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THE GLOBAL COMPETITIVENESS OF ARAB ECONOMIES - TRENDS AND CHALLENGES

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ABSTRACT

This research is summarized in identifying the nature of competitiveness as a concept, goal and mechanisms as an important means for the success of countries and raising their growth rates and indicators and the ability of Arab economies to work within the framework of their requirements and their ability to provide the requirements of global competitiveness that formed part of the research problem. The research included several investigations describing the status of these economies and through this research, we have reached several results, the most important of which indicate improvement in most of the main sectors of the economy indicators in some Arab countries, especially the Gulf, while other Arab countries witnessed a relative decline in most of these indicators. With the deterioration of the relative situation in the field of the business environment as a result of the delayed administrative and regulatory apparatus, the rigidity of laws and the spread of administrative corruption, which impedes investment. The research also came up with some proposals, the most important of which was the need to improve the competitiveness of the Arab industry at the global level to achieve real growth indicators and contribute to economic well-being through the approved economic openness. Foreign trade and foreign direct investment should be linked to raising competitiveness indicators by adopting advanced strategies for competitiveness in an international economic environment characterized by intense competition by ensuring product quality in order to compete with products of other countries.

Keyword: *competitiveness, economies etc.*

INTRODUCTION

The Global Competitiveness Report indicates that small countries are more able to benefit from the concept of competitiveness than large countries, as competitiveness gives small country companies an opportunity to get out from the limitations of the small market to the spaciousness of the global market and thus have high competitive capabilities that are able to contribute to raising the overall indicators of their countries such as Raising the standard of living of the members of their countries, and that the competitiveness, which is reflected in its index for any country in attracting foreign investments, according to which the various countries of the world are classified and on the basis of which the ability of each country to compete is digitally arranged compared to other countries.

The importance of the research: The importance of the research stems from the process of obtaining a high score in the competitiveness index means (ability to compete and the possibility of substituting exports for imports, creating an appropriate environment to absorb unemployment on the horizontal side, raising entry rates on the vertical side, and achieving an economic surplus in the macroeconomic balances, Hence, an increase in the rate of economic growth).

The research problem: It centers on the modest expansion rates and growth of foreign direct investments, weak indicators of commodity and service production, the rate of added value to it, and the lack of technology and efficiency in the economies of Arab countries, and thus they suffer from low competitiveness at the international level.

Research hypotheses: The research is based on the following hypotheses:

The first hypothesis: the decrease in the competitiveness index in Arab economies includes:

1. Weakness in a number of sub-indicators that take multiple political, economic and legal trends;
2. The lack of requirements for creating competitiveness due to the multiplicity of obstacles that were reflected in the investment climate.

The second hypothesis: The high ranking of the competitiveness index increases the polarization and volume of investment flows.



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Research objectives: The research aims to identify the following:

1. Presenting the reality of competitiveness in the Arab countries and confirming the most important partial and macro indicators.
2. Reaching the most important determinants, obstacles and constituents that affect the value of the competitiveness index in light of the new world, the world of openness and what can be called the unified global market.
3. What are the ways to avoid these obstacles and thus determine the most important factors that raise or cause the state's competitiveness index to rise.

RESEARCH METHODOLOGY

A descriptive analysis approach was used to present some aspects of the research, especially the ranking of countries in the competitiveness index.

The first dimension: the theoretical and realistic framework

First: Definition and concept of competitiveness at the level of countries

In general, it can be said that there are two types of competition in the business world, namely, indirect competition, represented in the struggle between companies existing in society to obtain the resources available in this community, and direct competition is that competition that occurs in companies that operate in one sector. What concerns us in the context of this research is the definition or concept of international competitiveness, and that most of the concepts of competitiveness agree on one thing, which is to emphasize a strong link between improving the economy's ability to generate wealth and enhancing living standards in it. And the continuous development of successful policies aimed at encouraging companies to engage in and benefit from regional and global markets more, higher rates of economic growth that are enhanced by competitiveness, and thus, enhance levels of well-being and prosperity for individuals and institutions, and due to the importance of defining the concept of competitiveness. Countries are more than defined at the enterprise and sector level, and among the most important of these definitions are:

- 1- The World Economic Forum defined competitiveness as the ability of a state to sell goods and services for profit in foreign markets so that it could achieve a surplus in the trade balance that would enable it to meet its international obligations.
Another definition of the Forum is that international competitiveness is the continuing ability to achieve high and sustainable real per capita income growth rates measured by real GDP per capita.
- 2- The American Council's Definition of Competitive Policy defines the American Council of Competitive Policy as the ability of the State to produce goods and services competing in world markets while achieving ever-increasing long-term living standards.
- 3- The OECD definition defines competitiveness as the extent to which the State, under free and fair market conditions, is competing products and services in global markets while achieving long-term real income growth for its members.
- 4- The Arab Planning Institute defines competitiveness as the current and underlying performance of economic activities associated with competition with other countries.

It also varied the definition of competitiveness by firms as to their ability to meet different consumer desires, through which they could access markets.

Second: The Importance of Global Competitiveness

The importance of the competitiveness of the economy is evidenced by its ability to make the country achieve high rates of economic growth that enables it to raise the standard of living of the country, so it can give the national economy through the completion of its indicators a great impetus for economic growth, especially for small countries. Competitiveness makes companies and economic institutions overcome the tightness of the local market, the importance of competitiveness is related to the extent of its ability to contribute to improving efficiency, stimulating local and foreign investments and facilitating access to international markets. The advancement of the competitiveness of local products is one of the most important goals of developed and developing industrial countries, and the importance of competitiveness also stems from the fact that it works to provide the appropriate environment. To achieve efficient allocation of resources and encourage inventions and innovations in a way that leads to raising productivity, developing the level of performance, and improving the standard of living for members of society. Therefore, the competitiveness of commodity and service products is

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the result of many factors overlapping and differing in their patterns and effects. Studies on developing countries, including Arab countries, also indicate that there is an urgent need to create A general environment supportive of private investment as well to establish companies, grow them and build a competitive Arab sector

Third: Building the Global Competitiveness Index (GCI)

Many international organizations have been interested in publishing reports on competitiveness and how to measure its index, as it includes main and subsidiary indicators, and on the basis of which the country's ranking is given, and among these organizations that issue a report on the competitiveness index (the International Institute for Administrative Development, the World Bank and the Arab Planning Institute), the International Economic Forum is the most prominent of them. As this forum publishes the Global Competitiveness Index annually, which began its publication in 1979, this index has evolved over the past three decades to become the most important comprehensive global assessment of the competitiveness of countries. The report provides a comprehensive set of data through a large number of competitiveness indicators that include many industrialized and developing countries. The report is measured and analyzed according to two types of data:

1. Quantitative data: These are data related to economic performance and technological capacity. Its ratio is one-third of the value of the Global Competitiveness Index, and it is taken from many sources such as the World Bank, the International Monetary Fund, the World Health Organization, and the International Telecommunication Union.
2. Businessmen survey data: its ratio is two-third of the value of the Global Competitiveness Index, and its aim is to collect information of great value from businessmen for all economic sectors for a large group of The sources of variables are almost non-existent in most cases and provide a source scarce and familiar with the engines of economic growth.

The Global Competitiveness Report focuses on classifying countries on the stages of growth that each country goes through and its economic development, and that these countries have their engines that make them highly competitive that differ in different stages of growth, and these stages are:

1. The first stage: It is the stage in which the country's economy is led by the factors of production, and the state's competition is based on its reliance on unskilled labor and natural resources by relying on the first four pillars, namely:
 - Institutions - Infrastructure - Macroeconomic stability - Health and basic education
2. The second stage: which is the stage of the economy based on the leadership of efficiency, and when the country begins to produce in a more efficient and quality manner, its competitiveness will increase depending on the pillars:
 - Higher education and training - Efficiency of commodity markets - Efficiency of labor markets - Development of the financial market
 - Technical readiness - Market size
3. The third stage: which is the stage of the economy based on knowledge and innovation, and at this stage the country becomes more competitive by relying on new products that are unprecedented through its inventions and depends on the development of business and inventions. The Global Competitiveness Report (GCI) classified the

Global Competitiveness Index into three groups:

A set of basic requirements and includes four sub-indicators

The Competency Development Group includes six sub-indicators

The Innovation and Development Group includes two sub-indicators

These sub-indicators are called the twelve columns, as shown in the following figure:

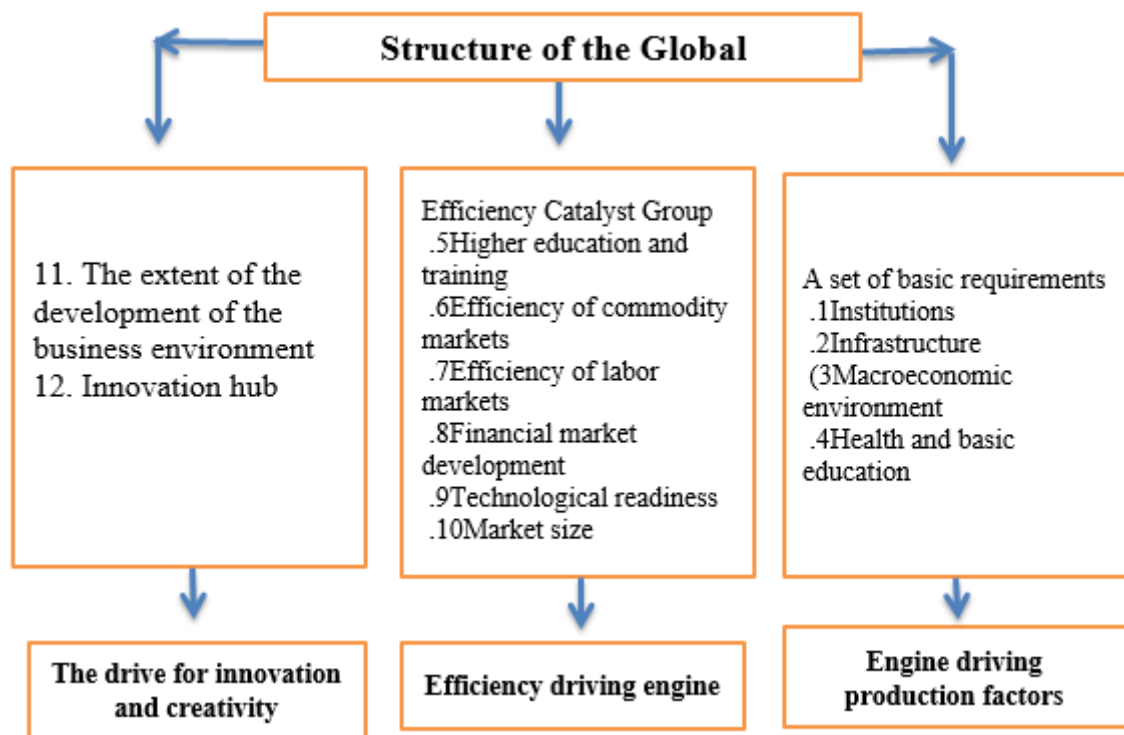


Figure (1) the structure of the Global Competitiveness Index

Fourth: Analyzing the relative position of Arab countries according to global competitiveness indicators

Competitiveness can be measured through several indicators, the most important of which are profitability and growth rates over a period of time, in addition to the country's strategy and direction to meet demand in the external market through exports, and thus the country's ability to achieve a greater share of the regional and global market. "The World Economic Forum uses a measure that includes (12) a major factor or anchor related to micro and macroeconomic aspects to determine the competitiveness of countries and arrange them annually (137 countries for the year 2017-2018). The report issued since 2005 is based on secondary data of international organizations such as the United Nations and the World Bank and primary data through an annual survey of the trends of thousands Executive administrators in business organizations.

Member States of the Gulf Cooperation Council: The increased diversification of the GCC countries has contributed to making their economy more resilient and able to cope with volatility in oil and gas prices and to maintaining a stable macroeconomic environment. These countries have enhanced their fiscal policy flexibility by using the value added tax (VAT) approved by the GCC. The Emirates and Saudi Arabia started implementing it in 2018. In general, these countries have achieved high scores in most basic requirements, particularly the Emirates, Qatar and Saudi Arabia.

- United Arab Emirates ranked 17th in the world and 5.3 out with the exception of higher education, training, health and basic education, the first for the Arab world in the 2017-2018. It has scored highly in all dimensions of competitiveness except higher education, training, health and basic education, but even in these two indicators it is best among the Arab and one of the top 20 countries in the world in the three group averages.
- Qatar ranked 25th in the world with a score of 5.11 and 2nd in the Arab world in the 2017-2018 measure of competitiveness, and Qatar achieved 20th in the macroeconomic environment. The strengths of the State of Qatar lie in the availability of basic requirements and the efficiency of goods, labour and financial markets. Qatar needs to work to strengthen educational institutions, health services and the use of technology and innovation.

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- Saudi Arabia ranked 30th in the world with a score of 4.83 and third over the Arab world in the 2018-17 Competitiveness Measure, with weaker performance in the areas of labour market, macroeconomic environment, financial markets, health and basic education. The State is working to improve the macroeconomic environment through the introduction of VAT and the liberalization of the oil market to increase public revenues. Saudi Arabia is characterized by stable institutions (26), good infrastructure (29), the largest market in the Arab world (15) and the third Arab country in the development of the business and innovation environment. Saudi Arabia is experiencing an evolution in higher education with four Saudi universities ranked among the top 500 in the world according to the 2018 Shanghai World University Rankings: King Abdulaziz University, King Saud University, King Abdullah University of Science and Technology, a research university and King Fahd University.
- Bahrain ranks 44th in the world with a score of 4.54 and fourth in the Arab world in the 2018-17 competitive scale. Bahrain is characterized by a favourable business environment in a good institutional framework (23 world), good infrastructure (33 world) and commodity market efficiency (23 world). The macroeconomic environment (108 globally) is one of the most visible weaknesses, along with its small market size (90 in the world and smaller in the region), which Bahrain seeks to balance with openness to international markets.
- Kuwait: Kuwait is ranked 52nd in the world out of (137 countries), 4.43 out of (7), and fifth in the Arab world in the Competitiveness Scale for the year 2018-17. Kuwait is characterized by the availability of an enabling environment in the overall economy (30 globally) and it is the fifth in the Arab world in most of the factors of the competitiveness scale, and the poor efficiency of the labor market (119 globally), research and development in the field of innovation (103 globally), higher education and training (95 globally) and the efficiency of the commodity market (89 Globally), health and education (83 globally) are among the most prominent weaknesses in the competitiveness of the Kuwaiti economy. Kuwait's performance has declined in the last decade from rank 35 in 2008 to rank 52 in 2018 despite the fact that Kuwait was a pioneer in the path of development and had the human and material capabilities to achieve development in all fields.
- Oman: Oman is ranked 62nd in the world, 4.31, and sixth in the Arab world in the 2018-17 competitiveness scale. Oman excels in terms of institutions (28 globally), infrastructure (36 globally) and commodity market efficiency (47 globally). Weaknesses in Oman's competitiveness are mainly weak labor market efficiency (122 globally) and to a lesser extent in weak research and development in the field of innovation (76 Globally) and higher education services (71 globally).

Table (1) Global Competitiveness Indicators for Arab Countries for the year 2018

Arab countries in the Global Competitiveness Report 2018 (score out of 7: ranking out of 137 countries)												Indications
Lebanon	Egypt	Tunisia	Algeria	Morocco	Jordan	Oman	Kuwait	Bahrain	Saudia Arabia	Qatar	UAE	
:3.8 105	:3.9 100	:3.9 95	:4.1 86	:4.2 71	:4.3 65	:4.3 62	:4.4 52	:4.5 44	30 :4.8	:5.1 25	:5.3 17	Global ranking
:3.5 119	:4.0 106	:4.4 84	:4.4 82	4.8 57:	:4.6 73	:5.1 38	:4.9 55	:5.1 40	32 :5.3	:5.9 12	:6.0 7	Basic requirements
:3.2 124	:3.9 64	:3.8 80	:3.6 88	:4.2 49	:4.5 36	:5.0 28	:4.0 50	:5.0 23	:5.0 26	:5.6 10	5.9 5 :	Institutions
:2.8 113	:4.1 71	:3.8 82	:3.6 93	:4.4 54	:4.3 58	:4.9 36	:4.3 64	:5.1 33	:6.2 29	:5.8 13	6.3 5 :	Infrastructure

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2.5 133	: 2.6 132	: 3.9 109	: 4.6 71	: 4.9 55	: 3.8 115	: 4.7 66	: 5.6 30	: 4.0 108	: 4.9 58	: 5.9 20	5.6 28 :	total economy
: 5.8 72	: 5.5 87	: 6.0 58	: 5.8 71	: 5.6 81	: 5.6 80	: 5.9 63	: 5.6 83	: 6.2 37	: 6.0 51	: 6.2 34	6.3 33 :	Health and education
: 4.1 76	: 3.9 87	: 3.7 99	: 3.7 102	: 3.9 85	4.2 67:	: 4.2 66	: 4.1 73	: 4.6 36	: 4.7 33	: 4.9 25	5.2 17 :	Efficiency Boosters
: 4.3 74	: 3.6 100	: 4.1 82	: 4.0 92	: 3.6 101	: 4.5 63	: 4.4 71	: 3.9 95	: 5.0 39	: 4.9 43	: 5.0 37	5.0 36 :	Higher Education
: 4.4 61	: 4.1 90	: 4.0 112	: 3.6 129	: 4.4 58	: 4.5 51	: 4.5 47	: 4.2 89	: 5.0 23	: 4.6 42	: 5.2 15	5.6 3 :	Market efficiency
: 3.7 109	: 3.2 134	: 3.1 135	: 3.3 133	: 3.6 120	: 4.0 90	: 3.5 122	: 3.6 119	: 4.6 37	: 4.1 80	: 4.9 19	5.2 3 :	Labor market
: 3.9 76	: 3.9 77	: 3.4 110	: 3.1 125	: 3.9 72	: 4.0 70	: 4.2 54	: 4.1 62	: 4.3 46	: 4.2 56	: 4.7 25	4.8 24 :	Financial markets
: 4.4 64	: 3.5 94	: 3.7 85	: 3.4 98	: 3.8 82	: 4.3 67	: 4.5 59	: 4.3 68	: 5.6 31	: 4.9 44	: 5.4 34	5.8 24 :	Technology use
: 3.6 75	: 5.1 25	: 3.9 69	: 4.8 36	: 4.3 53	: 3.6 76	: 4.1 62	: 4.4 50	: 3.3 90	: 5.4 15	: 4.4 51	4.9 29:	Market size
: 3.8 52	: 3.4 101	: 3.4 97	: 3.1 118	: 3.6 74	: 4.0 45	: 3.6 70	: 3.5 86	: 4.0 43	: 4.1 40	: 4.9 22	4.9 20 :	Business development and innovation
: 4.2 52	: 3.8 84	: 3.7 98	: 3.3 122	: 4.0 69	: 4.3 48	: 4.0 72	: 4.0 70	: 4.5 36	: 4.5 34	: 5.0 22	5.3 13 :	Business development
: 3.4 58	: 2.9 109	: 3.1 99	: 2.9 104	: 3.1 94	: 3.6 46	: 3.3 76	3.0 103:	: 3.6 45	: 3.7 40	: 4.7 21	4.6 25 :	Innovation

Table (2) Ranking of Competitiveness Indicators for Arab Countries, in the Arab World and in the Arab World for the year 2018

The ranking of Arab countries in the Global Competitiveness Report 2018 (Arab ranking: global ranking)														Indications
Yemen	Moretania	Lebanon	Egypt	Tunisia	Algeria	Morocco	Jordan	Oman	Kuwait	Bahrain	Saudia Arabia	Qatar	UAE	
														Basic requirements
: 14 134	: 13 132	: 12 124	: 9 64	: 10 80	: 11 88	: 7 49	: 6 36	: 5 28	: 8 57	: 3 23	: 4 26	: 2 10	: 1 5	Institutions
: 14 135	: 13 131	: 12 113	: 9 71	: 10 82	: 11 93	: 6 54	: 7 58	: 5 36	: 8 64	: 4 33	: 3 29	: 2 13	: 1 5	Infrastructure
: 12 130	: 7 69	: 14 133	: 13 132	: 10 109	: 8 71	: 4 55	: 11 115	: 6 66	: 3 30	: 9 108	: 5 58	: 1 25	: 2 28	total economy
: 13 118	: 14 128	: 8 72	: 12 87	: 5 58	: 7 71	: 10 81	: 9 80	: 6 63	: 11 83	: 3 37	: 4 51	: 2 34	: 1 33	Health and education
														Efficiency Boosters
: 13 136	14 13:	: 7 74	: 11 100	: 8 82	: 9 92	: 12 101	: 5 63	: 6 71	: 10 95	: 3 39	: 4 43	: 2 37	: 1 36	Higher Education
: 13 132	: 14 134	: 8 61	: 10 90	: 11 112	: 12 129	: 7 58	: 6 51	: 5 47	: 9 89	: 3 23	: 4 42	: 2 15	: 1 3	Market efficiency

: 14 136	: 10 129	: 6 109	12 13: 4	: 13 135	: 11 133	: 8 120	: 5 9	: 9 122	: 7 119	: 3 37	: 4 80	: 2 19	: 1 11	Labor market
: 13 136	: 14 137	: 9 76	: 10 77	: 11 110	: 12 125	: 8 72	: 7 70	: 4 54	: 6 62	: 3 46	: 5 56	: 2 25	: 1 24	Financial markets
: 14 136	: 13 132	: 6 64	: 11 94	10 85:	: 12 98	: 9 82	: 7 67	: 5 59	: 8 68	: 3 31	: 4 44	: 2 34	: 1 25	Technology use
: 13 96	: 14 125	: 10 75	: 2 25	: 9 69	: 4 36	: 7 53	: 11 76	: 8 62	: 5 50	: 12 90	: 1 15	: 6 51	: 3 29	Market size
														Business development and innovation
: 13 134	: 14 136	: 6 52	: 10 84	: 11 98	: 12 122	: 7 69	: 5 48	: 9 72	: 8 70	: 4 36	: 3 34	: 2 22	: 1 13	Business development
: 13 134	: 14 136	: 6 58	: 12 109	: 9 99	: 11 104	: 8 94	: 5 46	7 76:	: 10 103	: 4 45	: 3 40	: 1 21	: 2 25	Innovation

Non-Gulf Arab States' competitiveness. The Gulf Cooperation Council States occupy the top six positions in the Global Competitiveness Scale. Non-Gulf Arab States included in the World Competitiveness Report occupy the positions from 7-12. The non-Gulf Arab States lag behind the Gulf Cooperation Council, with the exception of some factors such as institutions, higher education and innovation for Jordan and a few other factors such as market size for Egypt, Algeria and Morocco.

- **Jordan** ranks 65th in the world out of 137 countries with a score of 4.30 and 7th in the Arab world in the 1777-2018 measure of competitiveness. Jordan is characterized by a stable global institutional system (36), adequate infrastructure (58), an appropriate level of innovation and business development (45), technology use (67) and market efficiency (51). Jordan has not improved in most dimensions of competitiveness Jordan's 2008 ranking was in the area of institutions Global and infrastructure (44 globally) and in the use of technology (57 worldwide) While the innovation and business development factor has improved slightly Labour market efficiency, financial market development and labour market It is a major weakness in Jordan's competitiveness. Despite the Government's efforts to improve the macroeconomic environment by raising taxes and controlling public spending by the private sector and consumers, the rankings were (111 globally in 2008 and 115 in 2018).
- **Morocco** ranks 71st in the world with a score of 4.24 and 8th in the Arab world in the 2018-17 competitive scale. Morocco's competitive performance has improved since 2008. It ranked 57 globally compared to 67 in 2008. It has also been characterized by improved infrastructure factors, good health care, basic education conditions and a favourable macroeconomic environment supported by stable institutions over the past decade. All transport, especially ports and railways, had improved and the efficiency of the commodity market had not improved. (58 worldwide 2008, 2018) or R & D factor in particular innovation Morocco's main challenges are technology development factors. (82 global) and improving the innovation environment (94 global) quality of higher education and training (101 worldwide) and labour market efficiency (120 globally) impeding growth and transition to higher and innovative value-added sectors with the fourth largest market in the region (53 globally)
- **Algeria** ranks 86th and 9th in the Arab world in the 2018-17 measure of competitiveness. Algeria's status has improved from 99th in 2008 to 86th in 2018. Improvement has focused on improved areas of efficiency enhancement (113 global 2008 and 102 in 2018) and aspects of business and technology environment development (126 global 2008 and 118 in 2018). While falling behind the area of basic requirements (61 global 2008 and 82 in 2018) Especially in the area of competitiveness in the macroeconomic environment (5 global 2008 and 71 2018) Due to low oil and gas prices, the quality of higher education has improved relatively. (92 worldwide) and technology capacity (98 globally) Poor efficiency in the labour market (133 globally) continued to require significant improvement and to hamper development efforts.
- **Tunisia** ranks 95th in the world out of 137 countries, 3.93 in the 7th and 10th over the Arab world in the 17-2018 competitive scale. The 2018 competition factor rankings range from 80 globally for the

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enterprise factor to 135 for the labour market efficiency factor, for which this factor remains a major priority. Tunisia has declined its competitiveness significantly since 2008, when it had a world ranking of 36. Similarly, the area of efficiency boosters declined from 53 to 99 globally in 2018 and the area of business environment development declined from 30 to 97 in 2018. In fact, the ranking of all competitiveness factors declined in the last decade between 2008 and 2018.

- **Egypt** ranks 100th in the world with a score of 3.90 and 11th over the Arab world in the 1777-2018 measure of competitiveness. Egypt's competitiveness ranking has declined from 81 in 2008 to 100 in 2018. Similarly, the key requirement area ranking has declined from 83 in 2008 to 106 in 2018 and the business environment development area from 74 in 2008 to 101 in 2018. In fact, the ranking of most competitive factors has declined or remained at its level in the last decade between 2008 and 2018, with the exception of financial markets, which improved significantly, 77 compared to 106 in 2008. The Suez Canal was expanded in 2015 and a number of transport lines were refurbished, contributing to improved road and rail transport. Egypt benefited from a fiscal reform programme that included the introduction of VAT in 2016 and a gradual reduction in fuel and energy subsidies, and the financial market benefited from the flexible currency system introduced at the end of 2016 following the floating of the value of the Egyptian pound. The global macroeconomic environment is Egypt's largest relative weakness, followed by global innovation 109 and labour market efficiency 134.
- **Lebanon** ranks 105th in the world and 3.84 in the 12th over the Arab world in the 17- 2018 competitive scale. Lebanon surpasses the 2018 competitiveness report in the area of business development and the quality of local firms. (52 globally) innovation (58 globally) and market efficiency Lebanon achieved high points in the availability of scientists and engineers and in the quality of primary schools (15 globally) In higher education in mathematics and science (4 globally) and administrative schools (9 globally), however, Lebanon still suffers from inefficient institutions (124 globally), labour markets (109 globally) and the macroeconomic environment (133 globally) for political and internal reasons that impede its progress on the global competitive ladder despite the availability of empowered human resources.

Table (3) The ranking of Arab countries in the global competitiveness indicators for the period 2015-2019

2019	2018	2017	2016	2015	Country	Years
25	27	17	16	17	Uae	
29	30	25	18	14	Qatar	
36	39	30	29	25	Saudia Arabia	
45	50	44	48	39	Bahrain	
46	54	52	38	34	Kuwait	
53	47	62	66	62	Oman	
70	73	65	63	64	Jordan	
75	75	71	70	72	Morocco	
87	87	95	95	92	Tunisia	
88	80	105	101	101	Lebanon	
89	92	86	87	87	Algeria	
93	94	100	115	116	Egypt	
134	131	137	137	138	Moretana	
140	139	137	138	-	Yemen	
141	140	137	138	140	Countries No	

Source / World Economic Forum, The Global Competitiveness Report 2015, 2016, 2017, 2018, 2019

Table (4) The global ranking of Arab countries in the business environment index for the period 2013-2019 (number of countries: 190)

2019	2018	2017	2016	2015	Country	Years
16	21	26	23	22	UAE	
43	66	63	46	53	Bahrain	

53	69	68	87	71	Morocco
62	92	94	26	49	Saudia Arabia
68	71	66	47	66	Oman
75	103	118	119	117	Jordan
77	83	83	48	50	Qatar
78	88	77	51	60	Tunisia
83	96	102	104	86	Kuwait
112	154	171	-	-	Djibouti
114	128	122	128	113	Egypt
157	166	156	153	154	Algeria
171	170	168	-	-	Sudan
172	168	165	-	-	Iraq
187	186	179	133	137	Yemen

Source / World Economic Forum, The Global Competitiveness Report 2015, 2016, 2017, 2018, 2019

PRACTICAL AND ANALYTICAL FRAMEWORK

First: Analysis of changes in Arab competitiveness indicators for the period (2014-2017)

Countries seek to improve their levels of competitiveness by developing economic strategies and plans with the aim of developing their economic and productive sectors and maximizing the benefit from their own capabilities to access global markets and attract capital to achieve sustainable development and alleviate poverty and unemployment. The results of international reports indicate improved competitiveness indicators in some Arab countries, as a result of the structural reforms they have undertaken in many sectors, especially the economic, financial and financial markets, and the efforts they have made in this field. To find out the progress made by the Arab countries in the field of competitiveness, we will analyze the competitiveness of Arab economies based on the report issued by the Arab Monetary Fund for the year 2019.

And for the period (2014-2017), using two main indicators, namely the macroeconomic index, and the investment environment and attractiveness index. The macroeconomic index reflects the ability to achieve the foundations of macroeconomic stability, including the achievement of price stability and the adoption of disciplined fiscal and monetary policies. As for the investment attractiveness and environment index, its importance lies in measuring the state's ability to create a competitive environment that ensures the continued flow of capital by focusing on developing regulatory and legal frameworks, appropriate economic policies, technical aspects and other factors that contribute to attracting investments.

We will also compare the competitiveness of Arab countries with other countries belonging to several regions, including developed and developing countries that enjoy high competitiveness, namely: Brazil, India, South Korea, Spain, Thailand, Malaysia, Singapore, and Turkey. The macroeconomic index is divided into (4) sub-indicators that include (17) quantitative indicators related to the real sector, the monetary and banking sector, the government financial sector, and the external sector, while the investment environment and attractiveness index is divided into (3) sub-indicators that include (13) indicators related to the environment Business, infrastructure, institutions and good government, as illustrated in Figure 2 below:

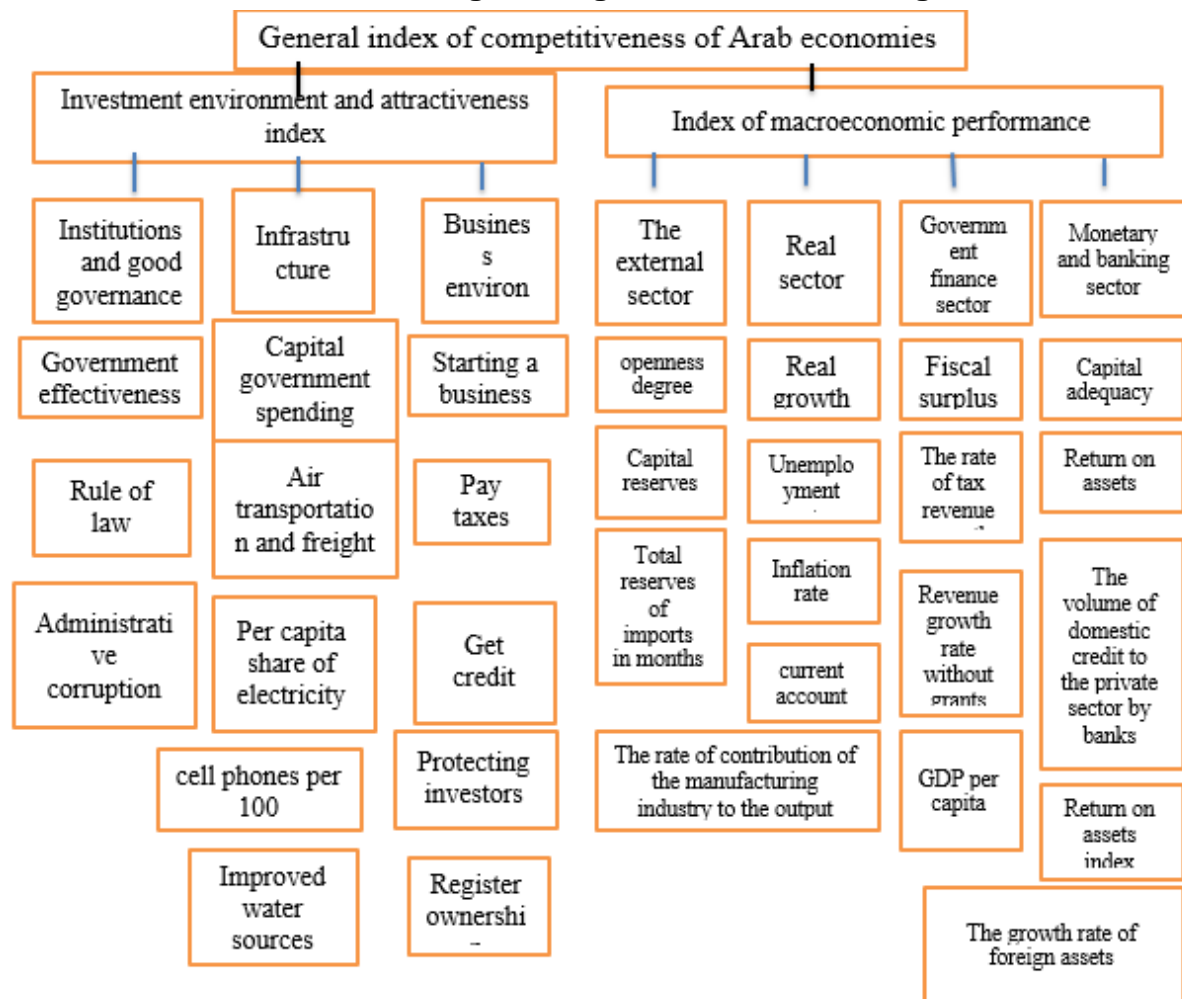


Figure (2) Competitiveness Indicators for Arab Economies

The analysis includes all Arab countries except for Somalia, Comoros, Djibouti, Syria, and finally the State of Palestine, due to the lack of sufficient data on it. For the purposes of comparison, the competitiveness of the Arab economies is compared with eight reference countries from several different regions, namely India, South Korea, Singapore, Thailand, Malaysia, Brazil, Turkey, and Spain. During the same period (2014 - 2017). According to the tables (5 and 6), the United Arab Emirates ranked first (0.949) in the index of competitiveness of Arab economies, followed by Kuwait in second place (0.867), Saudi Arabia in third place (0.681), Qatar and Bahrain (0.459), (0.209) ranked fourth and fifth, respectively. The advanced ranks of these countries reflect the economic reform packages adopted to enhance economic stability. In addition to the set of measures implemented at the level of these countries aimed at stimulating investment. As for the group as a whole (including comparison countries), the United Arab Emirates ranked second (0.949) after Singapore (0.974) and South Korea (0.868) ranked third, while Saudi Arabia (0.681) ranked fourth, while Spain ranked (0.495) The State of Qatar (0.459) ranked fifth, and at the level of the sub-indicators, it was as follows:

- 1- Macroeconomic index: South Korea, Saudi Arabia, Singapore, Brazil and the Arab Emirates were in the top five in the Group countries, with the benchmark values for sub-indicators averaging 0.961, 0.818, 0.726, 0.539 and 0.502, respectively.
- 2- Investment Environment and Attractiveness Index: The United Arab Emirates ranked first at the level of the group's countries as a whole, while Qatar and Bahrain came in the second and third places respectively, and the assessment of the sub-indicators of the standard methodology was adopted. Then, divide it by the standard deviation of all states. The Arab competitiveness indicators for the period 2014-2017 indicate an improvement in most of the main sectors' indicators of the

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overall economy and the environment and attractiveness of investment in the United Arab Emirates, Saudi Arabia, Bahrain, Oman and Qatar, while those indicators witnessed a decline in the Arab countries that witnessed political fluctuations with negative repercussions on the economic side. Such as Egypt, Libya, Tunisia, Syria, and Yemen. The performance of the Arab countries can be summarized in terms of improvement in the indicators in each of the main sectors, as well as their arrangement through Table (7).

Table (5) indicators of competitiveness of Arab economies (macroeconomic indicators) for the period 2014-2017

Rank	The external sector	Rank	Government finance sector	Rank	Monetary and banking sector	Rank	Real sector	Country
16	-0.3	17	-0.3	11	0.0578	16	-0.233	Jordan
3	0.8	7	0.1	5	0.5229	2	0.832	UAE
12	-0.2	22	-0.6	14	-0.0064	5	0.561	Bahrain
22	-0.4	16	-0.3	22	-0.9847	18	-0.452	Tunisia
10	-0.1	21	-0.5	7	0.2380	15	-0.155	Algeria
2	1.4	8	0.1	1	1.6725	8	0.425	Saudia
25	-0.7	13	-0.2	19	-0.5268	23	-0.949	Sudan
13	-0.2	11	-0.1	15	-0.0175	19	-0.453	Iraq
18	-0.3	23	-0.6	13	0.0110	10	0.315	Oman
11	-0.1	10	-0.1	9	0.0923	1	0.015	Qatar
5	0.5	15	-0.2	12	0.0292	12	-0.116	Kuwait
15	-0.2	20	-0.4	18	-0.3668	17	-0.264	Lebanon
6	0.2	24	-1.8	21	-0.8852	24	-0.441	Libya
23	0.7	18	-0.3	16	-0.3378	21	-0.557	Egypt
21	-0.4	12	-0.2	20	-0.5874	13	0.007	Morocco
17	-0.3	14	-0.2	24	-1.9671	20	-0.471	Mauretania
20	-0.3	19	-0.4	25	-1.9895	25	-1.510	Yemen
14	-0.2	3	1.0	17	-0.3658	14	-0.013	Spain
19	-0.3	1	2.0	2	1.1212	22	-0.611	Brazil
9	-0.1	-	-	23	-1.3328	4	0.622	India
8	0.0	2	1.7	3	1.0724	7	0.475	South Korea
7	0.1	9	0.0	8	0.1998	6	0.505	Malaysia
1	1.7	5	0.2	10	0.0875	3	0.816	Singapore
4	0.6	6	0.2	4	0.6230	9	0.322	Thailand
24	-0.7	4	1.0	6	0.3655	11	0.135	Turkey

Source / prepared by the researcher based on: The Arab Monetary Fund, Arab Economies Competitiveness Report, Issue Three, 2019

Table (6) indicators of competitiveness of Arab economies (indicators of investment environment and attractiveness) for the period 2014-2017

Rank	Economy at the macro level	Rank	Corporate sector and good governance	Rank	Infrastructure sector	Rank	Business environment sector	Country
14	0.094	9	0.3790	13	-0.061	15	-0.2	Jordan
2	0.949	2	1.3156	1	1.772	1	1.3	UAE
12	0.209	8	0.4394	5	0.768	8	0.5	Bahrain
17	-0.318	13	0.0230	14	-0.115	14	0.0	Tunisia
19	-0.409	19	-0.6385	20	-0.510	24	-1.2	الجزائر
5	0.681	10	0.3213	10	0.348	6	0.5	Saudi
22	-0.815	23	-1.4229	23	-1.109	21	-0.8	Sudan
21	-0.494	22	-1.4048	22	-0.986	19	-0.3	Iraq
7	0.523	7	0.4471	9	0.350	11	0.3	Oman

8	0.459	5	1.0331	3	0.974	10	0.3	Qatar
4	0.867	14	-0.0210	6	0.475	12	0.2	Kuwait
18	-0.358	20	-0.7346	18	-0.343	16	-0.2	Lebanon
24	-1.011	25	-1.7438	21	-0.709	25	-1.7	Libya
20	-0.436	18	-0.5881	17	-0.270	20	-0.3	Egypt
15	-0.168	16	-0.0437	11	0.045	13	0.0	Morocco
23	-0.884	21	-0.8007	25	-1.350	22	-1.1	Mauritania
25	-1.168	24	-1.6309	24	-1.146	23	-1.2	Yemen
6	0.415	3	1.0704	2	1.012	9	0.4	Spain
11	0.215	17	-0.1763	16	-0.226	18	-0.3	Brazil
16	-0.213	15	-0.0237	19	-0.457	17	-0.2	India
3	0.868	4	1.0623	4	0.869	4	0.9	South Korea
9	0.406	6	0.6917	7	0.445	3	0.9	Malaysia
1	0.974	1	2.3562	8	0.360	2	1.3	Singapore
10	0.318	12	0.0371	12	-0.053	5	0.5	Thailand
13	0.164	11	0.0487	15	-0.200	7	0.5	Turkey

Source / prepared by the researcher based on: The Arab Monetary Fund, Arab Economies Competitiveness Report, Issue Three, 2019.

Table (7) performance indicators of the main sectors in Arab economies for the period (2014-2017)

1: Macroeconomic Performance Index

The most significant improvement in the sector in every country	The first places in the Arab world, in order	The first ranks at the group level	Sector
Foreign asset growth and return on assets	Saudi	Saudi	Monetary and banking sector
Private capital adequacy, return on assets	UAE	Brazil	
Foreign asset growth, return on assets	Algeria	South Korea	
		Thailand	
		UAE	
Financial surplus and public revenues	UAE	Brazil	Government finance sector
General revenue	Saudi	South Korea	
Financial surplus	Qatar	Spain	
		Turkey	
		Singapore	
Average per capita gross domestic product (66840) dollars, a decrease in the unemployment rate to (0.2)	Qatar	Qatar	Real sector
The growth rate of manufacturing industries, average per capita gross domestic product (40,637) dollars	UAE	UAE	
Low unemployment rate, average per capita gross domestic product (22,331) dollars	Bahrain	Singapore	
		India	
		Bahrain	
Official reserves cover official reserves for merchandise imports in months	Saudi	Singapore	The external sector
Trade openness, official reserves covered by months of imports, the current account	UAE	Saudi	
Covering official reserves for merchandise imports in months	Kuwait	UAE	
		Thailand	
		Kuwait	

2: The investment environment and attractiveness index

Most indicators of improvement in the sector in every country	The first places in the order	The first ranks at the group level	Sectore
Register property, pay taxes, get electricity, start a business	UAE	UAE	Business environment
Register property, pay taxes	Saudi	Singapore	
Register property, pay taxes	Qatar	Malaysia	
		South Korea	
		Thailand	
Anti-corruption, government effectiveness	UAE	Singapore	Institutions and good governance
The rule of law, combating administrative corruption	Qatar	UAE	
The rule of law, combating administrative corruption	Oman	Spain	
		South Korea	
		Qatar	
Infrastructure quality (1), air transport (1), cell phone subscriptions (1), Internet users (3)	UAE	UAE	Infrastructure
Internet users (2), infrastructure quality (2), air transport (3), clean fuels (3)	Qatar	Spain	
Clean fuels (1), cell phone subscriptions (2)	Kuwait	Qatar	
Internet users (1), clean fuels (1), cell phone subscriptions (3), infrastructure quality (3)	Bahrain	South Korea	
Air Transport (3)	Tunisia	Bahrain	
Clean Fuels (2)	Jordan		

Source / prepared by the researcher based on: Arab Monetary Fund, Arab Economies Competitiveness Report, 2019, Issue Three

Second: Challenges to improving the competitive situation of Arab economies:

- 1 . The performance of most Arab economies is linked to fluctuations in oil prices, which significantly affects the ability of both oil exporting and importing Arab countries to cope with various shocks and makes Arab economies highly sensitive to developments in world oil prices.
- 2 . Regional and bilateral economic blocs, free trade and the World Trade Organization (WTO) are the major changes facing the Arab States in the context of globalization and their competitiveness.
- 3 . Many Arab countries, such as Algeria, Lebanon, Egypt, Libya, the Sudan, Yemen, Syria and Tunisia, are lacking in institutional development, combating administrative corruption and reducing administrative requirements for business and personal performance.
- 4 . The results of the Arab Competitiveness Indicators show that the widening of the digital divide measured by the evolution of technical infrastructure poses the greatest challenge to the development of Arab competitiveness, which can be attributed to the modest Arab performance in most of the components that measure this digital divide, as well as the lack of funding for the development of technical infrastructure in the Arab region.
- 5 . The challenges of political tensions and unrest have implications for regional and global economic competitiveness, for example, in Egypt, Syria, Tunisia, Libya and Yemen since 2011. Global competitiveness indicators indicate a marked decline in their performance over the years (2011-2016) and the relative importance of that challenge is growing, as it has direct and indirect implications not only for the economic competitiveness of the State suffering from that problem but also for the competitiveness of the economies of the region as a whole. This can be illustrated by the significant decline in the indicators for the main pillars of competitiveness in Egypt, Tunisia and Yemen, as well as the exit of Syria in 2013 and Libya in 2015 from the countries included in the World Competitiveness Report. The following table shows the decline in the indicators for the main pillars of competitiveness in Egypt, as an example, for the period 2018-2019:

Table (8): The main pillars of the competitiveness indicators in Egypt 2018-2019

2019 / World ranking of 141 countries		2018 / World ranking of 140 countries		Competitive indicators
Rank	Degree	Rank	Degree	
93	55	94	56	global ranking
				enabling economic environment

82	51	102	48	Institutions
52	73	56	70	Infrastructure
106	41	100	41	Embrace information technology
135	45	135	51	Macroeconomic stability
				Human capital
104	65	99	69	Health
99	54	99	53	Skills
				Markets
100	51	121	48	Product markets
126	49	130	46	Labor market
92	56	99	52	Financial markets
23	74	24	73	market size
				Innovation environment
95	56	97	54	dynamic business environment
61	40	64	38	The ability to innovate

From the table (8) above, we note that there is an improvement in Egypt's ranking in the global competitiveness index, ranking 93 out of 141 countries for the year 2019 compared to 94th out of 140 countries in 2018, despite this slight improvement in the global ranking compared to the countries of the Middle East and North Africa region, where it occupies The third place before the last, followed by Iran and Yemen.

The two pillars that Egypt achieved a high ranking were: Infrastructure and Market Size (52nd and 23rd, respectively), while it ranked late in the pillars of macroeconomic stability and labor market (135th and 126th respectively).

Egypt fell 6 places in the ranking of the information technology pillar to the 106th globally. Egypt's ranking in the health pillar declined by 5 ranks, as it ranked 104 globally in 2019, ahead of the 99th in 2018, while the education and skills pillar remained in the same global ranking, which is 99.

Egypt has advanced by about 21 places in the ranking of the pillar of product markets to achieve the 100th place globally.

Egypt advanced 4 places in the labor market pillar, ranking 126 globally. It also advanced by about 7 positions in the ranking of the pillar of the financial system to achieve 92nd rank globally. Egypt's ranking in the market size pillar was the best in all the basic pillars, ranked 23 globally, one position ahead of 2018, and Egypt advanced 3 positions in the pillar of innovation capacity to rank 61 globally. Egypt also advanced in the business environment by 2 pillars, ranking 95th globally in 2019 compared to 2018.

As for Tunisia, it has achieved an improvement in the indicators (institutions, information technology, health, product markets), while the rest of the indicators have regressed. (Table 4) As for Syria, in 2013 and Libya, in 2015, it was among the countries included in the Global Competitiveness Report. As for Yemen, its ranking decreased from 138 in 2016 to 140 in 2019. The situation was no better than that with regard to the ranking of these countries in terms of the business environment index, as Egypt's ranking fell from 113 in 2015 to 114 in 2019, Tunisia from 60 to 78, and Yemen from 137 in 2015 to 187 in 2019. Table (5).

Third: Mechanisms for enhancing Arab competitiveness in light of regional and international experiences:

Based on the previous analysis of the Arab Global Competitiveness Indicators, a number of mechanisms can be drawn that would enhance Arab competitiveness, the most important of which are:

1. Many Arab countries need to benefit from the successful experience of the United Arab Emirates in terms of diversifying business activities and providing a stable and competitive business environment, especially at the level of institutional frameworks, infrastructure, macroeconomic stability, technical applications, information and communication technology, and the outcome of these policies is that the UAE advanced two ranks in 2019 compared to the year 2018 with a score of 75 out of 100 points, ranking 25th globally and first in the Arab world. Likewise, according to the World Competitiveness Yearbook 2020 (issued by the Global Competitiveness Center of the International Institute for Administrative

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Development in Lausanne, Switzerland), which consists of four main axes: the economic performance axis, the government efficiency axis, the business axis, the infrastructure axis, and these four axes include 20 indicators. The UAE is among the top ten of the list of the most competitive (63) economies in the world, as it ranked ninth globally, ahead of the United States, which ranked tenth.

2. Strengthening the competitiveness of Arab countries requires activating the role of human resources and developing them by making use of in this regard from the indicative experiences in Asian countries that have been able to improve the competitiveness of their economies by giving top priority to the production of high-quality human resources in the field of science and technology.

The experience of South Korea is one of the experiences worthy of analysis in the field of coordination between education, research and development policies and economic policies, which motivated individuals to acquire higher levels of education and skills to meet the need of industry, improve the level and quality of products, and support its ability to face the increasing global competition. On the other hand, Arab countries spend increasing in quantitative indicators of education at the expense of the qualitative aspect. This is consistent with Japan's experience in raising the level and quality of the educational system, so that Japan became the largest productive economy in Asia during the twentieth century, and achieved rapid booms in developing its competitive capabilities thanks to its human resources, which are characterized by high levels of education. As well as Ireland's experience in qualifying highly efficient and highly productive human resources and modifying the entire educational system to respond to the needs of the industry in accordance with the requirements of international competition.

3. Work to achieve macroeconomic stability as an important factor in strengthening the competitiveness of any economy, where the necessary conditions for competition in international markets and attracting investments cannot be met in light of an economy suffering from imbalances and fluctuations that negatively affect the decisions of consumers, investors and businessmen, which may lead to a decline in savings and investment and thus Declining growth and low levels of competitiveness of national goods and services in international markets. Both Malaysia and Indonesia provided an example of a mechanism to improve competitiveness in terms of applying better management practices and good governance, which would increase the ability of governments to manage resources efficiently and effectively in a way that leads to increased productivity and improved opportunities for international competitiveness.

CONCLUSIONS

1. Arab competitiveness indicators for the period 2014-2017 indicate an improvement in most of the indicators of the main sectors of the economy in the United Arab Emirates, Kuwait, Saudi Arabia, Oman, Qatar and Bahrain, while other Arab countries witnessed a relative decline in most of these indicators.
2. The deterioration of the relative situation in the field of the business environment as a result of the delay of the administrative and regulatory apparatus, the rigidity of laws and the spread of administrative corruption, which impedes investment.
3. The disruption of the sectoral distribution structure of the GDP and the extractive industries sector's acquisition of about 27% of the GDP in 2018 compared to 10% for the manufacturing industries.
4. The widening of the digital gap between the Arab countries and between the developed countries and the weak utilization of modern communication and information technologies due to the weakness of the technical infrastructure and the low spending on research and development.
5. Competitiveness has an effective role in achieving social welfare and prosperity in the long run, because the competitive strategy works to ensure the sustainable development of countries.

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