Economy	Tunisia
Economy - overview:	Tunisia has a diverse economy, with important agricultural, mining, tourism, and manufacturing sectors. Governmental control of economic affairs while still heavy has gradually lessened over the past decade with increasing privatization, simplification of the tax structure, and a prudent approach to debt. Progressive social policies also have helped raise living conditions in Tunisia relative to the region. Real growth, which averaged almost 5% over the past decade, declined to 4.7% in 2008 and probably will decline further in 2009 because of economic contraction and slowing of import demand in Europe - Tunisia's largest export market. However, development of non-textile manufacturing, a recovery in agricultural production, and strong growth in the services sector somewhat mitigated the economic effect of slowing exports. Tunisia will need to reach even higher growth levels to create sufficient employment opportunities for an already large number of unemployed as well as the growing population of university graduates. The challenges ahead include: privatizing industry, liberalizing the investment code to increase foreign investment, improving government efficiency, reducing the trade deficit, and reducing socioeconomic disparities in the impoverished south and west.
GDP – per capita (PPP):	$7,900 (2008 est.) $7,600 (2007 est.) $7,200 (2006 est.)
GDP - composition by sector:	*agriculture:* 10.8% *industry:* 28.3% *services:* 61% (2008 est.)
Labor force:	3.676 million (2008 est.)
Labor force - by occupation:	*agriculture:* 55% *industry:* 23% *services:* 22% (1995 est.)
Unemployment rate:	14% (2008 est.)
Investment (gross fixed):	24.4% of GDP (2008 est.)
Budget:	*revenues:* $9.652 billion *expenditures:* $11.03 billion (2008 est.)
Public debt:	53.1% of GDP (2008 est.)
Inflation rate (consumer prices):	5% (2008 est.)
Stock of money:	$9.491 billion (31 December 2007)
Agriculture - products:	olives, olive oil, grain, tomatoes, citrus fruit, sugar beets, dates, almonds; beef, dairy products
Industries:	petroleum, mining (particularly phosphate and iron ore), tourism, textiles, footwear, agribusiness, beverages
Industrial production growth rate:	4.5% (2008 est.)
Electricity - production:	12.65 billion kWh (2006 est.)
Electricity -	10.75 billion kWh (2006 est.)

consumption:	
Electricity - exports:	135 million kWh (2006 est.)
Electricity - imports:	0 kWh (2007 est.)
Oil - production:	86,210 bbl/day (2007 est.)
Oil - consumption:	91,110 bbl/day (2006 est.)
Oil - exports:	73,790 bbl/day (2005)
Oil - imports:	89,130 bbl/day (2005)
Oil - proved reserves:	400 million bbl (1 January 2008 est.)
Natural gas - production:	2.55 billion cu m (2006 est.)
Natural gas - consumption:	3.85 billion cu m (2006 est.)
Natural gas - exports:	0 cu m (2007 est.)
Natural gas - imports:	0 cu m (2005)
Natural gas - proved reserves:	65.13 billion cu m (1 January 2008 est.)
Exports:	$19.7 billion f.o.b. (2008 est.)
Exports - commodities:	clothing, semi-finished goods and textiles, agricultural products, mechanical goods, phosphates and chemicals, hydrocarbons, electrical equipment
Exports - partners:	France 31.3%, Italy 21%, Germany 8.5%, Spain 5.5%, Libya 5.5% (2007)
Imports:	$23 billion f.o.b. (2008 est.)
Imports - commodities:	textiles, machinery and equipment, hydrocarbons, chemicals, foodstuffs
Imports - partners:	France 23.8%, Italy 21.9%, Germany 9.7%, Spain 5%, Libya 4.4% (2007)
Reserves of foreign exchange and gold:	$8.875 billion (31 December 2008 est.)
Debt - external:	$19.33 billion (31 December 2008 est.)
Exchange rates:	Tunisian dinars (TND) per US dollar - 1.211 (2008 est.), 1.2776 (2007), 1.331 (2006), 1.2974 (2005), 1.2455 (2004)

OTHER FACTS:

Telephones - main lines in use:	1.273 million (2007)
Telephones - mobile cellular:	7.842 million (2007)
Internet users:	1.722 million (2007)
International organization participation:	ABEDA, AfDB, AFESD, AMF, AMU, AU, BSEC (observer), FAO, G-77, IAEA, IBRD, ICAO, ICC, ICRM, IDA, IDB, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC, LAS,

	MIGA, MONUC, NAM, OAPEC (suspended), OAS (observer), OIC, OIF, OPCW, OSCE (partner), UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNOCI, UNWTO, UPU, WCO, WFTU, WHO, WIPO, WMO, WTO
Constitution:	1 June 1959; amended 1988, 2002
Legal system:	based on French civil law system and Islamic law; some judicial review of legislative acts in the Supreme Court in joint session; has not accepted compulsory ICJ jurisdiction
Environment - international agreements:	party to: Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Environmental Modification, Hazardous Wastes, Law of the Sea, Marine Dumping, Ozone Layer Protection, Ship Pollution, Wetlands signed, but not ratified: Marine Life Conservation
Geography - note:	strategic location in central Mediterranean; Malta and Tunisia are discussing the commercial exploitation of the continental shelf between their countries, particularly for oil exploration

Investment:

- Many reforms were recently implemented to promote private sector development. Tunisia ranked 73th (out of 181 countries) in the Ease of doing business Indicator for 2009, up from 81st in 2008, positioning the country among the region’s two best regional performers with Egypt.
- This resulted from reforms of the investment climate, including on starting a business, getting credit and on the protection of investors. Starting a business, closing a business, enforcing contracts, registering property, and dealing with certain aspects of licenses are all generally easier in Tunisia than elsewhere in the Middle East and North Africa Region.
- The government is also rehabilitating and expanding industrial zones in different regions and is trying to integrate them with research institutes and laboratories in order to create *pôles de compétitivité* and further boost FDI.
- Tunisia actively encourages FDI for export-oriented industries. There are certain areas, however, where FDI is not encouraged, so as not to compromise local industry. These include restaurants, real estate, retail distribution as well as other service industries.
- Investors founding onshore companies need government approval if the foreign capital share is more than 49%. Foreign ownership of agricultural land is not allowed although it possible to lease for it up to 40 years.
- In the financial sector, some steps were taken to reduce the likelihood of nonperforming loans (NPLs) by improving bank methods of appraising credit risk and strengthening the legal framework for lending institutions. NPLs are declining but at 17.4% in 2008, remain high.
- Tunisia was the first country on the southern side of the Mediterranean to enter into a trade agreement with the EU. As part of the agreement, a free trade zone was established. The implementation of this agreement should see a gradual phasing out of tariffs. In 2008, Tunisia became a completely associated member of the EU (comparable to the status of Norway or Iceland without all of the freedoms of the European Economic Area).
- Tunisia has established an agency for the regulation of patents and

trademarks, the National Institute for Standardization and Industrial Property. Although copyright laws have been modernized, their enforcement is somewhat *ad hoc* in nature.

- By regional standards, corruption levels in Tunisia do not pose a significant obstacle to foreign investment.

Facing global financial crisis:

- Tunisia came strong into the global crisis and macroeconomic stability was relatively unaffected in the initial stages of the global financial crisis. This was due to several factors including:
  - Tunisia does not have a “sub-prime” problem; real estate loans represent only 10 percent of GDP (compared with close to 90 percent in the US) and public debt is low and has been managed prudently;
  - Local banks have little foreign exposure. The money market is still highly liquid, and at the beginning of October the central bank had US$1.2bn available to inject into the market if needed;
  - Foreign participation in the stock market is “relatively low” - at some 28 percent - and the dinar is non-convertible for most capital-account transactions.
- Given the country’s dependence on EU for its exports, the real economy could not, however, escape the effects of recession in Europe and US. As a result of recession in Europe, Tunisia’s real GDP slowed down towards the end of 2008 (4.5 percent) and it is expected to slow further as consequence of the financial turmoil affecting Europe and the US (forecast for 2009 is around 4 percent).
- Inflationary pressures eased at the end of 2008. Consumer price inflation trended upwards until mid-2008. However, with global commodity prices falling and then stabilizing and with domestic demand likely to weaken, price pressures are expected to ease. In 2009 a better harvest should also help to contain imported inflation. This will combine with subdued domestic demand to pull down prices further than previously forecast and expected average annual inflation should decline from 5% in 2008 to 4% in 2009 and 3% in 2010.
- Fortunately, FDI increased by 40 percent in 2008, easing somewhat the financing needs emanating from the sharp increase in the current account deficit (-4.6 percent).
- The Government has taken quick action to support the real economy in response to the slowdown. This response includes measures to:
  - Increase public investment by 20 percent in the 2009 Budget Law and assist exporting firms;
  - Launch reforms to enhance integration and improve the business climate and strengthen the financial sector;
  - Prepare a strategy for regulatory reforms in the services sector, improving the business registry to make it accessible and up-to-date, reducing the delays in access to industrial land and reforming venture capital and mutual funds to make them more effective.

Economy - overview:	The UAE has an open economy with a high per capita income and a sizable annual trade surplus. Successful efforts at economic diversification have reduced the portion of GDP based on oil and gas output to 25%. Since the discovery of oil in the UAE more than 30 years ago, the UAE has undergone a profound transformation from an impoverished region of small desert principalities to a modern state with a high standard of living. The government has increased spending on job creation and infrastructure expansion and is opening up utilities to greater private sector involvement. In April 2004, the UAE signed a Trade and Investment Framework Agreement with Washington and in November 2004 agreed to undertake negotiations toward a Free Trade Agreement with the US. The country's Free Trade Zones - offering 100% foreign ownership and zero taxes - are helping to attract foreign investors. Higher oil revenue, strong liquidity, housing shortages, and cheap credit in 2005-07 led to a surge in asset prices (shares and real estate) and consumer inflation. The global financial crisis and the resulting tight international credit market and falling oil prices have already begun to deflate asset prices and will result in slower economic growth for 2009. Dependence on oil and a large expatriate workforce are significant long-term challenges. The UAE's strategic plan for the next few years focuses on diversification and creating more opportunities for nationals through improved education and increased private sector employment.
GDP - per capita (PPP):	\$40,000 (2008 est.) \$38,600 (2007 est.) \$37,300 (2006 est.)
GDP - composition by sector:	*agriculture:* 1.6% *industry:* 61.8% *services:* 36.6% (2008 est.)
Labor force:	3.266 million (2008 est.)
Labor force - by occupation:	*agriculture:* 7% *industry:* 15% *services:* 78% (2000 est.)
Unemployment rate:	2.4% (2001)
Investment (gross fixed):	20.8% of GDP (2008 est.)
Budget:	*revenues:* \$83.15 billion *expenditures:* \$48.3 billion (2008 est.)
Public debt:	22.4% of GDP (2008 est.)
Inflation rate (consumer prices):	14.4% (2008 est.)
Agriculture - products:	dates, vegetables, watermelons; poultry, eggs, dairy products; fish
Industries:	petroleum and petrochemicals; fishing, aluminum, cement, fertilizers, commercial ship repair, construction materials, some boat building, handicrafts, textiles
Industrial production growth rate:	7.7% (2008 est.)
Oil - production:	2.948 million bbl/day (2007 est.)
Oil - exports:	2.703 million bbl/day (2005 est.)

Oil - imports:	232,300 bbl/day (2005)
Oil - proved reserves:	97.8 billion bbl (1 January 2008 est.)
Natural gas - production:	48.79 billion cu m (2006 est.)
Natural gas - exports:	6.848 billion cu m (2005 est.)
Natural gas - imports:	1.343 billion cu m (2005)
Natural gas - proved reserves:	6.071 trillion cu m (1 January 2008 est.)
Exports:	$207.7 billion f.o.b. (2008 est.)
Exports - commodities:	crude oil 45%, natural gas, reexports, dried fish, dates
Imports:	$141.1 billion f.o.b. (2008 est.)
Imports - commodities:	machinery and transport equipment, chemicals, food
Reserves of foreign exchange and gold:	$67.24 billion (31 December 2008 est.)
Debt - external:	$73.71 billion (31 December 2008 est.)
Exchange rates:	Emirati dirhams (AED) per US dollar - 3.6725 (2008 est.), 3.6725 (2007), 3.6725 (2006), 3.6725 (2005), 3.6725 (2004) *note:* officially pegged to the US dollar since February 2002

OTHER FACTS:

Internet users:	2.3 million (2007)
Legislative branch:	unicameral Federal National Council (FNC) or Majlis al-Ittihad al-Watani (40 seats; 20 members appointed by the rulers of the constituent states, 20 members elected to serve two-year terms) elections: elections for one half of the FNC (the other half remains appointed) held in the UAE on 18-20 December 2006; the new electoral college - a body of 6,689 Emiratis (including 1,189 women) appointed by the rulers of the seven emirates - were the only eligible voters and candidates; 456 candidates including 65 women ran for 20 contested FNC seats; one female from the Emirate of Abu Dhabi won a seat and 8 women were among the 20 appointed members note: reviews legislation but cannot change or veto
Judicial branch:	Union Supreme Court (judges are appointed by the president)
Population growth rate:	3.689% (2009 est.)
Birth rate:	16.06 births/1,000 population (2008 est.)
Death rate:	2.13 deaths/1,000 population (2008 est.)
Net migration rate:	22.98 migrant(s)/1,000 population (2009 est.)
Urbanization:	urban population: 78% of total population (2008) rate of urbanization: 2.9% annual rate of change (2005-2010)

Investment

- The Emirates ranked 46th (out of 181 countries) in the Ease of doing business Indicator for 2009.
- While fears over the real estate market may be growing, the UAE continues in its attempts to bring its utilities infrastructure up to date with its rapid property growth.
- Transport is a major avenue of expansion. The newest transport project on the table is Abu Dhabis metro system. Construction is due to be completed by 2015.

- Dubai is already one step ahead in the public transport stakes - construction of its own metro system is already in the advanced stages and the first services are due to start running in 2009.
- Undervalued stock markets and falling real estate prices might also raise opportunities for investors.
- The Dubai International Financial Center (DIFC) has attracted key players and a highly skilled labor force.
- Its future as modern international financial center will likely depend on maintaining a strong and transparent regulatory framework, continuing innovation, and making improvements in human capital, business environment, and market access.
- DIFC has registered over 320 companies, of which about half are in financial and ancillary services.
- Dubai International Financial Exchange (DIFX), with a market capitalization of $40 billion, is an international stock exchange located in the DIFC and regulated by the Dubai Financial Services Authority.
- By developing standardized, sophisticated, and liquid Islamic products, the Emirates could establish a global competitive advantage in this field.
- The UAE financial sector needs to become more resilient and flexible to reduce effects from the global credit crisis. In particular, GCC countries should coordinate their policy response in order to limit cross-border effects from individual country actions.

Facing Global Financial Crises

- Dubai is struggling to cope with the global downturn due to its previous reliance on foreign debt and cyclical sectors such as tourism and property, both of which are in crisis.
- Only 6-7% of Dubai's GDP comes directly from oil output, the emirate partly built its success by establishing a liberal, high-return and western-friendly business environment in the middle of a region of enormous wealth where political and economic stability often discouraged inward investment.
- With oil prices low, that regional wealth is now dissipating – or at least being conserved rather than spent.
- As major financial center, UAE will also suffer from the contraction in global finance and merger and acquisition activity.
- Things are slightly brighter in Abu Dhabi, which controls more than 90% of the UAE's oil reserves. Like Saudi, the government has built up sizable reserves which can be deployed to sustain spending, while the pace of growth over the past few years was less breakneck and perhaps more realistic than that of Dubai.
- In February, the Abu Dhabi authorities make a large cash injection into local banks. Neighboring Dubai successfully launched a US$20 billion debt program backed by the Dubai government. The first US$10 billion tranche sold to the UAE central bank — a clear statement of support for Dubai from the federal UAE government that helped remove a huge cloud of uncertainty over Dubai's ability to refinance its obligations
- Despite sound growth in the non-oil sector in recent years, hydrocarbons are still the mainstay of the economy and the lifeblood of investment.

- Around the Arabian Gulf, it is now becoming abundantly clear that public and private sector companies hugely overstretched themselves during a period of heady liquidity when it appeared that oil prices could only keep rising.
- The upshot is that dozens of grandiose tourism, real estate and infrastructure projects are now being shelved, as credit shrivels up and buyers of off-plan property disappear.

Economy	**Lebanon**
Economy - overview:	Lebanon has a free-market economy and a strong laissez-faire commercial tradition. The government does not restrict foreign investment; however, the investment climate suffers from red tape, corruption, arbitrary licensing decisions, high taxes, tariffs, and fees, archaic legislation, and weak intellectual property rights. The Lebanese economy is service-oriented; main growth sectors include banking and tourism. The 1975-90 civil war seriously damaged Lebanon's economic infrastructure, cut national output by half, and all but ended Lebanon's position as a Middle Eastern entrepot and banking hub. In the years since, Lebanon has rebuilt much of its war-torn physical and financial infrastructure by borrowing heavily - mostly from domestic banks. In an attempt to reduce the ballooning national debt, the Rafiq HARIRI government in 2000 began an austerity program, reining in government expenditures, increasing revenue collection, and passing legislation to privatize state enterprises, but economic and financial reform initiatives stalled and public debt continued to grow despite receipt of more than $2 billion in bilateral assistance at the 2002 Paris II Donors Conference. The Israeli war in July-August 2006 caused an estimated $3.6 billion in infrastructure damage, and prompted international donors to pledge nearly $1 billion in recovery and reconstruction assistance. Donors met again in January 2007 at the Paris III Donor Conference and pledged more than $7.5 billion to Lebanon for development projects and budget support, conditioned on progress on Beirut's fiscal reform and privatization program. An 18-month political stalemate and sporadic sectarian and political violence hampered economic activity, particularly tourism, retail sales, and investment, until the new government was formed in July 2008. Political stability since the Doha Accord of May 2008 has helped to boost investment and tourism, but economic growth is likely to slow in 2009 as a result of the global economic recession.
GDP - per capita (PPP):	$11,100 (2008 est.) $10,600 (2007 est.) $10,300 (2006 est.)
GDP - composition by sector:	*agriculture:* 5.1% *industry:* 19.1% *services:* 75.8% (2008 est.)
Labor force:	1.1 million *note:* in addition, there are as many as 1 million foreign workers (2007

est.)

Labor force - by occupation: *agriculture:* NA%
industry: NA%
services: NA%

Unemployment rate: 9.2% (2007 est.)

Investment (gross fixed): 24.1% of GDP (2008 est.)

Budget: *revenues:* $7 billion
expenditures: $10 billion (2008 est.)

Public debt: 163.5% of GDP (2008 est.)

Inflation rate (consumer prices): 10% (2008 est.)

Central bank discount rate: 12% (31 December 2007)

Commercial bank prime lending rate: 10.26% (31 December 2007)

Agriculture - products: citrus, grapes, tomatoes, apples, vegetables, potatoes, olives, tobacco; sheep, goats

Industries: banking, tourism, food processing, wine, jewelry, cement, textiles, mineral and chemical products, wood and furniture products, oil refining, metal fabricating

Oil - production: 0 bbl/day (2007 est.)

Oil - consumption: 106,000 bbl/day (2006 est.)

Exports: $3.5 billion f.o.b. (2008 est.)

Exports - commodities: jewelry, base metals, chemicals, miscellaneous consumer goods, fruit and vegetables, tobacco, construction minerals, electric power machinery and switchgear, textile fibers, paper

Imports: $16.1 billion f.o.b. (2008 est.)

Imports - commodities: petroleum products, cars, medicinal products, clothing, meat and live animals, consumer goods, paper, textile fabrics, tobacco, electrical machinery and equipment, chemicals

Debt - external: $21.2 billion (31 December 2008)

Exchange rates: Lebanese pounds (LBP) per US dollar - 1,507.5 (2008 est.), 1,507.5 (2007), 1,507.5 (2006), 1,507.5 (2005), 1,507.5 (2004)

OTHER FACTS:

Telephones - main lines in use: 681,400 (2006)

Telephones - mobile cellular: 1.66 million (2009)

Internet hosts: 36,681 (2008)

Internet users: 950,000 (2006)

Investment:

- Lebanon is now a regional and international hub for trade, finance, services, industry, culture and tourism. Its strengths are as below:
  - **Free market economy**: Lebanon's free-market

investment policies, liberal economic environment and active entrepreneurial private sector distinguish it from other countries in the region.

- **Investment Guarantees**: A number of national and international organizations with local and international expertise protect investments against non-commercial risks.
- **Liberal Financial Environment**: With a free foreign exchange market, full currency convertibility, complete repatriation of capital and a regulated banking secrecy law, Lebanon is the ideal country for business development.
- **Developed and Non-Discriminatory Legal Framework**: Lebanon benefits from a sophisticated legal framework, which protects the rights and assets of both Lebanese and non-Lebanese investors alike.
- **Moderate Tax Rates**: With a 15% corporate tax rate, Lebanon's fiscal charges are among the lowest in the world.
- **Qualified Human Capital**: Lebanon's principal asset is the competence of its human resources. Lebanon offers a well-educated, multi-lingual and multi-skilled workforce, considered one of the most qualified in the Middle East.
- **Expanding Infrastructure**: With a state-of-the-art telecommunications system, a fully operational electricity network, a new airport, enlarged and refurbished port facilities and an ambitious road rehabilitation program, Lebanon has one of the best infrastructures in the region.

- IDAL, the Investment Development Authority of Lebanon, is the sole public agency responsible for promoting investments in Lebanon, identifying and marketing opportunities, guiding international companies to establish prime business positions, and assisting investors in accessing a wealth of untapped economic potential.

Facing Global Financial Crises

- Lebanese economic growth forecast for 2009 was revised in April to 2.4 percent from 2.7 percent, making it the third downward revision in the past few months. The financial turmoil may raise concerns about the Lebanese financial sector's indirect exposure to regional risk.
- Immediate risks from the global financial crisis to the Lebanese banking sector remain limited, given the sector's lack of direct exposure to the global credit crunch and its recent strong performance. Lebanese banks are protected in the short term by relatively high levels of liquidity, a strong deposit base, high capitalization levels, limited exposure to real-estate lending and the strong support of the Central Bank.
- Banks will also be safeguarded from a slowdown in economic growth as a significant part of their revenues comes from lending to the government. Domestic political and economic uncertainties in recent years have reduced local lending

opportunities, and banks' regional lending has been driven by a real-estate and consumption boom in GCC states.

- The global economic slowdown is likely to have also an indirect impact on the local tourism, real estate and construction.
- Other factors to impact growth in 2009 are a rise in political uncertainty associated with the upcoming parliamentary elections, as well as slower growth in the GCC that will negatively impact the flow of remittances from expatriates, a key source of financial support for many households.
- Consumer price inflation should decline to 4 percent in 2009 and 3.5 percent in 2010, after the surge in world commodity prices pushed inflation up to an estimated average of 10 percent in 2008.
- Global liquidity constraints could delay disbursements of aid pledged at the Paris III donor conference and could increase pressure on the Lebanese state, which needs to rollover local and foreign currency debt instruments on a regular basis, and to borrow in order to finance its persistently large fiscal deficit.
- The current account deficit is expected to decline from 13.4 percent of GDP in 2008 to 9.7 percent of GDP in 2009 due to lower import costs, and then to slightly increase to 10.9 percent of GDP in 2010.
- The fiscal deficit in the 2008-10 period might widen slightly in nominal terms, but should remain roughly stable as a percentage of GDP, ranging from 10.5 percent of GDP to 10.7 percent of GDP. Public debt is expected to follow a moderate decline from 164 percent of GDP in 2008, to 149 percent in 2009 and to 145 percent in 2010.

Economy	**Yemen** Top of Page
Economy - overview:	Yemen, one of the poorest countries in the Arab world, reported average annual growth in the range of 3-4% from 2000 through 2007. In 2008, growth dropped below 3% as the price of oil declined and the slowing global economy reduced demand for oil. Yemen's economic fortunes depend mostly on declining oil resources, but the country is trying to diversify its earnings. In 2006 Yemen began an economic reform program designed to bolster non-oil sectors of the economy and foreign investment. As a result of the program, international donors pledged about $5 billion for development projects. A liquefied natural gas facility is scheduled to open in 2009. Yemen has limited exposure to the international financial system and no capital markets, however, the global financial crisis probably will reduce international aid in 2009.
GDP (official exchange rate):	$27.56 billion (2008 est.)
GDP - per capita (PPP):	$2,400 (2008 est.) $2,400 (2007 est.) $2,400 (2006 est.)

Labor force:	6.494 million (2008 est.)
Labor force - by occupation:	*note:* most people are employed in agriculture and herding; services, construction, industry, and commerce account for less than one-fourth of the labor force
Unemployment rate:	35% (2003 est.)
Budget:	*revenues:* \$9.097 billion *expenditures:* \$10.55 billion (2008 est.)
Public debt:	31.8% of GDP (2008 est.)
Inflation rate (consumer prices):	18% (2008 est.)
Agriculture - products:	grain, fruits, vegetables, pulses, qat, coffee, cotton; dairy products, livestock (sheep, goats, cattle, camels), poultry; fish
Industries:	crude oil production and petroleum refining; small-scale production of cotton textiles and leather goods; food processing; handicrafts; small aluminum products factory; cement; commercial ship repair
Industrial production growth rate:	2.5% (2008 est.)
Natural gas - proved reserves:	478.5 billion cu m (1 January 2008 est.)
Exports:	\$9.234 billion f.o.b. (2008 est.)
Exports - commodities:	crude oil, coffee, dried and salted fish
Imports:	\$9.215 billion f.o.b. (2008 est.)
Imports - commodities:	food and live animals, machinery and equipment, chemicals
Reserves of foreign exchange and gold:	\$8.306 billion (31 December 2008 est.)
Debt - external:	\$6.472 billion (31 December 2008 est.)
Exchange rates:	Yemeni rials (YER) per US dollar - 199.76 (2008 est.), 199.14 (2007), 197.18 (2006), 192.67 (2005), 184.78 (2004)

OTHER FACTS

Telephones - mobile cellular:	2.978 million (2006)
Internet users:	320,000 (2007)
International organization participation:	AFESD, AMF, CAEU, FAO, G-77, IAEA, IBRD, ICAO, ICCt (signatory), ICRM, IDA, IDB, IFAD, IFC, IFRCS, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO (correspondent), ITSO, ITU, ITUC, LAS, MIGA, MINURCAT, MINURSO, MONUC, NAM, OAS (observer), OIC, OPCW, UN, UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNMIL, UNMIS, UNOCI, UNOMIG, UNWTO, UPU, WCO, WFTU, WHO, WIPO, WMO, WTO (observer)
Legislative branch:	a bicameral legislature consisting of a Shura Council (111 seats; members appointed by the president) and a House of Representatives (301 seats; members elected by popular vote to serve six-year terms) elections: last held on 27 April 2003 (next to be held in April 2009) election results: percent of vote by party - NA; seats by party - GPC 228, Islah 47, YSP 7, Nasserite Unionist Party 3, National Arab Socialist Ba'th

	Party 2, independents 14
Constitution:	16 May 1991; amended 29 September 1994 and February 2001
Legal system:	based on Islamic law, Turkish law, English common law, and local tribal customary law; has not accepted compulsory ICJ jurisdiction
Population growth rate:	3.453% (2009 est.)

Investment

- Lebanon is now a regional and international hub for trade, finance, services, industry, culture and tourism. Its strengths are as below:
  - **Free market economy**: Lebanon's free-market investment policies, liberal economic environment and active entrepreneurial private sector distinguish it from other countries in the region.
  - **Investment Guarantees**: A number of national and international organizations with local and international expertise protect investments against non-commercial risks.
  - **Liberal Financial Environment**: With a free foreign exchange market, full currency convertibility, complete repatriation of capital and a regulated banking secrecy law, Lebanon is the ideal country for business development.
  - **Developed and Non-Discriminatory Legal Framework**: Lebanon benefits from a sophisticated legal framework, which protects the rights and assets of both Lebanese and non-Lebanese investors alike.
  - **Moderate Tax Rates**: With a 15% corporate tax rate, Lebanon's fiscal charges are among the lowest in the world.
  - **Qualified Human Capital**: Lebanon's principal asset is the competence of its human resources. Lebanon offers a well-educated, multi-lingual and multi-skilled workforce, considered one of the most qualified in the Middle East.
  - **Expanding Infrastructure**: With a state-of-the-art telecommunications system, a fully operational electricity network, a new airport, enlarged and refurbished port facilities and an ambitious road rehabilitation program, Lebanon has one of the best infrastructures in the region.
- IDAL, the Investment Development Authority of Lebanon, is the sole public agency responsible for promoting investments in Lebanon, identifying and marketing opportunities, guiding international companies to establish prime business positions, and assisting investors in accessing a wealth of untapped economic potential.

Facing Global Financial Crises

- As of May, 2009, firm quantitative estimates of the impact of the ongoing global economic crisis cannot be made because of the lack of relevant macro data. The most obvious channels of impact are the price of oil and economic growth in the Gulf countries that are a major source of remittance income and foreign investment flows for Yemen.
- For the moment, the following observations are pertinent:
  - **Financial exposure** : Yemen has a relatively small

exposure to foreign banks and its financial market remains underdeveloped. The Government announced on several occasions that its foreign reserves were largely unaffected by the crisis. As of February 2009, the central bank foreign reserves exceeded US $ 7 billion or about 11 months of 2008 level of imports.

- **Public accounts**: Currently, oil accounts for two thirds of public revenue and 90 percent of export receipts. The collapse in the price of oil since the middle of 2008 will certainly affect public revenues and current account balance although the timing and impact will be determined in part by the terms of existing oil contracts.
- **FDI**: The crisis could reduce the flow of FDI to both the oil and non-oil sectors. The former will be affected by the lower return in the sector, although moderating international costs for drilling and exploration could be an offsetting factor. In the non-oil sector, the crisis is likely to lower FDI flows, which come mostly from the Gulf and tend to concentrate in tourism, real estate, and some manufacturing industries. The size of non-hydrocarbon FDI has been small less than US $ 100 million in the last 4 years.
- **Remittances**: Yemen has a large expatriate population in the Gulf and elsewhere and remittances could be adversely affected if the crisis deepens. Currently, remittances are estimated at 5-6 percent of GDP. Remittance inflows are larger than non hydrocarbon exports by 50 percent.
- **Non-hydrocarbon exports**: Fish is the main non-hydrocarbon export product and is marketed mainly in Asia and the neighboring Arab countries. With economic slowdown in the main importing countries, exports of non-hydrocarbons could be adversely affected. Trading firms report difficulties in obtaining trade finance facilities from commercial banks. Yemen's tourism earnings could also be affected by the global recession, compounded by the perceived increase in security threats.

- Medium term prospects beyond 2009 are poor due to the ongoing global crisis and because of structurally declining oil
- output.