

СВІТОВА ЕКОНОМІКА ТА МІЖНАРОДНІ ВІДНОСИНИ

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THE MEDIUM-TERM FORECAST OF THE DEVELOPMENT OF INTEGRATION AMONG COUNTRIES OF THE MIDDLE EAST AND NORTH AFRICA

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The Medium-Term Forecast of the Development of Integration among Countries of the Middle East and North Africa

The aim of the article is to analyze the current stage in the development of integration among countries of the Middle East and North Africa (MENA). Systematizing and summarizing the works dedicated to the problems and prospects of their participation in regional integration groups (RIGs), there considered the possibilities of expanding trade and economic relations, which, together with the participation in the World Trade Organization, have provided an opportunity to forecast further development of foreign trade policies of these countries. As a result of the study, it is revealed that in general, MENA countries have similar development problems, which can be divided into two groups: general economic ones, which are associated with differences in the levels of economic development of Arab countries with different resource support, and institutional ones. It is proved that integration is not sufficiently well established and is still acting as a trend – MENA countries continue to implement various “catch-up” scenarios using traditional directions – access to markets and increased emphasis on trade. There analyzed key priorities of the development strategies of Saudi Arabia (Strategy 2025) and the UAE (Economic Vision of Abu Dhabi 2030), aimed at the modernization of the economies, their complete transition to renewable energies through introducing recent innovations, creation of a competitive private sector, increase of the significance of non-oil sectors of the economy that have competitive advantages. It is determined that the common feature for these strategies is that the main source of the modernization is public finance in the form of holding companies and public-private partnerships using BOT (build-operate-transfer) schemes with the participation of state capital in various sectors and the capabilities of “collaborative institutions”. And in the long run, regional integration will retain its priority over global liberalization. Further research will be related to the attempts of Arab scholars aimed at uniting Islam, the state, and the market economy of the Western type as the main condition for the further development of MENA countries.

Keywords: integration, regional integration group, Arab region, oil-exporting countries, forecast scenario, medium-term forecast.

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Баллак Емад. Середньостроковий прогноз розвитку інтеграційної взаємодії країн Близького Сходу та Північної Африки

Метою статті є аналіз сучасного етапу розвитку інтеграційної взаємодії країн Близького Сходу та Північної Африки (БСПА). Систематизуючи та узагальнюючи роботи, присвячені проблемам і перспективам їх участі у регіональних економічних угрупованнях (РІУ), були розглянуті можливості розширення торговельно-економічних зв'язків, що у комбінації з участю у Світовій організації торгівлі (СОТ) надало можливість спрогнозувати подальший розвиток стратегій зовнішньоторговельної політики зазначених держав. У результаті дослідження було виявлено, що загалом країни БСПА мають схожі проблеми розвитку, які можна розділити на дві групи: загальноекономічні, пов'язані з відмінностями у рівнях економічного розвитку арабських держав із різним ресурсним забезпеченням, та інституціональні. Доведено, що інтеграція не пустила глибокого коріння і продовжує діяти скоріше як тенденція – країни БСПА продовжують реалізовувати різні сценарії «наздоганяючого розвитку» за рахунок традиційних напрямів – доступ до ринків і посилення акценту на торгівлі. Проаналізовано ключові пріоритети стратегій розвитку Саудівської Аравії («Стратегія 2025») та ОАЕ («Економічне бачення Абу Дабі 2030»), спрямованих на модернізацію економік, повне переведення їх на поновлювані джерела енергії за рахунок впровадження новітніх інновацій, створення конкурентоспроможного приватного сектора, підвищення ролі нафто-

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Баллак Эмад. Среднесрочный прогноз развития интеграционного взаимодействия стран Ближнего Востока и Северной Африки

Целью статьи является анализ современного этапа развития интеграционного взаимодействия стран Ближнего Востока и Северной Африки (БВСА). Систематизируя и обобщая труды, посвященные проблемам и перспективам их участия в региональных интеграционных группировках (РИГ), были рассмотрены возможности расширения торгово-экономических связей, которые в комбинации с участием во Всемирной торговой организации предоставили возможность спрогнозировать дальнейшее развитие стратегий внешнеторговой политики указанных стран. В результате исследования было выявлено, что в целом страны БВСА имеют схожие проблемы развития, которые можно разделить на две группы: общеэкономические, связанные с различиями в уровнях экономического развития арабских стран с различным ресурсным обеспечением, и институциональные. Доказано, что интеграция недостаточно укоренилась и продолжает действовать как тенденция – страны БВСА продолжают реализовывать различные сценарии «догоняющего развития» с использованием традиционных направлений – доступ к рынкам и усиление акцента на торговлю. Проанализированы ключевые приоритеты стратегий развития Саудовской Аравии («Стратегии 2025») и ОАЭ («Экономическое видение Абу Дабі 2030»), направленных на модернизацию экономики, полное переведение их на возобновляемые источники энергии за

вих секторів економіки, що мають конкурентні переваги. Виявлено, що спільним для цих стратегій є те, що основним джерелом модернізації виступають державні фінанси у формі компаній-холдингів і державно-приватне партнерство із застосуванням схем BOT (Build–operate–transfer) за участю державного капіталу у різних секторах та використання можливостей «інститутів колаборації». Подальші дослідження будуть пов'язані зі спробами арабських учених пов'язати і об'єднати іслам, державу і ринкову економіку західного типу як головну умову подальшого розвитку арабського світу.

Ключові слова: інтеграція, регіональне інтеграційне угруповання, арабський регіон, країни-нафтоекспортери, прогнозний сценарій, середньостроковий прогноз.

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счет внедрения новейших инноваций, создание конкурентоспособного частного сектора, повышение роли нефтяных секторов экономики, которые обладают конкурентными преимуществами. Определено, что общим для этих стратегий является то, что основным источником модернизации являются государственные финансы в форме компаний-холдингов и государственно-частное партнерство с использованием схем BOT (Build–operate–transfer) при участии государственного капитала в различных секторах и возможностей «институты колаборації». Дальнейшие исследования будут связаны из попытками арабских ученых объединить ислам, государство и рыночную экономику западного типа как главное условие дальнейшего развития стран БВСА.

Ключевые слова: интеграция, региональная интеграционная группировка, арабский регион, страны-нефтеэкспортеры, прогнозный сценарий, среднесрочный прогноз.

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Introduction. During a fairly short historical period, a significant number of Arab countries became active participants in international economic relations. For several decades, they have been retaining the status of leading exporters of hydrocarbon raw materials. Understanding the possible scenarios for the development of relations in the Middle East and North Africa region (MENA) is an important task in the context of the high dependency of a number of states on the import of hydrocarbon raw materials from Arab countries. Ensuring stability both at the regional and international levels is one of the most important tasks of the world community. The priorities in relations with other states determine the vectors for further development of international economic relations in the Arab region. Taking into account the accelerated development of the world economic relations, there inevitably arises the question of the nature of their regulation, which, along with the national level, can be implemented both in the regional and global formats. In this regard, studying the interaction of the Arab countries within regional integration groupings (RIGs) and the participation in this interaction of the World Trade Organization (WTO) is of undoubted interest. In addition, it is important for understanding the current state and medium-term forecast of integration among MENA countries, further development of the customs and tariff systems and foreign trade policy of these states.

The unique place occupied by MENA countries in the system of modern international relations is determined, first of all, by economic factors. The economic specificity of the Arab region is due to the fact that its territory contains the largest hydrocarbon deposits – 2/3 of the world's oil reserves and 1/3 of gas reserves are concentrated only in the Persian Gulf zone. No other region has such high concentration of energy raw materials as a vital resource for the world economy: only the proven reserves of oil should be enough for Iraq, Qatar and Kuwait for more than 100 years, the United Arab Emirates (UAE) – for 97 years, the Kingdom of Saudi Arabia (KSA) – for 66 years. At the same time, the leading oil producing country and its largest exporter is the KSA, which accounts for 25 % of the world oil

reserves (Kuwait and the UAE possess 20 % of the oil reserves each) [1].

It is well known that under modern conditions the production and consumption of hydrocarbons form the political and economic interdependence of the United States, the EU, China, India and other consumers of oil as well as countries that supply it. In view of this, the problem of energy security today is, first of all, the problem of, on the one hand, the prices for hydrocarbon raw materials, and on the other hand, the opportunities for diversifying its sources. At the present stage, oil-producing countries of MENA still remain a fuel and raw material supplier for developed industrial countries, which causes sharp fluctuations in the conjuncture in the global hydrocarbon market, and as a result, the development of their economies depends on a number of interrelated factors. This problem is especially urgent for Kuwait, Iraq, Libya, Bahrain, Oman, and the KSA, which are among the ten countries that are most highly dependent on export of mineral raw materials – the share of the income of these Arab countries from the sale of hydrocarbons is up to 75 % of their gross domestic product (71 % and 64% for Iraq and Bahrain respectively).

At the same time, the importance of the Arab countries as exporters of the second most important energy source – natural gas, which now accounts for 22 % of the production of energy resources (compared to 10 % in 1960), while its share will increase to 25 % in the next 20 years – only Algeria has gas deposits comparable with the Russian ones and several times higher than the Iranian deposits [2]. In recent years, in the Middle East there has been observed a rapid increase in the volume of explored gas reserves, whose putting into the production is not associated with special difficulties, since countries of this region have significant financial resources. However, the oversupply of the European gas market is not expected – according to forecasts, in the next 10-15 years, the EU needs it to grow to 535 billion cubic meters per year [3]. Thus, in the medium run, the significance of Arab countries as suppliers of energy raw materials not only will not decrease, but, most likely, with the depletion of its reserves in other regions of the world, will increase.

In general, in the last decade, Arab countries have experienced a stable economic growth, which is largely due to high hydrocarbon prices and, accordingly, a significant inflow of petrodollars in their economies. Compared with the average growth rates of the economies of developing countries, this figure is slightly lower for Arab countries, which is to a certain extent due to military conflicts in the region. For some countries in the region, revenues from the export of hydrocarbon resources contributed to the development of industrial production and efficiency of various industries. Thus, the economies of the states of the Council of Cooperation of the Arab States of the Persian Gulf (GCC) are among the most developed in comparison with other economies of the region and at the present stage largely ensure their competitiveness through the development of non-oil industries. The dynamics of the share of Arab countries in world exports has remained in an uptrend (in different years up to 70 % of all Arab exports were oil and oil products), while their share in the world imports over the past decade has grown and mainly due to the increase in prices for imported food products [4].

Therefore, under modern conditions, the answers to the following questions are theoretically and practically important: whether the participation of Arab countries in various projects at the global and regional levels contributes to an increase in the volume of trade, and whether such projects are of an alternative or complementary nature; what the priorities for Arab countries in concluding integration agreements are; whether the liberalization of trade and economic ties is beneficial to Arab countries (especially Arab oil exporters). In general, Arab countries have similar development problems, which can be divided into two groups: general economic ones, which are associated with differences in the levels of economic development of Arab states possessing different resources, and institutional problems. Thus, the World Bank's forecast of restoring the growth rates of the economies of MENA countries in 2011 appeared to be correct, however, the forecast for 2012-2016 did not prove to be true due to the aggravation of the political situation (Egypt, Syria, Iran) [5]. Although the pace of changes in the sectoral structure of exports is rather slow due to the low efficiency of institutions and bureaucratic barriers to business organization, the example of the region proves that promoting regional trade stimulates the improvement of export strategies.

Arab countries have a rich experience of integration initiatives within MENA, but, despite the intensification of integration processes, their results remain rather modest. The trade among the Arab countries accounts for only 4-8 % of the total trade turnover of the states of the region. The reason for the low level of integration is the fact that the agreements do not involve trade in services, investments, labor flows. The low level of intraregional trade is also caused by a large share of the oil component in the export of Arab states, and the growth of intraregional trade indicators is provided mainly due to the growth of trade among GCC states. Integration has not gained a firm ground and continues to act more like a trend: many transactions remain declarative, obligations are not met; significant institutional and administrative differences among Arab countries remain unchanged; the development of regional economic relations among Arab states is of less priority than the establishment of strong and stable relations with the EU or the US. In turn, neither the signing of regional integration agreements nor the reduction of duties contributes to an increase

in the trade turnover as much as the signing of bilateral agreements with American and European partners does.

The American approach is based on trade liberalization and the possibility of easier access of US investments and American companies to Middle East markets, in contrast to the European one, which combines economic cooperation, political aspects, security, as well as social and cultural projects. Thus, agreements with the EU envisage a multilateral approach and a more liberal schedule for reducing customs tariffs. According to WTO statistics, 11 Arab states were full members of the WTO in 2017 (six countries joined GATT in 1995), 7 Arab states have observer status with the WTO and are seeking the completion of the negotiation process and obtaining the status of the members of the organization [6]. All Arab states that joined the WTO were granted a long transition period. The effect of accession to the WTO and the increase in the volume of exports or imports of the countries was insignificant, the membership in the WTO did not bring the Arab countries a noticeable improvement in their positions in world trade, since Arab countries still do not have a common platform regarding key issues and have not formed a single coalition within the Doha Round. For most Arab countries, the growth in commodity exports after accession to the GATT / WTO was due to increased supplies of hydrocarbon raw materials and favorable pricing conditions. Despite the improvement of the investment climate in Arab countries, in a number of states there are restrictions on the participation of foreign capital in the banking, insurance and other sectors. It should be noted that most Arab states do not use WTO instruments aimed at regulating international trade (in particular, the dispute settlement mechanism: Egypt is the only Arab state that actively uses the dispute settlement mechanism). Moreover, since the priorities for accession of countries to the WTO are not the same for all countries considered, due to different levels of economic development, the desire of observer states to achieve better conditions also determines the duration of the period of obtaining the full WTO membership. Today, Algeria has the greatest chance of joining the WTO, the accession of Sudan, Lebanon and Iraq will depend on the political stability and speed of institutional reforms in these countries. The accession of Syria and Libya may also be due to solving internal problems, and, in general, ensuring stability.

In the external economic sphere, the integration covered mainly GCC countries, for which integration processes developed in the following three dimensions: through bilateral relations (1); on a subregional basis (in the form of laying the foundation for customs and monetary unions) (2); and within the framework of the WTO (3) [3]. The integration ties among other Arab states can be traced only to the organization of free trade zones, the formation of which began in 2005, but in the integration activities of Arab states today (due to lack of experience), there are too many obstacles that can make new regional initiatives pointless. In addition, the Arab world still does not exist as a single economic and trade community, and a number of Arab countries will have to implement some "catch-up" scenarios for some time to overcome the gap with the developed West (this does not exclude the possibility of individual states' coming very close to industrialized countries and significantly reducing their technical and economic backwardness).

Today there are two traditional directions that contribute to deepening the interaction of countries of the Arab region. The first one is the strengthening of the emphasis on

trade. Economic integration is the main factor in ensuring, in the appropriate volume and in time, the growth in the number of jobs and welfare for the fast-growing population in these countries, improving the business environment and facilitating access to finance. For example, today in Egypt there are more than 36 thousand of various kinds of statutory acts regulating activities of the private sector, private loans are received mainly by major well-known companies and only 10 % of firms use banks to finance investments (this is one of the lowest shares of bank financing in MENA countries). Trade, especially in countries of North Africa, continues to focus mainly on the EU, so the region received only a relatively small benefit from high growth rates for emerging markets. The second direction is related to access to markets. The deepening of trade integration with international markets can give the MENA region a considerable economic impetus. However, the level of trade restrictions remains high (despite significant tariff reforms), which is a serious problem, restraining the economic development of the region. Most MENA oil importing countries have simplified and reduced tariffs in the last two decades, mainly within the framework of trade agreements with the EU and the US, but tariffs in oil-exporting countries remain high (on average of about 10 %). At the same time, empirical evidence suggests that, on the one hand, increasing the openness of the region to the level of emerging markets in Asia could increase GDP growth per capita by almost 1 % per year, on the other – the current potential of oil importing MENA countries allows increasing own exports by almost 50 % compared to modern volumes. This requires careful preparation and implementation of medium and long-term purpose-oriented programs.

Thus, for example, the purpose-oriented program of the Ninth Five-Year Plan for the Development of the KSA (2010-2014) became the basis for the long-term development strategy of Saudi Arabia until 2025. The priority of the latter in the context of listing the mechanisms to implement the modernization and diversification of the national economy project is “the need to distribute the results of this growth among regions of the country and various social groups of the population”. In addition, among the most important indicators of the implementation of this plan are the reduction of disparities in the development levels of administrative regions, the preparation of favorable environment for the implementation of sustainable development; the development level public-private partnership in various sectors while accelerating the privatization process, incl. the involvement of the private sector in the processes of ensuring social development and social security, support for the needy population and groups with special needs (social dimension of the development process) [7].

The peculiarity of the economic strategy of the KSA is the accelerated development of the private sector of the economy (whose contribution to GDP, according to official estimates, reaches 57.4 %) while the government has managed to turn it into an active and independent partner of the state in various development projects and into a catalyst for investments, above all, private ones. Thus, according to the Strategy 2025, the average annual growth rate of private investments for this period should be 10.3 % (while that of public investments – 8.7 %), and therefore their contribution to the GDP of the KSA for the period of implementing the Strategy 2025 should grow from 16.3 to 40.2 %. In addition, it is planned to increase the share of investments in GDP by 2025 to 40 %, compared to 21.4 %

in 2004 before the start of the implementation of the Strategy 2025. This demonstrates the government's determination to implement an economic breakthrough in the field of modernization and to change the country's former economic structure. The modernization strategy is also aimed at increasing the role of various non-oil sectors of the economy that have competitive advantages. Thus, the contribution to the GDP of non-oil production sectors during the implementation of the Strategy 2025 should grow from 25.1 % to 32 %, and the rate of annual growth of these sectors is planned to be maintained at 7% [8, p. 107-109].

A significant role in the economic diversification of the economy of the KSA is given to the service sector – financial services, information technologies and communication technologies. Thus, the annual rate of growth in the service sector is planned at 7.4 %, and the share of services in the country's GDP should grow from 27 % at the beginning of the strategy to about 36.8 % at its completion. For the oil sector, in contrast to the non-oil sectors of the economy, the growth rate was set at 2.5 %, so that its share in the GDP of the KSA decreased in 2024, according to the approved indicative strategy [8, p. 56]. Indeed, Arab studies of the prospects for the formation and development of scientific and technological complexes in the countries of the region have recently intensified. Thus, in 2016, a well-known analytical center Orient Planet Research first published the Arab Knowledge Economy Report [9], which notes that during the period of the falling of energy prices there were significant incentives for establishing a diversified regional economy with a particular focus on cultivating a knowledge economy as an alternative to the dependency on oil (this is confirmed by an increase in the share of investment in R & D in general in all MENA countries).

As the current statistics show, and in accordance with commercial ratings, although of the 100 leading MENA companies only 29 have a state control stake, other companies with a state capital are also quite effective. According to the results of opinion polls, 86 % of the citizens of the KSA are sure that large enterprises should be under state control. Today, such well-known companies as Saudi Basic Industries Corporation (SABIC) (petrochemicals, plastics, metallurgical products, fertilizers), Saudi ARAMCO (oil refining, petroleum products), Emirates Airlines, Aluminum Bahrain (ALBA), and many others are most successful [10, p. 86].

In the development strategy of the UAE – Economic Vision of Abu Dhabi 2030 – four key priorities are identified: 1) economic development; 2) social development and development of human resources; 3) development of infrastructure and preservation of the environment; 4) optimization of management decisions of the government. At the same time, in the social block of the priorities, the leading goal is to ensure full employment and create high-quality modern jobs for citizens of the Emirate, as well as to ensure high, in accordance with the world standards, level of living, knowledge-based economy and social services [11, p. 3-7]. It is planned to fully transfer the economy of the Emirate to renewable energy sources by introducing recent innovations; create a competitive private sector by improving the business environment, increasing investments in the economy (including its infrastructure), namely: energy, construction of industrial and commercial facilities, objects of transport and communication. The concentration of resources and better management are aimed at achieving the average an-

nual growth rate of the Abu Dhabi economy at 7 % in the period until 2025, and subsequently – to 6 % in 2030. The growth of the non-oil component of Abu Dhabi's GDP in these periods is planned at 9.5 % and 7.5 % respectively while the share of non-oil sectors of the national economy will increase from 51 % in 2016 to 56 % in 2020 and to 64 % in 2030 [12, p. 11].

The economic modernization policy is carried out primarily in the interests of indigenous citizens and provides them with economic privileges and guarantees of their social status. The main goal of the "emiratization" of the UAE labor market is an increase in the share of UAE citizens in the total labor resources (it should reach 54 % during the implementation of the development strategy) and wage growth (today its monthly average level is about USD 3 thousand) [13]. At the same time, the most attractive conditions for doing business and living for all foreign specialists are created. For example, the UAE in the World Bank's rankings of countries on ease of doing business and the World Economic Forum on the effectiveness of public finance management today ranks 5th and 6th respectively. Confirmation of the fundamental psychological law of J. Keynes – the richer individuals are, the greater the proportion of income they save and the less they consume – are the following indicators: consumption expenditure (in percent of GDP) of GCC countries has decreased over the past ten years from 61.15 % to 48.52 %, i.e., 1.26 times, and in the future, according to forecasts, this trend will continue.

Regarding the forecast sources and parameters of the implementation of the modernization policies in MENA countries, they are seen as follows.

The main source of the modernization for countries of the Arab region is public finance and public-private partnership, since the financial base of the transformation is provided by the production of oil and gas by companies whose capital is controlled by the state. The state financial and investment policy and the system for implementing state contracts and projects financed with the participation of state capital have turned into some most influential levers. In this regard, there preserved the Keynesian approach to managing the economy, the commitment to the policy of planned investments, and other levers of government influence on the structure and proportions of the national economy, which is reflected in the scope of financial programs. Thus, the state investment in the economic development of the KSA amounted to USD 385 billion only for the period 2010-2014, Abu Dhabi – USD 160 billion for the period 2008-2013, Kuwait – USD 125 billion for the period 2010-2014, Qatar – USD 226 billion for the period 2011-2016. At the same time, conglomerate forms of both state and public-private projects are used, which is confirmed by the outrunning growth rates of the latter and increase of their contribution to the total volume of investments and employment [14].

The BOT (build-operate-transfer) scheme is widely used in such Arab countries as the KSA, the UAE, Kuwait, Qatar, Bahrain, Oman, where a private investor can build an enterprise, a power plant or other economic facility, operate it for a certain period, ensuring the expenses coverage and the necessary profit, and then transfer it to the state (the facility is repurchased by the state). Thus, private capital has the guarantee of maneuver and the ability to invest in some other sphere, giving the investor flexibility in decision-making, while the economy receives the necessary planned business facilities. Under the

modern conditions in the Arab region, this scheme is considered by experts as the one that has a great potential for ensuring the economic development [15, p. 3-15].

S. Hertog, a well-known expert at the London School of Economics and Political Science, in his paper on the functioning of quasi-state companies in the KSA, makes the following argument for implementing public-private partnership in the countries of the Arab region. State investments in production in the form of holding companies with the participation of state capital in various sectors (energy, industrial and communal infrastructure, transport, communications, manufacturing, petrochemicals, metallurgy, building materials industry, construction and operation of large commercial real estate) allow increasing supply of production factors and products that fill the markets and restrains the growth of prices [16, p. 77-80]. This is confirmed by the statistics on MENA countries, especially GCC members, which are recognized as the most financially stable and, despite the events of the Arab Spring, are constantly increasing investments in the national economy and social sphere (the annual inflation rate does not exceed 5 % in the KSA, and 1 % in the UAE).

Regarding the forecast parameters, under modern conditions it is possible to distinguish three stages of the economic renaissance of the Arab world, although chronologically they may not coincide for all Arab states, due to the existence of current differences among the countries (in particular, the various scales of damage caused in recent years by military and political conflicts in individual Arab countries). At the first stage, after ceasing hostilities and establishing peace, the destroyed production capacities, infrastructure, housing stock, especially in Syria, Iraq, Libya, Yemen, and Sudan, should be restored (only in Syria the economic damage from the five-year war according to the latest data amounts to more than USD 400 billion).

The second stage is stabilization (or economic rehabilitation) – comprehensive economic reforms aimed at financial and economic improvement of the country: the financing of projects, restructuring of the state budget expenditure, developing of public-private partnership, stimulating of private entrepreneurship in priority sectors of the economy. The state will continue to retain its presence in the still relevant diamond of national advantage by M. Porter, as a sort of external determinant capable of detecting both positive and negative influence in the process of reformatting or recreating the entire sectoral economic profile.

The third stage – the structural reorganization of the economy and the decline in the level of farming – the most complex and lengthy, can be conditionally divided into two periods: the development of the concept and the program of reforms and the implementation of real reforms. T. Heggy, a well-known Egyptian researcher of Arab economies, notes that "transition from the planning stage to particular actions is extremely complex and usually occurs in open confrontation between opposing conceptual courses of the centers of power, some of which firmly stick to the ideals of the past, others are aimed at new opportunities arising in the future" [17, p. 118].

It can hardly be expected that the economic revival will take place evenly in all countries of the region. The oil exporting countries (the first group of countries), continuing their policy aimed at diversifying their economies, will in the long run increase the share of the export sectors – the chemical industry,

metallurgy, manufacture of science-intensive products, and the sphere of modern services. The countries of the second group will be oriented towards choosing the specialization from competitive industries of their own diversified spectrum. The countries of the third group will focus on import substitution and selection of export industries whose competitiveness is based on traditional national advantages in agriculture, fishing and extractive industries. In the future, within the framework of RIGs of the Arab region, the policies of the member countries of the regional associations will be influenced by the so-called Vanek Reinert effect: free trade among countries with different levels of development (under conditions of accelerating the globalization process) will lead to the intended leveling out of the most efficient industries in the least efficient countries [18, p. 282].

The collaborative connections among RIG member countries form social capital in the form of relational rent, i.e., a supernormal profit jointly generated in an exchange relationship; and the economic potential, combined with the complementary competencies of various participants in the integration process, enable them to overcome organizational inertia (interaction of built-in stabilizers). The harmonized economic interest of RIG participants as well as the resource potential are possible only in the situation of a high level of trust (relational rent), and as a consequence – the emergence of stable collaborative connections. Relational rent can be obtained only through joint unique, special efforts of partner countries involved in the integration process that specialize in individual economic spheres of the alliance [19, p. 662]. Its determinants are specific assets, procedures for the joint use of complementary resources and the capabilities of “collaborative institutions” (financial institutions, research centers, universities, associations, state structures), as well as effective management of interorganizational relations. Regarding resource constraints, they are eliminated within RIGs by modifying the connections and redistributing resources in accordance with the changing needs of the participants in the value chain, and most importantly, the needs of the end users. At the same time, the well-coordinated efforts of RIG member countries make it possible to reduce uncertainty and neutralize the irreversibility of initial investments.

On the threshold of the XXI century two essential factors that distinguish the trajectory of Arab countries of the so-called “catching-up” development from that of the leading countries are clearly defined. On the one hand, this is the uneven spread of knowledge and technology generated by modern economic growth. For example, the mass use of modern anti-epidemic drugs in Arab countries gets ahead of the spread of production technologies, which results, on the one hand, in a reduction in mortality and an increase in the life expectancy of Arabs in the countries of the region with a lower level of economic development; on the other hand, in an increase in the world population rankings of the share of developing countries that started their modern economic growth much later than the countries of even not of the first, but even of the second echelon of development [20, p. 30]. However, at the same time, structural transformations of the world economy have created new opportunities for choosing a strategy by the Arab countries, whose economy is oriented towards export growth and integration into the global economy. The fact is that in the turn of the 20th century the world economy existed in the form of a global market of goods and capital, which was based on the

gold exchange standard and the strategy of import substitution and industrialization; however, starting from the second half of the 20th century it entered a period of reduction of customs tariffs, openness of the capital market, under conditions of using not the gold-exchange standard but the system of floating exchange rates of the world's leading currencies. All this, of course, have contributed to the accumulation in Arab countries of potential for economic growth.

On the other hand, the tenacity of national traditions that can influence the economic development of the Arab world as a whole (the mentality, the beliefs of Islam, the criticism of ideas imposed by the global culture, the priority of isolationism and self-elimination policies, the maintenance of traditions in some cases little associated with social progress). Rejection the blind copying of the experience of advanced industrial countries to minimize social risks in the new global experiment is primarily due to the attempts of Arab scholars to interlink and unite Islam, the state, and the Western market economy as the key factor for the further development of the Arab world. In a situation where Western norms of life and morality penetrate all corners of the earth, dominating all kinds of knowledge, industrial production, consumerism, culture, and inventive activity, the policy of refusal to interact with the “industrial North” can lead not to strengthening and developing MENA countries but to their further weakening. The risk of remaining an outsider in the absence of openness, interaction, assimilation, critical rethinking, and creative reproduction of knowledge in the Arab community is increasingly determined by the high standard for measuring global scientific knowledge and technology.

The medium-term forecast of the further integration among Arab countries in the MENA region is made with regard to the following aspects in the development of economic relations. First, the policy of Arab governments should focus on economic growth (according to forecasts, at least 6–7 % per year), which will create thousands of jobs and significantly reduce unemployment. At the same time, a rapid shift towards high-tech production will require power structures to take decisive steps towards diversifying and modifying the national industry, reducing the dependency of the economies on energy resources [21, p. 9]. Such shift is possible only upon the condition of strengthening the presence of the Arab region in the new economy, enhancing the system of public incentives that supports active application of knowledge.

Secondly, the guarantee of fundamental freedoms (freedom of speech, gathering and expression, etc.), based on constitutionalism and the rule of law, since they serve as a starting point for the reproduction of knowledge, creative and innovation activities, revitalization of scientific and technical research, must turn into the necessary prerequisite for the creation of an information society (knowledge society). At the same time, it is necessary to improve the constitutions and administrative and statutory provisions in order to eliminate any restrictions on the rights of citizens, abolish censorship and regulatory prohibitions on the dissemination of knowledge.

Thirdly, since in the era of globalization the spread of generally accessible quality education is becoming increasingly important, it is necessary to ensure receiving by the population at least secondary education, promote higher education, invite independent experts to assess the quality of all levels of education, etc. In addition, in any sphere of socially useful activities

it is necessary to introduce the achievements of science and technology, create opportunities for research work through the promotion of fundamental research, formation of a centralized regional creative and innovative network covering the public space of the region and receiving support and assistance from relevant international structures.

Fourthly, it is important to include the main elements of the cultural heritage of MENA countries in the basic information model of the community, with their assimilation as part of the structural motivation for cultivating the national information system in the mentality of the population and in the context of protecting the subcultures that inhabit the Arab East, supporting their mutual enrichment, development and prosperity. Otherwise, the implementation of complex and multifaceted measures for the structural modernization of the Arab region threatens with political upheavals, manifestation of regional forms of separatism, and outbreak of inter-confessional and ethnic conflicts.

At the same time, the “center of gravity” in the Arab politics of European countries is shifted towards the Mediterranean region, and since the middle of 90s of the last century this direction has become one of the priorities for the EU. Its importance for the European Union is due to geographical proximity; close political, trade and economic, cultural, and scientific ties; influence of emigration from the Maghreb countries on the social stability of Western European countries; the need for cooperation in the antiterrorist sphere and prevention of illegal immigration; as well as increased competition in North Africa between the EU and the USA. The cooperation of the EU with the countries of the Maghreb and the Levant is carried out in the context of the Euro-Mediterranean Partnership (EMP). In parallel with the European Economic Partnership (1995), there currently in force such agreements as the one reached at the Western Mediterranean Forum (the “5 + 5” formula) and the Barcelona process: the Union for the Mediterranean. Establishing partnerships is slower than it was originally thought, since the development of the EMP is continuously hindered by the development gap between EU and Arab countries and their different understanding of the priority areas of partnership (while in the North the security and counteraction to illegal immigration are the basis of interaction, in the South the growth of economic and technical assistance of the EU to MENA countries is considered the main vector of the development of the EMP). Thus, in general, the geo-economic situation in the Arab region is now shaped by a tripartite influence – comprising local players, countries of the Middle East, and extra-regional countries.

Regarding the forecast and assessment of the long-term economic prospects of Arab countries in the MENA region and the opportunities for achieving the goals of the third stage of the reforms, it should be noted that the significance of Arab oil exporters as world financial centers will grow. The petrochemical, metallurgical, aluminum, cement, building materials industry, mining, food processing, infrastructure facilities, and services will become the key sectors for investment. A moderately optimistic scenario – continuation of the economic reforms that began on the eve of the Arab Spring (privatization; liberalization of capital and labor markets, system of foreign economic relations; modernization of financial institutions) – involves strengthening the role of the state in stimulating progressive structural shifts; deepening the export orientation of

the manufacturing industry and services; implementing social reforms (reorientation of the grant-based system of social security towards stimulating participation in production activities and the national education systems towards meeting the demand for personnel of high-tech industries [22].

Conclusions. The current stage of socio-economic development of Arab countries is associated with the following features. First, the predicted accelerated and substantial re-approachment between the capitalist “center” and the Arab “periphery”, unfortunately, did not happen. The economic dynamism of the Arab world is mainly related to the accelerated development of GCC countries, while the rest of Arab countries continue to remain economically inert. Secondly, the economic gap among Arab countries themselves is increasing, which results from both a significant influence of the demographic factor on the growth of the economy (the rate of population growth in some countries cancels out the positive effect of the economic growth) and the high vulnerability of the national economies due to political-military conflicts and natural disasters. Third, the slower pace of the restructuring of the Arab economies in comparison with those of Western countries is due to the ambiguous results achieved in various spheres of society (education, reform of the health system, the preservation of the gender gap in the labor market, the realization of civil rights and political freedoms). Although the regional economic integration and trade liberalization (in a global format) for Arab countries in the medium run promotes trade expansion, and the cooperation with the WTO – structural reforms and growth of compliance of the regulatory and legal frameworks of Arab countries with international standards; in the long run, the regional integration will retain its priority over the global liberalization. First of all, it is about the effectiveness of bilateral, and not multilateral, agreements that contribute to intensifying the trade relations both among Arab countries and the latter and their partners.

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