Mineral prod. except Oil | 350 | 10.9 | 1,828 | 14.7 | 27,535 | 12.3 |
| Basic Meneral Industries | 58 | 1.8 | 1,850 | 14.9 | 5,751 | 2.6 |
| Fabricated Metals | 853 | 26.6 | 1,092 | 8.8 | 61,249 | 27.3 |
| Other processing Industries | 103 | 3.2 | 45 | 0.4 | 4,012 | 1.8 |
| Total | 3,201 | 100 | 12,443 | 100 | 224,196 | 100 |

Source: Industrial Market Intelligence Dept., GOIC, imi.com.qa.

Hierarchical Structure for Processing Industry in the Kingdom of Bahrain in 2005

| Industrial Activity | No. of Factories | % | Invest. Size USDMillion | % | No. of Workers | % |
|---------------------------------------|---------------------|------|----------------------------|------|-------------------|------|
| Food, Beverages & Tobacco | 107 | 18.2 | 178 | 3.1 | 2,843 | 6.5 |
| Textiles, Clothes & leathers | 46 | 7.8 | 71 | 1.3 | 14,143 | 32.3 |
| Wood & Furniture | 24 | 4.1 | 23 | 0.4 | 1,125 | 2.6 |
| Paper, Printing & Publishing | 26 | 4.4 | 29 | 0.5 | 1,518 | 3.5 |
| Chemical & Plastic Products | 95 | 16.2 | 2,638 | 46.3 | 7,374 | 16.9 |
| Non Metallic Mineral prod. except Oil | 81 | 13.8 | 129 | 2.3 | 3,968 | 9.1 |
| Basic Meneral Industries | 13 | 2.2 | 2,198 | 38.6 | 4,557 | 10.4 |
| Fabricated Metals | 184 | 31.3 | 421 | 7.4 | 7,797 | 17.8 |
| Other processing Industries | 12 | 2.0 | 12 | 0.2 | 411 | 0.9 |
| Total | 588 | 100 | 5,698 | 100 | 43,736 | 100 |

Source: Industrial Market Intelligence Dept., GOIC, imi.com.qa.

Hierarchical Structure for Processing Industry in the Kingdom of Saudi Arabia in 2005

| Industrial Activity | No. of Factories | % | Invest. Size USDMillion | % | No. of Workers | % |
|---------------------------------------|---------------------|------|----------------------------|------|-------------------|------|
| Food, Beverages & Tobacco | 595 | 15.2 | 5,767 | 8.4 | 63,292 | 16.6 |
| Textiles, Clothes & leathers | 166 | 4.2 | 1,075 | 1.6 | 18,776 | 4.9 |
| Wood & Furniture | 174 | 4.4 | 683 | 1.0 | 14,895 | 3.9 |
| Paper, Printing & Publishing | 216 | 5.5 | 1,878 | 2.8 | 18,586 | 4.9 |
| Chemical & Plastic Products | 840 | 21.4 | 41,244 | 60.4 | 85,602 | 22.5 |
| Non Metallic Mineral prod. except Oil | 735 | 18.7 | 7,934 | 11.6 | 61,494 | 16.2 |
| Basic Meneral Industries | 44 | 1.1 | 1,821 | 2.7 | 9,444 | 2.5 |
| Fabricated Metals | 1,077 | 27.4 | 7,600 | 11.1 | 100,206 | 26.3 |
| Other processing Industries | 79 | 2.0 | 284 | 0.4 | 8,268 | 2.2 |
| Total | 3,926 | 100 | 68,286 | 100 | 380,563 | 100 |

Source: Industrial Market Intelligence Dept., GOIC, imi.com.qa.

Hierarchical Structure for Processing Industry in the Sultanate of Oman in 2005

| Industrial Activity | No. of Factories | % | Invest. Size USDMillion | % | No. of Workers | % |
|---------------------------------------|---------------------|------|----------------------------|------|-------------------|------|
| Food, Beverages & Tobacco | 196 | 19.8 | 641 | 20.2 | 7,247 | 16.4 |
| Textiles, Clothes & leathers | 62 | 6.3 | 79 | 2.5 | 10,792 | 24.4 |
| Wood & Furniture | 71 | 7.2 | 52 | 1.7 | 2,977 | 6.7 |
| Paper, Printing & Publishing | 62 | 6.3 | 90 | 2.9 | 2,148 | 4.9 |
| Chemical & Plastic Products | 131 | 13.2 | 988 | 31.2 | 4,667 | 10.6 |
| Non Metallic Mineral prod. except Oil | 244 | 24.6 | 725 | 22.9 | 7,915 | 17.9 |
| Basic Meneral Industries | 9 | 0.9 | 253 | 8.0 | 1,056 | 2.4 |
| Fabricated Metals | 194 | 19.6 | 325 | 10.3 | 6,954 | 15.7 |
| Other processing Industries | 21 | 2.1 | 16 | 0.5 | 399 | 0.9 |
| Total | 990 | 100 | 3,170 | 100 | 44,155 | 100 |

Source: Industrial Market Intelligence Dept., GOIC, imi.com.qa.

Hierarchical Structure for Processing Industry in the State of Qatar in 2005

| Industrial Activity | No. of Factories | % | Invest. Size USDMillion | % | No. of Workers | % |
|---------------------------------------|---------------------|------------|----------------------------|------------|-------------------|------------|
| Food, Beverages & Tobacco | 61 | 10.7 | 211 | 2.8 | 2,404 | 7.6 |
| Textiles, Clothes & leathers | 38 | 6.7 | 45 | 0.6 | 7,310 | 23.1 |
| Wood & Furniture | 54 | 9.5 | 29 | 0.4 | 1,765 | 5.6 |
| Paper, Printing & Publishing | 33 | 5.8 | 83 | 1.1 | 947 | 3.0 |
| Chemical & Plastic Products | 90 | 15.8 | 5,965 | 78.1 | 7,941 | 25.1 |
| Non Metallic Mineral prod. except Oil | 149 | 26.1 | 558 | 7.3 | 6,060 | 19.1 |
| Basic Meneral Industries | 12 | 2.1 | 604 | 7.9 | 1,721 | 5.4 |
| Fabricated Metals | 110 | 19.3 | 136 | 1.8 | 3,236 | 10.2 |
| Other processing Industries | 24 | 4.2 | 4 | 0.1 | 297 | 0.9 |
| Total | 571 | 100 | 7,634 | 100 | 31,681 | 100 |

Source: Industrial Market Intelligence Dept., GOIC, imi.com.qa.

Hierarchical Structure for Processing Industry in the State of Kuwait in 2005

| Industrial Activity | No. of Factories | % | Invest. Size USDMillion | % | No. of Workers | % |
|---------------------------------------|---------------------|------------|----------------------------|------------|-------------------|------------|
| Food. Beverages & Tobacco | 72 | 11.4 | 603 | 7.3 | 6,725 | 13.6 |
| Textiles. Clothes & leathers | 22 | 3.5 | 48 | 0.6 | 1,457 | 2.9 |
| Wood & Furniture | 51 | 8.1 | 57 | 0.7 | 1,995 | 4.0 |
| Paper, Printing & Publishing | 50 | 7.9 | 182 | 2.2 | 3,097 | 6.3 |
| Chemical & Plastic Products | 102 | 16.2 | 5,974 | 72.8 | 12,400 | 25.1 |
| Non Metallic Mineral prod. except Oil | 159 | 25.2 | 569 | 6.9 | 8,280 | 16.7 |
| Basic Meneral Industries | 4 | 0.6 | 111 | 1.3 | 813 | 1.6 |
| Fabricated Metals | 156 | 24.8 | 653 | 8.0 | 14,561 | 29.4 |
| Other processing Industries | 14 | 2.2 | 9 | 0.1 | 127 | 0.3 |
| Total | 630 | 100 | 8,204 | 100 | 49,455 | 100 |

Source: Industrial Market Intelligence Dept., GOIC, imi.com.qa.

Gulf Organization for Industrial Consulting

Establishment & Goals:

The Gulf Organization for Industrial Consulting (GOIC) was established in 1976 in line with the decision of the Ministers of Industry in the Arab Gulf States.

Its main task is to foster industrial cooperation and policy coordination amongst the GCC member states, namely: the United Arab Emirates, the Kingdom of Bahrain, the Kingdom of Saudi Arabia, the Sultanate of Oman, the State of Qatar and the State of Kuwait.

GOIC provides knowledge-based consulting and professional services for both the public and private sectors in GCC member states.

As a pioneering and respected Gulf-wide source of expertise in industrial consultancy, GOIC contributes to initiating and accelerating industrial development, supporting integration and coordination amongst the member states and raising industrial knowledge and awareness in the region. GOIC has become an integral part of the GCC industrial development process.

Governing Bodies

GOIC is governed by the Council and the Technical General Secretariat. The former represents the highest authority in the organization and is composed by representatives from the six member countries. The Council holds four 'ordinary' meetings each year to discuss the issues related to GOIC institutional tasks.

In particular, the Council:

- investigates and approves the documents and data which the Technical General Secretariat prepares
- studies industrial expansion plans in the region with a view to improve integration and coordination
- matches industrial projects in the member states
- approves the annual budget and all other issues requested by the GCC member states that fall within GOIC's field of activities

The Technical General Secretariat of GOIC, consists of the Secretary General, the two Assistant Secretary Generals, Department Directors, Experts, Unit Heads, Staff Members and Administration. The General Secretariat implements all concrete actions deemed necessary to achieve the organization's goals.

GOIC's internal structure comprises two areas:

- Investment Promotion and Industrial and Economic Research which includes the Industrial Investment Promotions Department and the Economic Analysis and the Industrial Research Department
- Information Technology which includes the Information Technology Department and the Industrial Market Intelligence Department

Main Missions:

Since its establishment, GOIC has undertaken a number of missions, primarily encompassing:

- promoting joint industrial projects
- identifying and supporting investment opportunities in Small and Medium-sized Enterprises (SMEs)
- performing technical and economic studies
- fostering industrial coordination between similar and synergetic projects
- providing technical and economic strategic consulting
- preparing statistical and economic reports

- organizing conferences, seminars and specialized technical meetings
- providing courses and workshops
- creating technical assistance linkages with similar regional Arab and international organizations
- providing industrial data and information
- creating awareness in the region about industrial development challenges.

Key Achievements

GOIC has played a pivotal role in drafting the industrial development strategy in the GCC member states, through technical and economic advice, market surveys, initial feasibility studies, economic analysis and legal opinions. This work was carried out on behalf of governments, as well as for public and private sector institutions.

In addition, GOIC's contribution was crucial for strengthening industrial cooperation, coordination and integration at both local and regional level, while providing technical consultancy to investors and large contractors.

The activities performed by GOIC since inception include:

- Providing 354 investment opportunities in different industrial fields – for a total investment estimated at around USD 7.37 million which contributed to create over 17,400 new jobs in the GCC member states.
- Preparing around 160 industrial, technical and economic feasibility studies in sectors such as chemical, petrochemical, mining, engineering, construction and food industries.
- Providing more than 180 consultancy studies for investment opportunities, project feasibility evaluations, industrial ventures and industrial legislations.
- Disseminating information and data through its website: www.goic.org.qa and through its newly launched IMI portal: www.imi.goic.org.qa.
- Creating a number of databases for industrial, economic, and social information for the GCC member states in the following areas: foreign trade, petrochemicals, cement and plastics.
- Answering almost 13,000 queries relating to the different industrial sectors in the GCC member states.
- Conducting 45 industry-wide coordination meetings for officials and entrepreneurs in the GCC member states; 70 courses and workshops; 10 large-scale conferences for Gulf industrialists; more than 50 specialized meetings and 56 specialized seminars. In addition, GOIC participated in a number of international conferences for international industrial cooperation as well as specialized industrial conferences.
- Cooperating with several regional and international agencies and organizations such as: World Trade Organization (WTO), UNIDO and UNCTAD. GOIC is also considered a permanent member (observer) in the ministers' meetings at the World Trade Organization. This cooperation entails preparing studies and joint reports; conducting courses and workshops; organizing lectures as well as exchanging information and expertise. Within this framework, GOIC was selected to host the WTO Reference Center in its headquarters in Doha, Qatar in 1999. This center is considered an official source for WTO information: it maintains a collection of more than 440 publications including periodicals and non-periodicals, books, manuals, reports, handbooks, brochures and other types of publications. This center also helps in developing awareness regarding the WTO and the repercussions of the new trade policies on enterprises. Furthermore, GOIC cooperates with ESCAWA and UNIDO in developing industrial investment promotion programs and setting up centers for subcontracting and partnership exchange in the region.

Programs & Activities during 2005

Promoting Investment and Industrial & Economic Research

Manufacturing Investment Opportunities Program

Launched in 1987, and highly active during 2005, this program seeks to understand the status as well as the requirements of industrial development in the GCC member states. The program also identifies investment opportunities in various sectors and promotes cooperation at regional and local levels. In addition to profitability analysis, the SME Program takes into consideration the availability of raw materials, environmental protection, synergies among industrial sectors, and technology transfers.

Furthermore, an Industrial Investment Opportunities Forum was held in the State of Kuwait where were presented 10 potential investment opportunities in SMEs.

Subcontracting & Partnership Exchange (SPX) Activities

This program acts as a regional center which provides technical information and services to facilitate the establishment of productive relationships, activate communications and create joint business opportunities among industrial companies in the GCC.

During 2005, the establishment of the SPX center was completed and was promoted through participation in several conferences and international events.

Other activities undertaken during 2005 include:

- Conducting two seminars in June on the promotion of SPX activities in the Sultanate of Oman and the United Arab Emirates with the participation of international experts.
- A workshop in Bahrain with the participation of an international expert, on Production Flexibility and its Relation with Subcontracting and Partnership Exchange in the Kingdom of Bahrain.
- Training five representatives from GCC member states on communication control at GOIC Headquarters in Doha in April. The same training also took place in the State of Kuwait and the Kingdom of Saudi Arabia.
- Formulation of the second phase of the GOIC's SPX technical assistance after assessment of phase one, done in conjunction with the visit of the UNIDO SPX director to GOIC.
- Participation in the following global meetings:
 - Global SPX- Supply Chain Conference, China
 - Middle East-Europe Forum for Subcontracting and Partnership Exchange, Barcelona, Spain
 - International Entrepreneurship Forum and Exhibition, Dubai, UAE
 - Subcontracting Exhibition, Bilbao, Spain with five participating member companies registered on the GOIC SPX program

Technical Assistance Program

This program helps SMEs in the GCC member states to face future challenges and reduce operational costs by improving energy efficiency; reducing waste in inputs; raising environmental awareness and increasing productivity.

The program involves evaluating the plant layout alongside its different equipment, operational and production processes and finally assessing the accessory services in the plant.

During 2005, the following exercises were undertaken:

- Executing two practical cases in four plants in the State of Kuwait and the Kingdom of Bahrain to evaluate energy efficiency and production inputs
- Preparing a study on the assessment of technical assistance with the aim of further developing the program
- Participating in a conference and exhibition in California, USA to acquire knowledge on the latest scientific advances and applications in energy consumption rationalization
- Providing technical assistance to the Sultanate of Oman through a seminar and six practical cases in energy consumption rationalization in cooperation with experts from the USA
- Preparing a study on the most appropriate statistical definition of SMEs in the GCC member states
- Preparing a study, upon a request from the Kingdom of Saudi Arabia, on the structure and qualification of SMEs which are facing and overcoming obstacles
- Preparing a study, based on a request from the State of Qatar, on the experiences of countries on job training for youth and incentives to industrial investments
- Preparing a study, upon a request from the UAE, on the establishment of an industrial incubator

Sectoral, Quality & Specialized Studies Preparation Program

This program prepares analytical forecasts for specialized industrial issues. Results from these studies are also used for future developments in related sectors.

During 2005, the following activities were carried-out under this programme:

- Finalizing a multi-client study on Methane Gas in cooperation with the UK company Next
- Updating a forecasting report on Propylene and its derivatives
- Preparing a study for the Kingdom of Bahrain on 'The state of electrical industries in Bahrain' and exploring investment opportunities in this field
- Preparing a study on the Petrochemicals sector in Kuwait, on behalf of the State of Kuwait
- Preparing a study, upon a request from the Kingdom of Bahrain, on the optimum ways to best develop and promote industrial areas

Feasibility Studies Preparation Program

This program undertakes technical and economic feasibility studies on integrated industrial investments

During 2005, the following studies were carried out:

- Upon a request from the State of Kuwait, preparing and presenting ten industrial investment opportunities in Kuwait.
- Preparing five initial feasibility studies in the petrochemical industry and presenting them at the Second Investors Meeting in Doha, Qatar.
- Preparing initial feasibility studies in the Chemical and Aluminum industries, based on a request from the Kingdom of Bahrain. The findings were presented at the Investment Forum in Bahrain during 2006.

Industrial Coordination Activity

This program organizes coordination meetings between industrial establishments and consultancy committees for manufacturing industries in the GCC.

Furthermore this program fosters technical cooperation between regional and international establishments on industrial development activities and sets up practical training courses for staff in ministries and enterprises in the region.

During 2005 the following specialized meetings and training courses, took place:

- Coordination meeting in Doha for sulfuric acid plant managers based in the GCC member states
- Meeting in Abu Dhabi for industrial cities and zones in the GCC member states
- Meeting in Doha for industrial development banks officials in the GCC member states for Middle Management, General Managers and Human Resources officials
- Training course in Doha on 'The different methods of measuring industrial sectors productivity' upon request from the Sultanate of Oman
- Management training in Doha for the Department of Industrial Planning and Research in the Sultanate of Oman to provide skills and expertise in devising Sectoral studies
- Training course in Kuwait upon request by the State of Kuwait, on Developing and Financing Exports
- Training course in Ras Al Khaima, in the UAE entitled 'Introduction to Preparing Economic and Technical Feasibility Studies', upon request from the UAE
- Workshop on Industrial Wastes in Riyadh, upon request from the Kingdom of Saudi Arabia

Industrial Sector Modeling in the GCC Member States

- Preparation took place in 2005 for conducting a workshop on industrial statistics integration in the GCC member states. The workshop will be conducted at a later stage.

The Program of Development Studies and Industrial Cooperation in the GCC Member States

This program analyzes the effectiveness of development efforts and industrial cooperation within the GCC member states.

During 2005, the following activities took place:

- A study, based on a request from the Kingdom of Bahrain, on 'The Strategy on the State in regard to SMEs and Crafts in the Kingdom of Bahrain'. The paper assessed the strategy's performance and methods of development, including a plan on how to market the products of the involved industries.
- The 10th Gulf Industrialists Conference entitled 'GCC Industry's Competitiveness in the New Economy' in Kuwait. The Conference was attended by Their Excellencies, the Ministers of Industry in GCC member states. During this conference, 13 papers were presented.
- A workshop on quantitative standards for measuring the progress of the GCC member states in terms of implementing a Unified Industrial Development Strategy held in Doha, State of Qatar.

Technical Cooperation Program with the General Secretariat of GCC

This program concerns studies and research requested by the General Secretariat of the GCC with the aim of strengthening technical cooperation relationships.

During 2005, GOIC conducted a study for the General Secretariat on implementing quantitative indicators to measure the progress of the GCC member states in achieving the objectives set under the Unified Industrial Development Strategy.

Industrial Information

Since inception, GOIC emphasized the importance of information and data

dissemination among enterprises and all parties concerned with the industrial development of the region.

Foremost among its various contributions was the development of six specialized databases, namely:

- Gulf Industries Database
- Foreign Trade Database
- Socio-Economic Database
- Investment Profiles Database
- Technology Providers Database
- Experts Database

During 2005, GOIC launched two major projects to reconstruct and redesign the Foreign Trade and the Gulf Industrial Databases and continued its efforts to improve data availability through the Industrial Marketing Information (IMI) portal (www.imi.com.qa) making it more user friendly through an enhanced interface.

Other activities in this field included collecting, processing and warehousing industrial and socio-economic data used to answer inquiries and prepare statistical reports and publications.

Information Services

During the year 2005, more than 640 new industrial inquiries were answered by a dedicated team of experts.

The content for GOIC's library is continuously updated throughout the year. The Information Resource Unit (IRU) is responsible for the supply, registration, indexing, categorization, exploring, extraction, borrowing process, search in global databases, supporting services as well as cooperation with information centers and libraries in GCC member states and around the world.

By the end of 2005, the number of specialized titles in the GOIC Library numbered more than 20,000 books and some 10,000 reports. In addition to printed and electronic periodicals the Library resources include also audio and visual tools.

The IMI department issued the following publications and books in 2005.

- Preparation of the Gulf Statistical Profile-2005
- Preparation of a book entitled Status and Trends in Cement Industry and Trade in GCC countries
- Preparation of several reports on foreign trade between the GCC member states and Japan

Information Technology

The mission here is to provide GOIC with information and data on the latest technologies in the hardware and software fields. This aids planning and achieving strategic goals as well as providing technical support to Information Technology departments in the Ministries of Industry in GCC member states. There is a continuous follow-up of latest technologies at the global level to enrich GOIC programs and satisfy the needs of end-users.

Within this framework, three companies performed a comprehensive survey on the network with the aim of developing and attaining information that can help in performance appraisal and elevation.

During 2005, there was the initiative of using the two concepts of e-Business, to execute GOIC tasks electronically; and K-management, to upgrade the performance of the databases, extract market reports, create data interrelation and search for new tendencies for GOIC. Also, the GOIC website was developed, technical support was provided for the different activities, and communication channels were activated to attain information.

GOIC had concluded agreements for linking with number of ministries and concerned parties in the GCC region, to facilitate flow of information between related parties. The co-signatories of the agreements are: Public Authority for Industry, State of Kuwait, Ministry of Finance and Industry in UAE, Supreme Council for Planning in State of Qatar, Ministry of Trade and Industry in Sultanate of Oman, Ministry of Planning in State of Kuwait, Ministry of Industry and Trade in Kingdom of Bahrain, in addition to Ministry of Trade and Industry in Kingdom of Saudi Arabia.

Negotiations were held with other parties i.e., Department of Economic Development, Dubai, Free Zone in Jebel Ali, Ministry of Economic and Planning (Central Statistic Department) in Abu Dhabi, Ministry of Economic and Planning (Central Department of Statistics) in Kingdom of Saudi Arabia, and the Central Statistics Department in Kingdom of Bahrain, and Ministry of National Economy in Sultanate of Oman, in addition to the Ministry of Energy and Industry in State of Qatar.

Media Programs and Activities

During 2005, GOIC promoted all of its activities, programs and outputs through several channels. Using reports and economic and industrial press releases, we sought to further expand the concept of conferences, symposia, workshops and studies as a valuable means to gain expertise and know how in industrial development.

GOIC also actively participated in specialized exhibitions which accompany conferences and symposiums where various publications were given to participants.

A high level of activity also took place, promoting GOIC services via its website (www.goic.org.qa), through electronic publications, specialized exhibitions and other media tools.

A large number of periodicals, books, reports, industrial directories, brochures and CDs were issued throughout the year, including:

- Gulf Monthly Bulletin (12 issues)
- GOIC Annual Report – 2004
- Cement Trade and industry in the GCC member states
- Gulf Statistical Directory – 2005
- Status of Aluminum Industry in the GCC
- Status of Food Industries in the GCC.

Driven by GOIC's new strategy, contacts with a number of international marketing organizations were established to further assist in providing knowledge and insights to help GOIC develop its strategy and plans. Also, the role of public relations was reinforced to support and develop GOIC's relationships with other parties as well as to promote data and information exchange.