



MES 2018

Middle East Summit (Economic)

Primary Topic

Income Inequality in the Middle East

Secondary Topic

Globalisation of Local Industries

Foreword

Delegates,

Welcome to the 2018 Middle East Summit (MES) Economics Committee. The MES (E) is a committee simulating how different Middle Eastern nations with deep economic, political and social divergences can work together to resolve problems shared by all countries in the region.

In this conference, the topics on the agenda are income inequality and the globalisation of local industries. Though these topics may seem new and abstract to you, rest assured, they are extremely pertinent to the region. Experts posit that income inequality is the root cause for all of the region's social and political unrest—a school of thought that will be discussed in more detail below. On the other hand, the push for the internationalisation of local industries is part of the Middle East's long-term goal to diversify economies, reduce unemployment, increase foreign investment and boost international reputations. Moreover, these topics have been carefully selected by us so that you will be able to experience three days of intense and analytical debate. There is much information on these issues online and it is our hope that you not only refer to this study guide, but also utilise other sources to gather information so that you may bring fresh and alternative perspectives into council.

Should you have any doubts or require any clarifications, please do not hesitate to email us at e@middleeastsummit.org.

We look forward to three days of substantive debate and wish you all the best in your preparations.

Sincerely,

Joshua Lim, Head Chair

Philip Tham and Pavan Prabhu Sanoor, Vice Chairs

Income Inequality in the Middle East

Background

When people think of the Middle East, the first thing that comes to mind probably has something to do with instability. The 2018 anti-government protests in Iran, the burgeoning of radical extremist terrorist groups in Egypt, Iraq, Syria, Algeria and many other countries, and the refugee crisis all point to the Middle East being a fundamentally unstable region. Rarely do news outlets provide any more than a shallow analysis of the situation at hand, often blaming these issues on short-term and superficial aspects like anger at a certain government policy or a certain person. However, if one scrutinises the events in the region, it becomes startlingly clear that they appear to be symptomatic of systemic and deeply-entrenched income inequality between social strata. Despite cosmetic political reforms in some countries, the problem of income inequality still perpetuates, causing other, potentially more hostile problems.

According to a study done by the Paris School of Economics in 2015, "there is no doubt that income inequality is extremely large" in the Middle East and North Africa (MENA) region. The share of total Middle East income accruing to the top 10% income receivers is 55%, notably higher than that in other areas of the world such as the United States (48%) and Western Europe (48%).¹

The region itself is starkly fragmented into a hierarchy where nations endowed with oil resources wield disproportionately large amounts of political and economic clout in the region vis-a-vis those nations without oil reserves. Even in nations where oil is present in copious amounts, wealth is still concentrated in the pockets of oligarchs and oil barons who supervise their extraction.

As previously mentioned, the uneven distribution of income among the Middle Eastern population serves to be the basis for much of the civil unrest in the region, posing a severe threat to the political and social stability in the region.

¹Alvaredo, F., & Piketty, T. (2015, April 20). Measuring Top Incomes and Inequality in the Middle East. Retrieved November 3, 2017, from <http://www.piketty.pse.ens.fr/files/AlvaredoPiketty2015MiddleEast.pdf>

Take radicalisation for example. Some analysts postulate that, rather than being motivated primarily by ideology, socio-economic factors compel the youth to join terrorist cells. The frustration and humiliation of being unable to earn money to meet expectations increases a person's susceptibility to terrorist propaganda.² Moreover, the public's inability to use to ballot box to stand up for their own interests predisposes them to turn to militancy to push forward their agenda.

Other than instigating militaristic tendencies in a fringe group of extremists, income inequality and the unresponsive governing apparatus also gives rise to a disgruntled and disenfranchised population. Eventually, the dissatisfied masses stage acts of civil disobedience (ie protests, riots etc) that threaten the legitimacy of the oligarchical ruling class. In order to maintain their grip on power, incumbent powers use their armed forces to impose dominance over the population, not only making the population even more resentful, but also driving foreign investors away, thereby further stymying economic development. To neuter the threat posed by the discontent public, the ruling class may further implement policies to oppress the public even more, widening the gap of inequality between the public and the upper echelons of society. Thus, this vicious cycle of income equality continues to perpetuate on and on.³

As a delegate, your primary aim would be to figure out how to alleviate income inequality for your citizens, not solely through national legislation, but as a regional body, bearing in mind the potential ramifications of your actions.

²Taşpınar, Ö. (2016, November 08). You Can't Understand Why People Join ISIS Without Understanding Relative Deprivation. Retrieved from

https://www.huffingtonpost.com/amer-tapaenar-/isis-relative-deprivation_b_6912460.html

³World Bank Middle East and North Africa Region. (2015, October). Inequality, Uprisings, and Conflict in the Arab World. Retrieved from

<https://openknowledge.worldbank.org/bitstream/handle/10986/22711/9781464807350.pdf>

Key Terms

Income Inequality

Income inequality is the extent to which income is distributed to a group of people unevenly.⁴ In other terms, it refers to the difference between the cumulative amounts earned by the rich and the poor.

Income Poverty

Income poverty is when a family's income fails to meet a nationally established threshold that differs across countries. It is usually measured with respect to the entire household an individual supports rather than solely the identified income-earner, and is adjusted for the number of persons in a family for greater precision.⁵

Gini Coefficient

The Gini coefficient is a scale that measures the relative dispersion of income in a population, regardless of whether the inequality occurs at.⁶ The values of the scale range from 0 to 1, with 0 being complete equality and 1 being complete inequality.

⁴UN Department of Economic and Social Affairs. (2015, October 21). Concepts of Inequality. Retrieved from

http://www.un.org/en/development/desa/policy/wess/wess_dev_issues/dsp_policy_01.pdf

⁵UNESCO. (2017). Poverty. Retrieved April 09, 2018, from

<http://www.unesco.org/new/en/social-and-human-sciences/themes/international-migration/global-ssary/poverty/>

⁶ Dutt, P., & Tsetlin, I. (2015, December). Beyond Gini: Income Distribution and Economic Development. Retrieved from https://faculty.insead.edu/ilia-tsetlin/documents/tsetlin_cv_32_working_paper_Dutt_and_Tsetlin_2015_Beyond_Gini_-_income_distribution_and_economic_development.pdf

Key Parties

Egypt

Inequality has been a source of major contention in Egypt, especially so during the 2011 Arab Spring protests. Current economic models point to incremental decreases in income inequality in the near future, however, a heightened social consciousness during the post-Arab Spring era has raised public expectations of the government on reducing income inequality.⁷

Jordan

Jordan is an example of a nation that has managed to reduce income inequality within its population. Its Gini coefficient decreased from 0.3696 in 2002 to 0.3257 in 2008.⁸ The Kingdom's reforms in education, health and economic liberalisation have given lower income households access to facilities previously inaccessible to them. Moreover, the government has introduced several tax policies and subsidies, such as the controversial Jordanian "bread subsidy"⁹ to alleviate the income inequality. In recent times, however, the massive influx of refugees from bordering countries could strain its social safety net and create even more inequality.

GCC States (Saudi Arabia, Qatar, Oman, UAE, Kuwait and Bahrain)

These 6 members of the GCC all rely heavily on oil as their primary source of government revenue.¹⁰ Income inequality is a natural function of plutocratic economies of their variety, where oil barons make a fortune while workers subsist on meagre wages, especially migrant labour. For instance, the local Emirati population of UAE consists of only 15% of the nation's total population earning over US\$300 000 a year, as opposed to the remaining 85% of the population, consisting of migrant workers, who earn approximately US\$5000 a year. Nevertheless, these workers earn up to five times as much as they would in their home

⁷Verme, P., Milanovic, B., Al-Shawarby, S., Tawila, S. E., Gadallah, M., & El-Majeed, E. A. (2014). Inside Inequality in the Arab Republic of Egypt. Retrieved from <http://www.worldbank.org/content/dam/Worldbank/egypt-inequality-book.pdf>

⁸Indexmundi. (2010). Jordan - Gini Index. Retrieved from <https://www.indexmundi.com/facts/jordan/indicator/SI.POV.GINI>

⁹Kuttab, D. (2017, October 25). Refugees and bread subsidy. Retrieved April 09, 2018, from <http://www.jordantimes.com/opinion/daoud-kuttab/refugees-and-bread-subsidy>

¹⁰Sikimic, S. (2014, April 8). Profile: What is the GCC? Retrieved from <http://www.middleeasteye.net/news/profile-what-gcc-18030284>

countries instead, some of which are more impoverished Middle Eastern nations. By sending money back to their home nations, they could plausibly play a role in mitigating the income disparity in the country in the form of regular remittances. Hence, despite deeply engendered inequality within their own populations, the unique paucity of foreign labour in GCC nations might aid in increasing upward social mobility in poorer countries present at the Summit.

Scope of Debate

The Chairs believe that, first and foremost, the feasibility of solutions raised have to be thoroughly discussed during council session. "Feasibility" entails 2 aspects: whether a solution can be viably carried out and to completion, and whether a solution can yield long-term positive results.

With that having been said, council has to address how to rectify the issue of income inequality in a sustainable manner. Delegates have to take into account the deep chasm between the oil-rich GCC nations and the other MENA countries. Being loaded with oil money, the GCC member states would have the economic means to implement policies that its non-oil-rich neighbours would be unable to do, such as greatly expanding the scope of its social welfare. Concomitantly, cash-strapped non-GCC nations would be prioritise more rudimentary solutions, such as how to attract foreign investment. Council should bear this economic divide in mind and look for solutions that are within the means of both the GCC and non-GCC states.

As mentioned earlier in the study guide, a few countries have made policy changes to try to reduce income inequality, however these changes have yielded only piecemeal results. Delegates should look back at solutions currently being implemented and consider the advantages and trade-offs brought about by them. Simultaneously, delegates should also look for new and innovative economic solutions that have not yet been introduced to the Middle East before.

Given that this council is the MES Economic council, the chairs would naturally look favourably upon debate from an economics standpoint. However, that is not to say that delegates should completely neglect the social and political aspects of the topic at hand. Economics, society and the political landscape are all heavily intertwined with each other and a small change in the

economic policy of a nation may subsequently bring about leviathan-esque changes in society and politics. As such, the Chairs hope that delegates will be able to utilise their ability of foresight and judgement to determine the best course of action to follow for all MES nations.

Proposed Solutions

Education

The most obvious, albeit long-term, solution to income inequality would be the provision of education for Middle Eastern populations. Education would enable people to gain access to information and pick up skills, such as typing. The acquisition of such skills would increase the employability of the citizens, which ultimately would lead to them being able to earn wages and increase their standards of living. By equipping students with economically productive knowledge and skills pertaining to critical thinking, education helps mitigate the added advantage in future economic opportunity more affluent households might have. It severs a pernicious poverty cycle where the poor remain uneducated, and the uneducated remain poor.

Minimum Wage

In countries where the labour costs result in many people left under the poverty line, minimum wages could be an alternative prophylactic. Some Middle Eastern nations already have installed such a measure. Oman is an example of a Middle Eastern country that has implemented a minimum wage. Since 2013, the minimum wage has been set at 325 Omani rials, or \$844.¹¹ However, this is almost 20 times lower than the GDP per capita of Oman (\$14,982.36, 2016). Moreover, with rapid inflation occurring in the country, a wage of 325 rial could quickly become too little to support many Omanis. This, in addition to other problems that the minimum wage entails, needs to be taken into account if it is to be implemented in the region.

Taxation

Taxes on the higher-income populace of countries could be increased to reduce the income gap. The revenue derived from such tax hikes could then be used to fund social welfare

¹¹Arab News. (2017, August 29). Oman's minimum wage earners call for pay increase. Retrieved April 09, 2018, from <http://www.arabnews.com/node/1152411/middle-east>

problems that benefit the poor, thereby redistributing wealth and aiding the poor, thus reducing income inequality.

Subsidies

Subsidies could be more targeted, meaning that subsidies should only be provided for specific groups of low-income families for basic necessities. Note that subsidies may be extremely expensive for the government and, thus, different nations would naturally have varying degree of willingness to implement them.

Conclusion

The issue of income inequality in the Middle East, as shown above, is an issue which has significant and wide-reaching impacts on society. As such, the Chairs expect a multi-faceted and comprehensive response by the MES Economic council to this topic. Income inequality has historically always been a problem for societies all over the world, and thus there have been many solutions proposed to resolve or at least mitigate the effects of it on society. It would be highly encouraged for delegates to source for these solutions (which may not have been included in this study guide) and bring them up during council session such that an evaluation of the solutions can be made with reference to each Middle Eastern state's national interest and stance in mind.

Relevant Documents

1. Income Inequality in the Arab Region
(http://siteresources.worldbank.org/DEC/Resources/84797-1154354760266/2807421-1415212801240/9694489-1431012572538/Economic_Inequality_in_the_Arab_Region.pdf)
2. Income Inequality Update, OECD
(<https://www.oecd.org/social/OECD2016-Income-Inequality-Update.pdf>)
3. Measuring Inequality in the Middle East 1990-2016: The World's Most Unequal Region?
(<http://wid.world/document/alvaredoassouadpiketty-middleeast-widworldwp201715/>)

Further Questions

1. How can the poor be given access to the same opportunities as the rich?

2. How can more affluent Gulf States reduce inequality in the region? How can relatively poor nations accomplish the same?
3. What role do migrant workers play in reducing inequality in their home nation?
4. How can we improve access to reliable information on income and wealth inequality?

Further Readings

Inequality in the Arab world (Middle East Monitor):

<https://www.middleeastmonitor.com/20150228-fundamental-rifts-power-wealth-and-inequality-in-the-arab-world/>

Inequality, Economic Growth, and Poverty in the Middle East and North Africa:

[http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Working%20Paper%20195%20%20Inequality%20Economic%20Growth%20and%20Poverty%20in%20the%20Middle%20East%20and%20North%20Africa%20\(MENA\).pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Working%20Paper%20195%20%20Inequality%20Economic%20Growth%20and%20Poverty%20in%20the%20Middle%20East%20and%20North%20Africa%20(MENA).pdf)

Inequality, uprisings and conflict in the Arab world (World Bank):

<http://documents.worldbank.org/curated/en/303441467992017147/Inequality-uprisings-and-conflict-in-the-Arab-World>

Kuwait and the minimum wage:

<http://www.middleeasteye.net/news/kuwait-becomes-first-gulf-state-sets-minimum-wage-domestic-workers-948977539>

Bibliography

1. Alvaredo, F., & Piketty, T. (2015, April 20). Measuring Top Incomes and Inequality in the Middle East. Retrieved November 3, 2017, from

<http://www.piketty.pse.ens.fr/files/AlvaredoPiketty2015MiddleEast.pdf>

2. Taşpınar, Ö. (2016, November 08). You Can't Understand Why People Join ISIS Without Understanding Relative Deprivation. Retrieved from

https://www.huffingtonpost.com/amer-tapaenar-/isis-relative-deprivation_b_6912460.html

3. World Bank Middle East and North Africa Region. (2015, October). Inequality, Uprisings, and Conflict in the Arab World. Retrieved from <https://openknowledge.worldbank.org/bitstream/handle/10986/22711/9781464807350.pdf>
4. UN Department of Economic and Social Affairs. (2015, October 21). Concepts of Inequality. Retrieved from http://www.un.org/en/development/desa/policy/wess/wess_dev_issues/dsp_policy_01.pdf
5. 'UNESCO. (2017). Poverty. Retrieved April 09, 2018, from <http://www.unesco.org/new/en/social-and-human-sciences/themes/international-migration/glossary/poverty/>
6. Dutt, P., & Tsetlin, I. (2015, December). Beyond Gini: Income Distribution and Economic Development. Retrieved from https://faculty.insead.edu/ilia-tsetlin/documents/tsetlin_cv_32_working_paper_Dutt_and_Tsetlin_2015_Beyond_Gini_-_income_distribution_and_economic_development.pdf
7. Verme, P., Milanovic, B., Al-Shawarby, S., Tawila, S. E., Gadallah, M., & El-Majeed, E. A. (2014). Inside Inequality in the Arab Republic of Egypt. Retrieved from <http://www.worldbank.org/content/dam/Worldbank/egypt-inequality-book.pdf>
8. Indexmundi. (2010). Jordan - Gini Index. Retrieved from <https://www.indexmundi.com/facts/jordan/indicator/SI.POV.GINI>
9. Kuttab, D. (2017, October 25). Refugees and bread subsidy. Retrieved April 09, 2018, from <http://www.jordantimes.com/opinion/daoud-kuttab/refugees-and-bread-subsidy>
10. Sikimic, S. (2014, April 8). Profile: What is the GCC? Retrieved from <http://www.middleeasteye.net/news/profile-what-gcc-18030284>
11. Arab News. (2017, August 29). Oman's minimum wage earners call for pay increase. Retrieved April 09, 2018, from <http://www.arabnews.com/node/1152411/middle-east>

Globalisation of Local Industries

Background

For the longest time, the Middle East economy has been staunchly resistant to globalization, to the point where the vast majority of Arab uprisings, including the Arab Spring, have been attributed to globalization. Since time immemorial, the distinct nature of Middle Eastern culture, specifically Islamic tradition and its contradictions with modern Western values, have resulted in friction between the two cultural systems, culminating in the various difficulties faced by outside economies seeking to enter the Middle East. In the past, an abundance of oil reserves allowed export revenue to sustain the Middle Eastern economy, with the monopoly on oil created by the Organization of Arab Petroleum Exporting Countries (OAPEC) allowing the region to enjoy wealth and economic prosperity in the later part of the 20th century. Despite this, the depletion of these oil reserves, accentuated by a global switch to more sustainable energy options, has rendered a dependence on oil exports an unsustainable option for the survival of the Middle East economy.

In addition, the global economy has reached a stage where it is impossible for any single economy to exist and prosper in isolation. Limitations of resources, expertise, and access to global markets and new technology will put local industries at a severe disadvantage if they choose to avoid interactions with the global economy. Hence the turn of the millenium has increased the impetus for Middle Eastern countries to globalize their economies so as to create opportunities to access international markets and resources.

In doing so, there will be several points worthy of concern.

Firstly, many local enterprises, especially smaller enterprises, will be content with their current spheres of business. To enter international markets poses severe risks to business owners, as they typically require high amounts of investment without much guarantee of returns. Without sufficient incentives, secure self-sufficiency would pose a much more attractive alternative than risky expansionism.

Secondly, to attract foreign investment into the Middle East, a more safe and secure business environment must be provided, so as to create greater investor confidence. Current political and social instability will inevitably culminate in economic uncertainty, as investors will and foreign partners will be unaware of when local businesses and industries will fail to deliver, whether due to an unexpected uprising or an ongoing coup.

Finally, paying heed to the greatest point of contention of Middle East governments, a balance must be struck between the assimilation of Western culture through increased interaction, and the protection of local traditions and religions. Although it is necessary to expand interaction between local industries and foreign economies, special attention must be paid to the preservation of the cultural identity of the countries in question.

Key Terms

Globalisation

In economic terms, globalisation is the increased integration of national, regional and/or local economies across the world via an intensification of transnational movement of goods, services and capital.

Local Industries

“Local industries” refer to businesses that are owned locally and provide goods or services to a local population.

Key Parties

Saudi Arabia

Recently, the Saudi government has indicated its interest in taking its “biggest and best” companies global¹². For instance, it has hired consultants and offered monetary incentives to companies such as SABIC and Aramco, in a bid to spur on their expansion into foreign markets. The government believes that the internationalisation of its local industries will increase overseas investment in Saudi companies, thus enabling them expand their operations in Saudi Arabia and, in turn, employ more Saudi Arabians. Therefore, in a sense, it sees the globalisation of local industries primarily as a method to increase employment at home. So far, however, companies that have globalised are mostly energy-related companies. Thus, Saudi Arabia’s main challenge is to foster the internationalisation of a more diverse range of companies.

United Arab Emirates (UAE)

¹² Bianchi, S., Fattah, Z., & Narayanan, A. (2016, December 13). Saudi Arabia Wants to Take Its Biggest and Best Companies Global. Retrieved April 09, 2018, from <https://www.bloomberg.com/news/articles/2016-12-13/saudi-arabia-said-to-identify-firms-for-national-champion-plan>

With a KOF globalisation index of 76.71¹³, the UAE leads the Middle East in terms of globalisation. It even boasts the highest “cross-border expansion plans” in the entire world¹⁴, thereby showing how intense the process of the internationalisation of companies in the UAE. The UAE’s advanced stage of foray into the international market provides it a unique position to act as a guide to other Middle Eastern countries who seek to internationalise as well.

Iran

The concept of expanding internationally is relatively foreign to companies in the Islamic Republic. Ever since the Islamic Revolution in 1979, Iran has been levied with a suffocating bevy of economic sanctions that have only intensified as the years have gone by. Some of these sanctions have been specifically designed to prevent the internationalisation of Iranian companies, such as the blocking of cross country banking with Iran¹⁵ (only a select few of these sanctions were lifted by the Obama-era Joint Comprehensive Plan of Action, otherwise known as the Iran Nuclear Deal). Almost 40 years of economic punishment has cultivated a certain culture of animosity towards the outside world, therefore the Iranians have a general aversion and wariness for expansion into the global market.

Scope of Debate

Given that this council is constituted of Middle Eastern governments, the Chairs need to see debate on actions that can be feasibly enacted by governmental bodies. Delegates have to be particularly aware of the abilities and limitations of governments in dictating the operation of local industries. From there, delegates should use all tools at their disposal as member of the government to compel local companies to internationalise.

¹³ Kirk, A. (2015, October 15). Mapped: What are the most globalised countries in the world? <http://gulfnews.com/business/sectors/banking/uae-firms-have-the-highest-cross-border-expansion-plans-globally-1.1579893> Retrieved April 09, 2018, from <http://www.telegraph.co.uk/news/worldnews/europe/11931747/Mapped-What-are-the-most-globalised-countries-in-the-world.html>

¹⁴ Augustine, B. D. (2015, September 7). UAE firms have the highest cross-border expansion plans globally. Retrieved from <http://gulfnews.com/business/sectors/banking/uae-firms-have-the-highest-cross-border-expansion-plans-globally-1.1579893>

¹⁵ Sanctions: Oil, Caviar, and Persian Rugs. (n.d.). Retrieved April 09, 2018, from <https://sites.google.com/a/iastate.edu/islamic-republic-of-iran-nation-project/home/flat-or-un-flat/terrorism/globalization>

As with the first issue, the Chairs look for the discussion of the feasibility of solutions. Solutions cannot be outside the bounds of what Middle Eastern governments can realistically accomplish and solutions must be logically coherent.

Delegates have to take into account the economic divide between GCC nations and non-GCC nations. The GCC nations have large quantities of oil money and would, thus, have much more economic ability to implement policies. Moreover, its economies are generally more developed and modern and some of their companies have already ventured abroad. Therefore, the priority of GCC nations would be to discuss how to run an international corporation sustainably and for the long-term. On the other hand, less wealthy non-GCC nations would be more focused on how to get their Council should bear this economic divide in mind and look for solutions that are within the means of both the GCC and non-GCC states.

Governments should consider methods on how to encourage the internationalisation of local companies. Seeing that governments cannot directly force companies to expand internationally, the most feasible course of action would be for governments to offer incentives to companies that attempt to globalise. These incentives would naturally be economic in nature.

The reduction of barriers to transnational trade should also be discussed in council. The transference of goods, services and capital across borders is an integral part of globalisation and the expansion of company operations overseas. Barriers to these types of cross-border interactions would provide a hostile environment for international companies, thereby impeding the process of internationalisation of such companies. However, delegates should be reminded that barriers to trade are implemented not without reason and, thus, delegates need to consider the ramifications of breaking down trade barriers before proposing solutions that call for the abolition of trade restrictions.

Lastly, this council is the MES Economic council. The Chairs definitely would like all delegates to debate this issue from an economics perspective, bearing in mind the social and political changes that these economic solutions would engender.

Proposed Solutions

Economic incentivisation

Governments could give companies who attempt to expand operations out of its home country either temporary or permanent tax breaks in order to encourage other companies to internationalise. Giving short-term tax cuts would also have the added advantage of allowing companies to maintain some degree of profitability while it is in its infancy of internationalisation. The initial stages of the internationalisation of a company is usually the most difficult as the company tries to get a footing in the foreign market in which it has virtually zero name recognition. Additionally, governments could also create programmes to provide loan capital for companies seeking to globalise. These governmental actions would lessen the financial burden on the company and make globalisation seem like a more viable option for other companies.

Establishment of boards/organisations

Governments of Middle Eastern countries could establish statutory boards or governmental organisations tasked to facilitate the overseas growth of companies. Currently, boards/organisations with such a mandate in the Middle East are either non-existent (such as in Iran) or under the jurisdiction of some other larger bureaucratic government agency tasked with trade in general. Such boards would streamline the government's effort to encourage internationalisation.

Regional/International integration

Middle Eastern economies are generally characterised by its insular nature and delegates should think of concrete methods on how to link up the Middle East to the world.

Companies generally prefer to expand into a neighbouring regional market rather than a completely foreign market¹⁶ as they would be more familiar with the market trends in a regional neighbour vis-a-vis a country on another continent. Therefore, regional integration in the Middle East should be encouraged if governments desire to see their companies globalise. On the

¹⁶Market Entry Strategies. (n.d.). Retrieved April 09, 2018, from <http://www.fao.org/docrep/w5973e/w5973e0b.htm>

international stage, the MENA region “is [also] less globally and regionally integrated in terms of trade, investment and capital flows...to reap the benefits of globalisation”¹⁷.

Delegates need to discuss how to link up its economies to the world in order to facilitate the internationalisation of its companies.

Conclusion

The Chairs recognise that the globalisation of local industries may, on a *prima facie* level, seem to be a purely domestic issue and thus does not warrant the discussion of it on a multi-national platform like the MES Economic council. However, we believe that, beyond domestic policies that can be undertaken by governments on a unilateral basis, there exists room for cooperation between states, such as, *inter alia*, via regional integration. Delegates should take into account that this council encompasses representatives of different countries in the region and are strongly encouraged to bring up issues that are not esoteric to singular countries in order to facilitate inclusive debate. On another note, the globalisation of local industries, unlike income inequality, is a rather novel issue that has only surfaced relatively recently in light of Middle Eastern governments trying to diversify their economies. Therefore, we look forward to delegates coming up with new, creative and valid solutions to this issue.

Relevant Documents

1. OECD-Arab League Regional Conference on Fostering Regional Integration on Investment
(https://www.oecd.org/mena/competitiveness/Draft%20Conclusions_OECD-Arab%20League%20Conference_9-10%20Dec%20%2014%20Cairo_Final%20EN.pdf)
2. International Monetary Fund: Economic Diversification in Oil-Exporting Arab Countries
(<https://www.imf.org/external/np/pp/eng/2016/042916.pdf>)
3. The Abu Dhabi Economic Vision 2030 by the Abu Dhabi Government
(<https://www.ecouncil.ae/PublicationsEn/economic-vision-2030-full-versionEn.pdf>)

¹⁷The World Bank. (2010, March 23). Trade Integration in the Middle East and North Africa. Retrieved April 09, 2018, from <http://www.worldbank.org/en/news/feature/2010/03/23/trade-integration-in-the-middle-east-and-north-africa>

Further Questions

1. How does the globalisation of local industries help a country economically? How do governments translate company globalisation into benefits for the local population?
2. Should government-linked corporations or local SMEs be prioritised for internationalisation?
3. How can other nations support a country's efforts to support the globalisation of companies?
4. Should there be a limit to the role governments play in the activities of private businesses?

Further Readings

High Growth and Rapid Internationalisation of Firms from Emerging Markets: The Case of the Middle East and North Africa (MENA) Region: _

<https://www.era.lib.ed.ac.uk/handle/1842/9894>

Made in the UAE: New Champions of UAE Industry:

<https://www.thenational.ae/uae/made-in-the-uae-new-champions-of-uae-industry-1.134049>

What Makes A Company Global? (Harvard Business Review):

<https://hbr.org/1999/01/what-makes-a-company-global>

Bibliography

1. Bianchi, S., Fattah, Z., & Narayanan, A. (2016, December 13). Saudi Arabia Wants to Take Its Biggest and Best Companies Global. Retrieved April 09, 2018, from <https://www.bloomberg.com/news/articles/2016-12-13/saudi-arabia-said-to-identify-firms-for-national-champion-plan>

2. Kirk, A. (2015, October 15). Mapped: What are the most globalised countries in the world? <http://gulfnews.com/business/sectors/banking/uae-firms-have-the-highest-cross-border-expansion-plans-globally-1.1579893> Retrieved April 09, 2018, from <http://www.telegraph.co.uk/news/worldnews/europe/11931747/Mapped-What-are-the-most-globalised-countries-in-the-world.html>
3. Augustine, B. D. (2015, September 7). UAE firms have the highest cross-border expansion plans globally. Retrieved from <http://gulfnews.com/business/sectors/banking/uae-firms-have-the-highest-cross-border-expansion-plans-globally-1.1579893>
4. Sanctions: Oil, Caviar, and Persian Rugs. (n.d.). Retrieved April 09, 2018, from <https://sites.google.com/a/iastate.edu/islamic-republic-of-iran-nation-project/home/flat-or-unflat/terrorism/globalization>
5. Market Entry Strategies. (n.d.). Retrieved April 09, 2018, from <http://www.fao.org/docrep/w5973e/w5973e0b.htm>
6. The World Bank. (2010, March 23). Trade Integration in the Middle East and North Africa. Retrieved April 09, 2018, from <http://www.worldbank.org/en/news/feature/2010/03/23/trade-integration-in-the-middle-east-and-north-africa>