Webology, Volume 18, Number 1, 2021
ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

Prospects of furthering economic relations between the Arab world and the Latin American-Caribbean nations

Richa Thapliya[1], HSS1, Dr. Mandakini Sharma[2]

[1]Graphic Era Deemed to Be University, Dehradun
[2]Associate Professor, Department of Visual Arts, Graphic Era Hill University, Dehradun, Uttarakhand, India

ABSTRACT
While the current times are rife with headlines like "tariff walls" and "sanctions" which are liable to adversely impact economic relations among nations, it may be opportune to underline the prospects of furthering economic relations between the Arab world and the Latin American-Caribbean nations. This is possible all the more because the Latin American nations are forthcoming to the free trade regime in sharp contrast with the US' trade restrictions. Moreover, there is a history of immigration of Arab population into the Latin American-Caribbean region which resulted in a mutual exchange of cultural and ethnic traditions as well as led to the economic development of the region . This article is structured as follows: a brief background on the economy of the Arab world and the Latin American-Caribbean regions; prospects for establishing ties between the regions are being laid down, thereafter; prospective on challenges bolstering ties between the two regions; and finally, concluding remarks.

Keywords:

INTRODUCTION

Arab world

A regional organization of Arab States is the Arab League which comprises of 22 members and 5 observer states[1]. Originally founded in 1945, the regional association seeks to promote collaboration among the members. The Arab League has set up institutions like the Arab League Educational, Cultural and Scientific Organization (ALECSO). All the Arab League members are shareholders of the Arab Fund for Economic and Social Development (AFESD) that is a development finance institution and looks after the needs of the region as a whole. Apart from this, there is the Arab Monetary Fund (AMF) that supports the maintenance of the balance of payment of the Arab League members, improves Arab monetary cooperation, encourages the development of Arab financial

[1] The member countries of Arab League are Algeria, Jordan, Oman, Syria, Bahrain, Kuwait, Palestine, Tunisia, Comoros, Lebanon, Qatar, United Arab Emirates, Djibouti, Libya, Saudi Arabia, Yemen, Egypt, Mauritania, Somalia, Iraq, Morocco and Sudan. The 5 observer countries are Brazil, Eritrea, India, Venezuela and Armenia.

Webology, Volume 18, Number 1, 2021
ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

markets and promotes trade among the Arab League member-countries[2]. Likewise, the Gulf Cooperation Council (GCC), which was formed in 1981, is a significant regional political and economic union comprising of six countries- Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. Of late, though, with the isolation and blockade of Qatar and the Saudi-UAE alliance, the GCC needs to reflect upon its original guiding mission for ensuring the sustenance of the GCC.

The region has been facing multiple challenges for a long time now-regional conflicts and wars, sectarian extremism, refugees' problems, low growth, inflation[3], fall in oil prices, weak productivity, low commodity prices, high unemployment, poor governance, higher public debt and corruption[4]. The region is known for its oil and natural gas resources. Another leading industrial sector that has been contributing to the economic growth of the region is the telecommunications sector. Furthermore, tourism sector is quite successful in countries like Egypt, UAE, Lebanon, Tunisia, Morocco and Jordan. Also, Sudan is referred to as the food basket of the Arab World owing to its fertile soil and abundant supply of water which helps in generating substantial agrarian output; however, agricultural productivity is low there. There are structural differences among the countries in the Arab world where some are oil-exporters and others are not and this impacts the overall growth performance of the countries. There is uncertainty about the oil prices and the geo-political and economic conflicts are adding to the woes of the region. Although it is known that FDI (Foreign Direct Investment) furthers economic growth of a region, FDI is markedly low in the Arab countries in comparison with the Asian and Latin American countries. In a bid to check debt and inflation, Governments have been limiting their spending and undertaking steps for revenue mobilization.[5]

[2] In 1989, the AMF created the trade finance program to finance Arab intra trade. In May 2017, the AMF loaned $332 million to the Egyptian government to make up for the decline of tourism in the country. In April 2018, the AMF announced its intention to create its own independent regional entity for the clearing and settlement of intra-Arab payments.

[3] Egypt clocked an average inflation rate of 30.5% for 2017 on account of the country's high reliance on foodgrain imports. Likewise, there was inflation (27%) in Libya and Sudan and this inflation was a result of expansion of the monetary base by their respective central banks to cope with the fiscal deficit (UN, 2018).

[4] Amidst high corruption in public procurement, local businesses perceive that the infrastructure in the Arab countries is of poor quality and this may be a result of low quality of public investment in infrastructure.

[5] For instance, many of these countries introduced a Semi-Autonomous Revenue Authority (SARA) and introduced several technologies for structuring the tax regime. Egypt implemented the Value-Added Tax (VAT) recently. Likewise, energy subsidies are being phased out for being channelized in infrastructure and social sector schemes. Similarly, Oman and the UAE have eliminated the gasoline and diesel subsidies. Algeria increased tax rates on gasoline and diesel in 2016 and 2017. Algeria also raised VAT for both electricity and gas in 2016. Iraq also raised electricity tariffs in 2015. Egypt raised fuel prices with a plan to eliminate all fuel subsidies by the close of 2018. Egypt is structuring its targeted cash transfer scheme- "Takaful and Karama"- in order to provide benefit to 1.7 million households by 2018. Morocco and Jordan have eliminated fuel subsidies and Sudan and Tunisia are also stepping up their efforts to make changes in energy pricing. Iraq is expected to introduce sales and excise taxes on some goods and services in 2018.

ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

Likewise, most of the Arab countries (for instance, Egypt, GCC countries, Djibouti, Jordan, Tunisia) have laid down their Vision statements and Development Plans (for instance, Algeria, Somalia, West Bank and Gaza) for furthering inclusive growth, fiscal consolidation, furthering private sector growth, economic diversification and decreasing dependency on hydrocarbons for sustenance. However, tax collections (personal and corporate tax) are too low to fund inclusive growth spending[6]. Similarly, governments have taken steps to curb corruption. For instance, Tunisia approved an anti-corruption law in 2017, which envisions the creation of a "High Authority for Good Governance"-an independent body for monitoring corruption at the national level. Likewise, the Kingdom of Saudi Arabia has instituted anti-bribery law to curb corruption in public services[7]. In fact, the government stipulated rules wherein specialized anti-corruption units are being set up in public prosecutor's office[8]. The country has established a National Anti-Corruption Commission in order to promote transparency and combat financial and administrative corruption in all forms[9]. Similarly, UAE has instituted a Federal Penal Code for checking corruption in public as well as the private sector[10]. It is important that the Arab world should accelerate economic reforms by boosting investment climate, productivity and governance. Also, the region should take steps for diversifying their products and services. Likewise, there should be adjustments in the fiscal and monetary policies of the governments in order to balance the Federal Reserve's policy rates in the United States. These countries should undertake structural reforms in order to provide a congenial environment for the private sector to flourish. Likewise, reforms are also required in the labor and education sectors. For instance, unemployment among the youth is high and women are still not a ~~major chunk of the labor force~~ in these countries[11]. Nevertheless, Morocco has been implementing

[6] Saudi Arabia and the UAE have introduced VAT very recently (with a standard rate of 5%) and the implementation of this measure is yet to witness substantial results. Other Arab countries which have levied VAT (Algeria, Yemen, Mauritania, Morocco, Tunisia, Jordan and Lebanon) earn VAT revenues to the tune of 35-40% of GDP (except for Jordan where VAT contribution to GDP is higher at 64%). IMF recommends that VAT rates for essential food items should be low, however, in order to check inflationary tendencies. Also, corporate taxes have been subjected to several exemptions. Oman, for instance, has raised corporate income taxes from 10% to 15%. Likewise, Taxation of investment income (interest, dividends, and capital gains that largely accrue to the more wealthy) is either inadequate or absent in most Arab countries. Capital gains on real and financial properties are generally exempt from income tax and registration fee is imposed only).

[7] https://www.boe.gov.sa/ViewSystemDetails.aspx?lang=en&SystemID=27&VersionID=35

[8] https://www.thenational.ae/world/mena/saudi-establishes-units-specialising-in-anti-corruption-1.712207

[9] https://www.nazaha.gov.sa/en/mobile/Pages/Go.aspx?url=/en/About/Pages/Goals.aspx&title=Mision%20and%20Goals

[10] https://www.tamimi.com/law-update-articles/federal-anti-bribery-legislation-in-the-united-arab-emirates/

[11] It may be pertinent to note, though, that the United Arab Emirates has made important investments in education and innovation. Similarly, Morocco undertook steps to improve upon the quality of the education and vocational training as well as furthering employment prospects for the women. Finally, Egypt raised its budgetary allocation for spurring growth in education sector and increased public nurseries where women could find themselves employed.

Webology, Volume 18, Number 1, 2021
ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

gender-based budgeting in order to plug the gender gap in terms of employment opportunities, health care and educational needs of women. Also, Jordan has been taking steps for equalizing the salary structure of men and women. Likewise, the UAE is also strategizing the introduction of gender-based budgeting. IMF estimates that each 1% point of GDP cut in energy subsidies redirected to infrastructure spending has the potential over 6 years to increase GDP by 2% points that would create 0.5 million new jobs in the Arab region.

Latin American-Caribbean region

Of late, the region showed some growth momentum (Marques & Ruiz, 2017) and several reform measures have been undertaken by these countries[12]. IMF (2018) commends the Latin America and the Caribbean region for its growth given the strong demand at home[i]. Thus, growth is more robust in Argentina, Brazil and Ecuador. Regional associations and blocs have been instrumental in developing the economy of the region. Mercosur is an important trade bloc among the South American countries and was established by the Treaty of Asuncion in 1991 and the Protocol of Ouro Preto in 1994. The full members of Mercosur are Argentina, Brazil, Paraguay and Uruguay. Primarily speaking, Mercosur has been promoting trade and movement of goods, people and currency across the borders. There is free intra-zone trade and a common trade policy between the member countries of Mercosur. Apart from being a trade bloc, Mercosur also acts as a customs union. Regional institutions/associations like the Inter-American Development Bank, The Development Bank of Latin America, Organization of American States, Ibero-American Secretariat, Latin American and Carribean Economic System (SELA), etc. have been instrumental in furthering development of the region as a whole. The Latin American Free Trade Association (LAFTA) was later re-organized as the Latin American Integration Association (ALADI). Another regional association is that of CARICOM (Caribbean Community) which replaced the Caribbean Free Trade Association (CARIFTA).

IMF (2018) cites possible outlook for the Caribbean region with a boost in tourism and commodity exports' sector. Figure 1 depicts the economic growth for the region for 2018. At the same time, it is important that the region invest in sectors like infrastructure and education. Efforts should be made to provide transparent administration, strong banking sector and promotion of trade and financial markets. The taxation regime in the LAC region is sound enough. In perspective, LAC increased their reliance on income taxes and VAT since 1990, while decreasing reliance on other consumption taxes[13]. Furthermore, many countries in the LAC region have undertaken tax reforms. Columbia has undertaken reforms like the creation of National Alternative Minimum Tax (IMAN), simplified Minimum Tax (IMAS), and Income Tax for Equity (CREE), unification of Personal Income Tax rates, elimination of exemptions on dividends received by individuals. Likewise, Chile introduced tax reform in 2014 to finance an education reform by increasing the Corporate Income Tax rates, broadening of the tax base for companies and individuals and better progressivity of the Personal

[12] Between 2001 and 2004, the majority of Latin American countries – excluding Colombia and Mexico – reduced public expenditure although they recorded a positive economic performance. Between 2000 and 2005, public employment cuts were implemented in several countries in order to reduce the deficit of public administration.

[13] https://www.wilsoncenter.org/sites/default/files/ppt_angel_melguizo.pdf

Webology, Volume 18, Number 1, 2021
ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

Income Tax system. Similarly, Mexico introduced tax reform in 2013 wherein the Corporate Income Tax structure was modified, a 10% tax was introduced on dividends and capital gains for individuals, annual limit on personal deductions was introduced and higher income brackets were introduced. However, there are challenges of poverty and inequality[14] to be addressed by the government. IMF (2018) cites challenges for the region in terms of the instability in governments, geopolitical tensions and climatic upheavals. For instance, Argentina faced drought earlier this year and this adversely impacted agricultural productivity and exports. Venezuela has been in the throes of crises with its declining economic growth spurred by declining domestic oil production and inflation, increasing scarcity of basic goods (for example, food, personal hygiene items, medicine, etc.), collapsing health systems, and high crime rates. Likewise, Dominica- which faced devastation and destruction in the aftermath of the hurricane in 2017- is yet to witness a growth recovery.

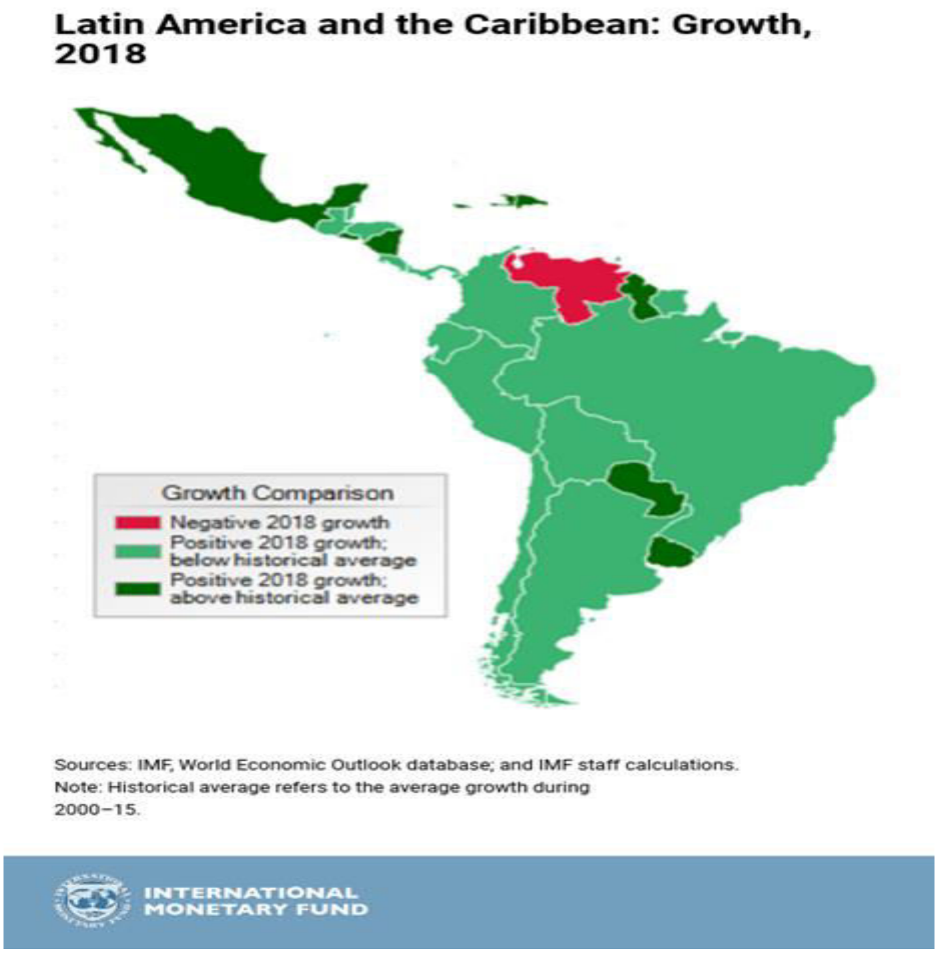


Figure 1: Economic growth for Latin America-Caribbean region (Source: IMF)

Majorly, the Latin American-Caribbean countries engage in exports linked with agriculture and livestock, mining and petroleum, manufactures and imports dealing with consumption goods, fuels,

[14] Latin America spends 14% of its GDP on education, health and social safety nets.

Webology, Volume 18, Number 1, 2021
ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

intermediate inputs and capital goods. The region has not fared well in terms of skill- and technology- intensive manufactured goods. Furthermore, structural impediments and inadequate access to finance hamper export growth opportunities (IMF, 2018). Likewise, many Caribbean countries face the challenges of high transportation costs for exporting goods with a marked increase in the trade costs by 6-8% (in USD per container) on an average (IMF, 2017). Furthermore, in terms of the Logistics Performance Index, the Latin American-Caribbean region has poor port infrastructure. There are internal disturbances in the region as well. For instance, there are internal dissensions and conflicts in the Sudan and these dissensions create impediments in the governance of the country.

Latin American-Caribbean area touched exports of USD 978,632 million in 2017 (in contrast with the imports of USD 976,495 million). This shows a trade surplus of USD 2137 million in 2017 which is creditable in contrast with the declining figures for 2016. In fact, the area's exports were higher than the global exports' average (+12.8% vs. +10.1%). Likewise, the area's imports were higher than the global imports' average (+8.7% vs. +11.2%). Some of the factors which facilitated this stellar performance were: rising prices of metals (including aluminum, copper, lead, coal, iron ore, and zinc) and mineral commodities in 2017); increased prices of food oils and oil seeds, etc. (However, prices of some other commodities like cocoa beans, coffee, sugar, tobacco, and wheat witnessed a decline in 2017[15].)

Strengthening ties between the Latin American-Caribbean region and the Arab world

FOOD SECURITY AND INFRASTRUCTURE: One of the priority areas of cooperation between the two regions relates to food security. This calls for proper modes of communication between the two regions. Implicitly, both the regions must stage a united version as far as infrastructural development is concerned. Efforts are underway among the Caribbean governments to facilitate diversification of agricultural production by supporting the infrastructure for a tissue culture laboratory, an orchid production facility, a meat processing plant, an aqua-culture facility and a fisheries facility. For instance, shipping industry may be furthered with the mutual support of the two regions. As such, there are no direct shipping lines between the two regions and very limited direct flights. Also, real estate sector may be considered as a viable investment destination between both the regions. Likewise, railway and road infrastructure may be conceived as points of mutual contribution where public and private players may join hands via consortiums, MoUs, PPPs, VCFs, etc. Furthermore, as the pressure for sustainable development increases, the notions of "smart cities" and other "Knowledge Parks" have been catching the attention of the countries in both regions.

BANKING: Another possible area of cooperation is through banking operations. For instance, conventional banks may also pool their resources and other financing outlets to serve both regions. For instance, in Saudi Arabia, capital market restrictions on foreign investors have been eased. Islamic banking in the Arab region has a major proportion of banking sector and Islamic finance can

[15] Columbia introduced the Oil Pipeline Transport Tax, National Gasoline Tax and ACPM ANH duties. Likewise, other countries (Argentina, Chile, Mexico, Peru) levied mining duties. Likewise, the 2007 Uruguayan Tax Reform introduced a dual tax system based on a progressive taxation on labor income and a flat rate on capital income. Efficiency was introduced in the tax collection mechanism as well by many Latin American-Caribbean countries

Webology, Volume 18, Number 1, 2021
ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

assist in financial inclusion in the Latin American-Caribbean region as well. Foreign ownership of banks and financial institutions should be promoted between the two regions. Another area of cooperation may be seen in the microfinance domain. For instance, the Latin American-Caribbean countries might contribute to the growth and restructuring of the microfinance institutions in the Arab region. While some of the Arab countries are undertaking reforms of their microfinance institutions (for instance, Morocco updated its Microfinance Associations Law to consolidate smaller microfinance institutions in order to curb risky loans and financial vulnerabilities; and Jordan has been implementing its Financial Inclusion Strategy in order to expand its microfinance strategy), the Latin American-Caribbean countries might provide relevant support in the institutionalization of robust microfinance options in the Arab countries. Combined efforts may also be conceived in the strengthening of fintech solutions (for instance, mobile banking, e-banking, e-wallets, advanced database technologies, biometrics, and distributed ledger technologies). For instance, fintech start-ups have grown seven-fold since 2009 in countries like Egypt, Jordan, the UAE and Lebanon.

TRADE AND COMMERCE: Historically, Latin American-Caribbean region has been more prominently trading with the advanced economies (majorly, the US and parts of Asia-Pacific region-especially China). Likewise, majorly, the North African countries have been engaged in trade relations with the Europe. In fact, the region's trade relations with the Arab region have remained quite weak (Beaton et al., 2017). This is owing to the geographical distance between the trading partners, political conditions, macro-environment factors, etc. At the same time, however, it would be worthwhile for the Latin American-Caribbean nations to further trade ties with the Arab region in sectors like technology, chemicals, cars, pharmaceuticals and other high-valued industries. Paraguay, for instance, is a developed meat market and is vying to export meat products in the Arab region. The Latin American-Caribbean region must endeavor to truncate its tariffs and non-tariff barriers (NTBs) for facilitating cross-border trade exchanges. Mercosur might be a viable option for forging ties with the Arab League and the GCC countries. Likewise, LAFTA should be forthcoming in developing ties with the Arab region conceding that trade ties are majorly confined to the US and the Europe. It is equally important for LAFTA to amend its governing policies by including "services" along with "goods" for furthering trade relationships. Similarly, while ALADI is the largest Latin-American economic integration group intra-regionally, it should chalk out a roadmap for furthering ties with the Arab region to harness economic benefits and identify areas of mutual benefit. Likewise, the CARIFTA has the potential of establishing trade linkages with the Arab region given that two of the important visionary statement governing the trade-bloc relate to diversification of trade by expanding the variety of goods and services available for trade and the liberalization of trade. Given the limited resources of the Caribbean region, it is important that exports be promoted in order to pay for the imports of capital goods, intermediate inputs and technology required to build the economic infrastructure of the region (CEPAL, 2010). In contrast with ALADI, CARICOM has been at a vantage position with its exports in "services" including tourism and entertainment. This is a positive signal for furthering ties with the Arab region given that trade-exchange may be facilitated in "services" in diverse streams.

Also, just like the Economic Partnership Agreement (EPA) with the European Union signed in 2008, the CARICOM must strategize to sign an EPA with the Arab region-Arab League and GCC,

for instance. Such EPAs may be signed in the area of fisheries where the Caribbean Regional Fisheries Mechanism (CRFM) has been monitoring the sustainable use of fisheries resources. Likewise, EPAs may be signed to tap energy resources conceding that the Caribbean Renewable Energy Development Programme (CREDP) has been spearheading energy initiatives in the region.
Finally, EPAs in the sphere of "creative industries" may be signed wherein the focus would remain on the exchange of productive activities like music, films, art and crafts, etc. A case in point is Grenada which is investing into yachting infrastructure to boost tourism exports. This is one of the avenues where the Arab region might plunge into and reap benefits through cross-border exchange in skills and expertise.

The Latin American-Caribbean region has not been forthcoming in the Global Value Chain (GVC) and while the Latin American countries have better trade links, the Caribbean countries have not been progressive enough in forging trade ties. It may be of benefit for the region as a whole to look for opportunities for technology transfer and this may be viable through trade in intermediate goods.
As long as both regions are dependent on the export of raw material, we should discuss the possibility of establishing a bourse of more than one for these commodities instead of depending on buyers for these information.

MINING, HYDROCARBON AND PHARMACEUTICALS: Fourth, mining sector and public infrastructure work in Mauritania of the LAC region[16] are thriving as much as the developed cities of Riyadh, Dubai and Abu Dhabi in the Arab region. For instance, the mining activities of the two regions might witness a better fruition through partnerships. Given the oil-dependency in both the regions, Renewable energy revolutions is another area of potential cooperation. Likewise, the Pharma sector may be regarded as a potential for boosting trade ties between both the regions given that the Latin American region is in the forefront in drugs industry.

SMEs: Growth of SMEs is a possible mode of interaction between the two regions. In this context, the GCC countries have been quite forthcoming in stipulating policy frameworks for furthering the growth of SMEs. However, the Caribbean countries[17] have not been very forthcoming in spurring the growth of the SMEs. For instance, SMEs encounter challenges like lack of access to credit in these countries. Therefore, it may be pertinent for the two regions to further SME growth. Same is true for the Latin American countries where the SMEs account for approximately 99% of businesses and 67% of employment but their contribution to GDP is only 30%.

TOURISM: Tourism is one strategic sector which may be tapped for furthering economic diversification efforts of both regions. For instance, Egypt and Tunisia have been witnessing an

[16] Likewise, the shipping industry has been quite successful in Djibouti.

[17] Nonetheless, Barbados has been forthcoming in furthering the SME growth. For instance, the country has been supporting SMEs through programmes like Barbados Investment Fund and the Export Rediscount Facility, which have supported microenterprises and SMEs in the tourism and export sectors. Likewise, the central banks of Trinidad and Tobago and Suriname have been pushing forth the SMEs growth by promoting knowledge drives regarding account management, budgeting, insurance, etc.

Webology, Volume 18, Number 1, 2021
ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

upward trend in the tourism statistics in recent years. Likewise, the GCC countries have been furthering tourism sector in line with their Vision statements. On the other side, the Caribbean countries have remained popular tourist destinations. Thus, both regions may further exchanges and cross-border collaboration in tourism sector. Again, the Arab region stands to gain by forging alliances with the Caribbean counterparts in the aforementioned sectors.

ADMINISTRATIVE EFFICIENCY: Finally, administrative efficiency and transparency must be taken care of in both regions. On the one hand, there is a need for instituting "Open Governments" for furthering administrative transparency and citizen participation, and on the other hand, it is important that digital economy be furthered in the regions to meet the needs of the Fourth Industrial Revolution and beyond. Implicitly, structural and functional reforms[18] are needed in public sector for providing better public services and improving citizen trust in their governments. Given the structural and functional diversity of the countries comprising the Arab world and the Latin American-Caribbean countries, tailor-made public policies should be chalked out to suit the specific contexts.

Key challenges in establishing strong ties between the Latin American-Caribbean region and the Arab world

While the prospects for facilitating trade between the two areas are plenty, there are some caveats which need to be borne in mind. For instance, with the change of leadership of the G-20 bloc from Argentina to Japan, it remains to be seen if the free trade policies find support among the Latin American nations because the fate of the Latin American-Caribbean-Arab nations would depend upon the trade policies of the parties. Likewise, with the election of the newly-chosen President of Mexico, Andres Manuel Lopez Obrador, it might be of interest to see how the trade relations are furthered with different partners. Lately, Latin America has been facing some challenges like lower commodity prices, currency depreciation, high rate of inflation, dampened private investment, higher trade (for instance, Brazil with 8% trade-walls in the last ten years) and non-trade (for instance, health, safety and labeling standards) barriers, etc. Also, the region has witnessed the exodus of some of the premier global companies with value-chains linking mines, fields, plants and ports around the world. There have been weak imports in the preceding years. The technical and administrative capacities of the Caribbean nations are considered weak owing to financial constraints (CEPAL, 2010). On the Arab side, the challenges of weakening regional multilateral agreements, sectarian conflicts, wars and conflicts in and around the region, microeconomic and macroeconomic pressures have been posing difficulties. These challenges at the home front as well as international front pose challenges for the prospective ties with the Arab region. To add to this, in the absence of a proper shipping channel, fewer direct flights, the transportation costs via alternate channels become high and this is a major hindrance in furthering trade ties between the two regions. Bilateral investments of competitive quality standards should be ensured so that economic growth of the two regions is boosted in the long run. For instance, at present, most of the investments in the regions are made by the American or the European countries and it is important that the business environment in the two regions be made more compatible for promoting investments. Furthermore,

[18] For instance, energy subsidies ought to be done away with in the Arab region and the same may be invested in education and health sectors.

Webology, Volume 18, Number 1, 2021
ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

the Arab region is confronting high inflation to the tune of 9.6% in 2018 and this may pose difficulties for the overall growth of the region and this would in turn, adversely impact the prospects of bilateral ties with the Latin American-Caribbean region.

Conclusion

The article sought to underline the prospects of furthering economic ties between the Arab and Latin American-Caribbean region. Both the regions are heterogeneous entities in themselves and intra-regional economic integration is yet to be achieved. Apart from underlining opportunities for having trade ties, the article also underlined the challenges that need to be addressed by the two regions in order to achieve a symbiotic relationship between the two regions. Therefore, firstly, steps should be taken to realize intra-regional integration of economies in order to secure benefits from the same. Thereafter, steps should be taken to further ties between the two regions so that mutual benefits may be attained. The article underlined some of the prospective areas where economic ties between the two regions might be furthered. Specifically, the article priories food security and underlined the significance of boosting tourism, trade, banking & financial services, infrastructural development and socio-economic ties (for instance, through intellectual exchange of arts and letters or through other initiatives like instituting a common bourse or index for raw materials traded, “smart” initiatives, etc.). There are many other socio-economic sectors which might be explored for furthering economic ties between the two regions. For instance, aviation sector may be considered as one of the focused areas of economic cooperation. Likewise, both regions might conceive of research and development initiatives in the field of science and technology and more cooperation in the area of renewable energy. Strengthening sustainable economic development should be regarded as one of the aims for promoting economic ties between the two regions. Therefore, with the sound political vision and strategy, both the regions might prosper in developing themselves.

References:

1. https://unctad.org/en/PublicationChapters/rmt2015ch3_en.pdf
2. http://english.alarabiya.net/en/views/news/middle-east/2018/02/05/IMF-and-the-great-Arab-frustration.html
3. https://www.dw.com/en/imf-arab-states-need-to-address-debt-issue/a-43611718
4. https://www.livemint.com/Politics/PbINGddArtxiRJUVn8P7TN/IMFs-Christine-Lagarde-urges-urgent-action-as-Arab-disconte.html
5. https://thearabweekly.com/can-imf-help-social-discontent-arab-world
6. http://www.africanews.com/2018/01/31/imf-boss-warns-of-public-frustration-in-the-arab-world//
7. http://www.arabnews.com/node/1236436/business-economy
8. https://www.imf.org/en/News/Articles/2018/02/09/sp021018-dubai-spending-reform-for-sustainable-and-inclusive-growth-in-arab-countries
9. https://onlinelibrary.wiley.com/doi/full/10.1111/rode.12329
10. https://www.bloomberg.com/view/articles/2018-07-23/latin-america-looks-past-u-s-on-trade
11. https://www.imf.org/en/News/Articles/2018/01/30/pr1831-statement-by-imf-arab-fund-for-economic-and-social-development-and-arab-monetary-fund
12. https://www.cnbc.com/2018/01/30/arab-states-are-determined-to-stick-with-reforms-despite-deepening-sense-of-frustration-imf-says.html

ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

13. https://www.imf.org/en/Publications/REO/MECA/Issues/2018/04/24/mreo0518
14. https://www.csis.org/analysis/improving-stability-arab-world
15. https://www.brookings.edu/research/egypts-imf-program-assessing-the-political-economy-challenges/
16. https://www.imf.org/en/News/Articles/2018/04/27/na050218-five-things-to-know-about-the-economic-outlook-for-menap
17. http://www.xinhuanet.com/english/2018-01/30/c_136936599.htm
18. https://www.realclearworld.com/articles/2018/04/04/arab_world_jordan_egypt_washington_consensus_112765.html
19. https://www.thenational.ae/business/imf-s-lagarde-says-no-excuse-for-energy-subsidies-in-the-arab-world-1.703183
20. https://blogs.imf.org/2018/01/18/economic-growth-and-fairness-in-the-middle-east-and-north-africa/
21. https://www.imf.org/en/Publications/Departmental-Papers-Policy-Papers/Issues/2018/07/10/Opportunity-for-All-Promoting-Growth-and-Inclusiveness-in-the-Middle-East-and-North-Africa-45981
22. https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/WESP2018_Full_Web-1.pdf
23. https://www.ab.gov.tr/files/ardb/evt/1_avrupa_birligi/1_6_raporlar/1_3_diger/imf_weo_2013.pdf
24. https://www.imf.org/en/News/Articles/2018/05/10/NA051118-Latin-America-and-Caribbean-Seizing-the-Momentum
25. https://blogs.imf.org/2018/01/25/latin-america-and-the-caribbean-in-2018-an-economic-recovery-in-the-making/
26. http://www.oecd.org/latin-america/Active-with-Latin-America-and-the-Caribbean.pdf
27. Beaton, K., Cebotari, A., Ding, X., & Komaromi, A. (2017). *Trade integration in Latin America: A network perspective*. IMF Working Paper, available at www.imf.org.
28. CEPAL (2010). *Caribbean trade and integration: Trends and future prospects*. UN: Santiago.
29. Li, C., & Wong, J.C. (2018). *Financial development and inclusion in the Caribbean*. IMF Working Paper, available at www.imf.org.
30. Marques, L.B., & Ruiz, E.P. (2017). *How financial conditions matter differently across Latin America*. Available at www.imf.org.
31. UN (2018). World economic situation and prospects. Available at https://www.un.org/development/desa/dpad/.

Webology, Volume 18, Number 1, 2021
ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

Latin America and the Caribbean: Economic Recovery Gaining Strength
(real GDP growth; percent change)

	2016	2017	2018	2019
		Est.	Projections	
Bolivia	4.3	4.2	4.0	3.8
Brazil	–3.5	1.0	2.3	2.5
Chile	1.3	1.5	3.4	3.3
Colombia	2.0	1.8	2.7	3.3
Ecuador	–1.6	2.7	2.5	2.2
Guyana	3.3	2.1	3.5	3.7
Paraguay	4.0	4.3	4.5	4.1
Peru	4.1	2.5	3.7	4.0
Suriname	–5.1	0.0	1.4	2.0
Uruguay	1.5	3.1	3.4	3.1
Venezuela	–16.5	–14.0	–15.0	–6.0
Central America				
Belize	–0.5	0.8	1.8	2.0
Costa Rica	4.5	3.2	3.6	3.6
El Salvador	2.4	2.4	2.3	2.3
Guatemala	3.1	2.8	3.2	3.6
Honduras	3.8	4.8	3.5	3.7
Nicaragua	4.7	4.9	4.7	4.5
Panama	5.0	5.4	5.6	5.8
Caribbean				
Antigua and Barbuda	5.3	2.8	3.5	3.0
The Bahamas	0.2	1.3	2.5	2.2
Barbados	1.6	0.9	0.5	0.8
Dominica	2.6	–4.2	–16.3	12.2
Dominican Republic	6.6	4.6	5.5	5.0
Grenada	3.7	3.5	3.6	3.6
Haiti	1.5	1.2	2.0	3.0
Jamaica	1.5	1.0	1.5	1.8
St. Kitts and Nevis	3.1	2.6	3.5	3.2
St. Lucia	3.4	3.0	2.5	2.3
St. Vincent and the Grenadines	0.8	1.0	2.1	2.5
Trinidad and Tobago	–6.0	–2.6	0.2	0.2
Latin America and the Caribbean	**–0.6**	**1.3**	**2.0**	**2.8**

Sources: IMF, World Economic Outlook database; and IMF staff calculations and projections.
Note: Regional aggregates are purchasing-power-parity GDP-weighted averages. The Commonwealth of Puerto Rico is classified as an advanced economy. It is a territory of the United States but its statistical data are maintained on a separate and independent basis.

i INTERNATIONAL MONETARY FUND

Webology, Volume 18, Number 1, 2021
ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

Latest projections for Latin America and the Caribbean

(real GDP growth, percent)

		Est.	Projections	
	2016	2017	2018	2019
Latin America and the Caribbean	-0.7	1.3	1.9	2.6
Excluding Venezuela	0.1	1.9	2.5	2.8
South America	-2.5	0.8	1.5	2.2
Excluding Venezuela	-1.5	1.7	2.4	2.6
Central America	3.7	3.9	3.9	4.1
Caribbean	3.4	2.1	3.9	4.2
Latin America				
Argentina	-2.2	2.8	2.5	2.8
Brazil	-3.5	1.1	1.9	2.1
Chile	1.6	1.7	3.0	3.2
Colombia	2.0	1.7	3.0	3.6
Ecuador	-1.6	2.7	2.2	1.7
Mexico	2.9	2.0	2.3	3.0
Peru	4.0	2.7	4.0	4.0
Venezuela	-16.5	-14.0	-15.0	-6.0

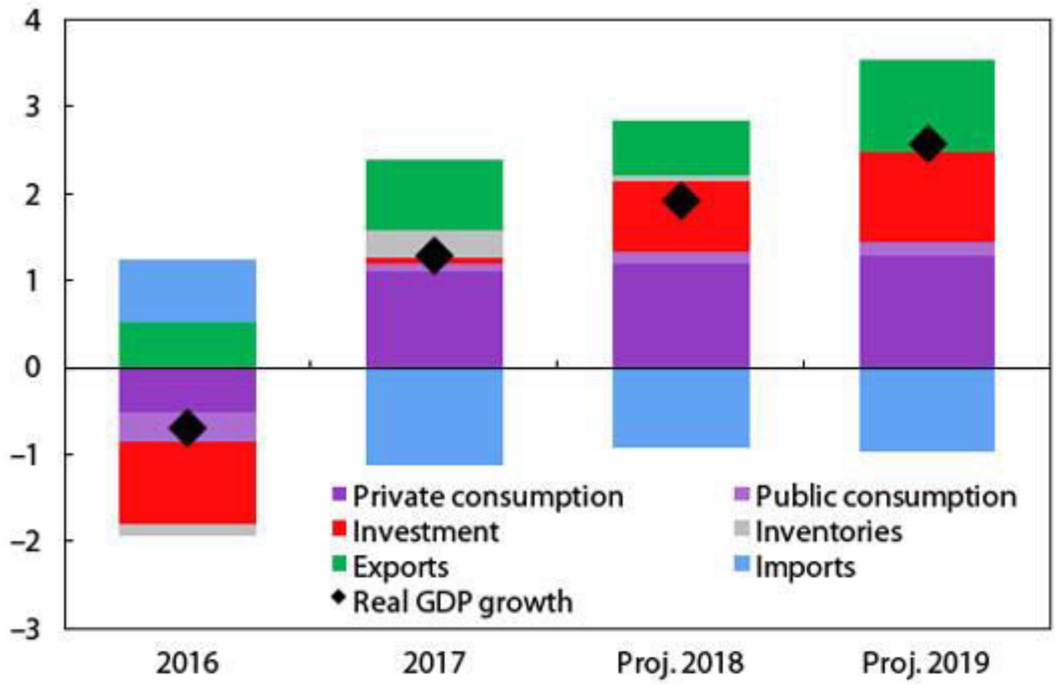
Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Regional aggregates are purchasing-power-parity GDP-weighted averages.

INTERNATIONAL MONETARY FUND

Webology, Volume 18, Number 1, 2021
ISSN: 1735-188X
DOI: 10.29121/WEB/V18I1/35

Recovery gathering momentum

Expected rebound in investment is an important factor behind the projected acceleration in growth in Latin America and the Caribbean.
(contributions to real GDP growth, year-over-year percent change)



Sources: IMF, World Economic Outlook database; and IMF staff calculations.
Note: Purchasing-power-parity GDP-weighted averages. Excludes Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines due to data limitations. Inventories include statistical discrepancies.

INTERNATIONAL MONETARY FUND