

THE INTER-ARAB INVESTMENT  
GUARANTEE CORPORATION

**ANNUAL REPORT 1987**



The Inter-Arab Investment Guarantee Corporation is an autonomous regional organisation whose membership includes all the Arab countries. The Corporation has its main office in the State of Kuwait and commenced its activities in April, 1975 .

**OBJECTIVES :**

The Corporation aims at achieving two major objectives:

- To provide insurance coverage for Arab investments and exporters against the risks specified in the Corporation's Convention.
- To promote the flow of Arab capital among Arab countries by carrying out activities which are ancillary and complementary to its guarantee operations, in particular research related to the identification of investment opportunities and to the study of the investment climate in these countries.

## Organization and Management

### **The Council:**

The Council consists of one representative from each member state. The Council assumes all authorities necessary to realise the objectives of the Corporation except those delegated to other organs of the Corporation.

### **The Supervisory Committee:**

The Committee consists of six Arab experts of whom five are elected by the Council with the proviso that they should belong to different nationalities. The sixth member is appointed by the Council upon the recommendation of the General Federation of Chambers of Commerce, Industry and Agriculture of the Arab Countries. The Supervisory Committee supervises the activities of the Corporation and may provide advice as it may deem appropriate without interference in the administration of the Corporation. The current membership of the Supervisory Committee is as follows:

H.E. Mr. Fahad Rashid Al Ibrahim	Chairman
H.E. Dr. Ibrahim Abdul Rahman Al Barrak	Member
H.E. Mr. Abdul Fatah Bin Mansour	Member
H.E. Dr. Mohamed Said Al-Nabulsi	Member
H.E. Mr. Miziel Awad	Member
H.E. Mr. Burhan Al-Dajani	Member

### **The Director-General**

Mr. Mamoun Ibrahim Hassan

### **The Deputy Director-General**

Mr. Giuma Said Giuma

**The Chairman of the Inter-Arab Investment  
Guarantee Corporation's  
Council in its 15th Session,**

In accordance with Article 12 of the Inter-Arab Investment Guarantee Corporation's Convention, it is my pleasure to submit to your honourable Council the Annual Report of the Director-General for the year 1987.

Please accept my highest consideration.

**Mamoun Ibrahim Hassan**  
Director-General

Kuwait, April, 1988

## Contents

<b>CHAPTER ONE:</b>	Introduction.	5
	1.1 Major Economic and Investment Developments.	5
	1.2 Highlights of the Corporation's Activities.	6
<b>CHAPTER TWO:</b>	Operations.	7
	2.1 Guarantee Contracts.	7
	2.2 Promotion of the Corporation's Guarantee Services.	12
	2.3 Reinsurance.	12
<b>CHAPTER THREE:</b>	Supporting Activities.	14
	3.1 Research and Studies.	14
	3.2 Investment Climate in the Arab States: A Report.	15
	3.3 Investment and Project Promotion Activities.	15
	3.4 Technical Assistance to Member States.	16
	3.5 Cooperation with Arab and International Organizations.	17
	3.6 Specialized Seminars.	17
	3.7 Developing the Corporation's Work Methods.	18
<b>CHAPTER FOUR:</b>	Financial Report.	19
	— Auditors' Report.	21
	— Balance Sheet as at December 31, 1987.	22
	— Statement of Revenue and Expenditure for the Year Ended December 31, 1987.	24
	— Statement of Shareholders' Equity for the Two Years Ended December 31, 1987 and 1986.	25
	— Statement of Financial Position for the Year Ended December 31, 1987.	26
	— Notes to Financial Statements.	27
<b>APPENDIXES:</b>		
<b>Table (1):</b>	Geographical Distribution of Operations as at 31/12/1987.	29
<b>Table (2):</b>	Distribution of Operations by Sector as at 31/12/1987.	30
<b>Table (3):</b>	Distribution of Operations by Type as at 31/12/1987.	30
<b>Table (4):</b>	Investment Guarantee Contracts signed during 1987.	31
<b>Table (5):</b>	Export Credit Guarantee Contracts signed during 1987.	31
<b>Table (6):</b>	Export Credit Guarantee Contracts signed during 1987 (Exporting Countries).	35
<b>Table (7):</b>	Geographical Distribution of Export Credit Guarantee Contracts signed during 1987.	36
<b>Table (8):</b>	Loan and Investment Guarantee Operations under Consideration as at 31/12/1987.	37
<b>Table (9):</b>	Geographical Distribution of Export Credit Guarantee Operations under Consideration as at 31/12/1987.	38

### 1.1 Major Economic and Investment Developments:

The international economy was plagued during the year with the continuing instability in the prices of major world currencies, particularly the steep fall of the U.S. dollar. However, the collapse of share prices in the world's major stock markets on October 19, 1987, was undoubtedly, the most important financial event of the year. The fall which amounted to 22% of the prices of shares registered in the New York Stock Exchange involved all major international stock exchanges in Europe, Asia and Africa, confirming the fact that these markets have evolved into one large integrated market.

The continuing slow growth of the economies of major industrial countries and the persistence of serious internal and external imbalance, were the fundamental causes blamed for the crash. However, the main factor precipitating this crash was the lack of trust of investors in the ability of the concerned governments- especially the U.S. Government- to tackle these problems.

These developments in the international capital markets confirmed the conclusions of the Seminar on "Insurance and Guarantee Mechanisms Available for Investments in International Financial Markets" organized by this Corporation on October 17 (two days before the crash) in Kuwait. The Seminar concluded that "the risks facing investments in international markets are real and increasing".

Such developments, also, brought to the fore the issue of attracting to the Arab countries Arab surplus capital invested in the international markets and brought home the fact that investment in Arab countries, though beset by many difficulties, is much safer.

Closer to home, the year witnessed a number of important developments in the economic arena. Though oil prices were relatively stable, revenues from oil suffered from the decline of the U.S. dollar. Arab investments in international financial markets undoubtedly suffered as a result of the collapse of stock prices, however as investments by governments and public sector entities were largely in fixed income instruments they were affected to a much lesser degree than private investments which tended to be in stocks and other variable income instruments. Capital importing Arab countries continued to struggle under the burden of their large international debts. Some of these, however, were able to reach agreements with their debtors to reschedule future payments following agreement with the International Monetary Fund to institute programs designed to improve the performance of their economies.

Economic and investment cooperation among Arab countries, during the year, has been enhanced by the signature of a number of economic and trade cooperation agreements between some Arab countries. Delegations of investors from capital surplus countries visited a number of Arab capital importing countries to acquaint themselves with the local investment climate and discuss investment opportunities. During the year an increasing interest in the development and promotion of Arab industrial free zones became evident in a meeting among the officials of free zones to coordinate their efforts to deal with common problems and to promote investment opportunities in those free zones.

The year also witnessed the intensification of efforts to develop the flow of inter-Arab trade. This was reflected in the recommendations of the Conference of Inter-Arab Trade, the decisions and declarations of the Arab Economic and Social Council in its Forty Second and Forty Third Sessions, the decision of the Council of Governors of Arab Central Banks to support the creation of a system for financing inter-Arab trade, and the confirmation of the Arab Treaty for Commercial Arbitration by Arab Ministers of Justice.

1987 also saw a number of significant developments relating to Arab stock markets. A decree establishing a stock exchange in Bahrain was issued. In the Kingdom of Saudi Arabia regulatory procedures organising the selling and buying of shares in a central hall were issued, and the Union of Arab Stock Exchanges devoted time to studying the issue of facilitating the registration of shares of Arab companies in Arab stock exchanges.

Finally, an increasing number of Arab countries took steps to encourage the private sector to play a more vigorous role in economic development. In this context a few countries moved to privatize selected public sector corporations, while others took steps to liberalize and deregulate the regimes governing private and public sector activities.

### **1.2 Highlights of the Corporation's Activities:**

At the end of 1987, the paid-up capital of the Corporation remained at the same level as in the previous year at KD 21,399,620. The general reserves were up by KD 3,338,333 or 20.8%, increasing from KD 16,048,782 in 1986 to KD 19,387,115 in 1987. This brings the total stockholders equity (paid-up capital plus reserves) to KD 40,786,735.

Meanwhile, the total revenue realised by the Corporation for 1987 was KD 5,084,573 and the combined expenditures and provisions for emergencies were KD 1,746,240.

The value of guarantee contracts concluded during the year were KD 42,302,474 compared to KD 19,159,008 in the previous year with an increase of 121%. The number of guarantee contracts signed were 58, involving 18 Arab countries.

As of the end of the year, the Corporation had a total value of outstanding guarantee obligations of KD 87,037,672.

During the year, the Corporation pursued its programme of research and other supporting activities. The Legislative Encyclopedia for two countries was completed. In connection with publishing information about the investment climate and opportunities in Arab countries the Corporation issued two country surveys while work on another two surveys was completed. In its Investors' Guide Series, work was completed on another guide during the year.

In the area of specialised studies, the Corporation completed a study on obstacles to investment in Arab countries while it continued to work on three studies on: inter-Arab trade, evaluation of Arab investment projects, and on the flow of Arab investments in Arab countries.

Also during the year, the Corporation continued to disseminate information about its services among potential clients in the Arab countries and assisted in the promotion of national and regional Arab projects. Moreover, the development of its computerised data bank on Arab investors and Arab companies and institutions was on its way to completion.

The Corporation continued its technical assistance programme with the aim to help member states improve the legal and institutional aspects of investment environment and enhance the efficiency of the cadres responsible for investment promotion and administration in the Arab states. In this connection, the Corporation held during the year two training seminars on financial markets and project finance in Khartoum and Algeria.

Finally, the Corporation undertook a number of tasks and projects designed to improve its administrative efficiency and the skills and capability of its staff. These tasks and projects included the computerisation of all its operations, and the upgrading of the skills of its staff through training programs, seminars and conferences.

## Chapter Two: Operations

### 2.1 GUARANTEE CONTRACTS:

The Corporation has, during the year, continued its ongoing efforts to promote its services and activities among Arab investors and businessmen. This has been reflected in the substantial increase in signed guarantee contracts, both in terms of value and number.

Fifty eight guarantee contracts were concluded during the year, registering an increase of 152% over the number of contracts for 1986.

The value of contracts also witnessed a substantial increase from KD 19,159,008 in 1986 to KD 42,302,474 in 1987 (121%).

	1986		1987	
	KD	US \$ <sup>(1)</sup>	KD	US \$
Value of guarantee contracts	19,159,008	70,980,320	42,302,474	156,722,266
Percentage of increase	—		121%	
Number of guarantee contracts	23		58	
Percentage of increase	—		152%	

The total value of the outstanding obligations of guarantee contracts stands at KD 87,037,672 as at 31/12/1987. These obligations are distributed among twenty recipient Arab countries (see Table 1), eight economic sectors (Table 2) and five different types of guarantee contracts (Table 3).

This brings the total value of guarantee contracts concluded since the establishment of the Corporation in 1975 to KD 149,980,423 (US \$ 555,647,685). <sup>(2)</sup>

#### 2.1.1. Investment Guarantee:

During the year, five equity participation guarantee contracts with a total value of KD 695,044 were signed with investors from three Arab countries (Table 4) compared to five guarantee contracts signed in 1986 with a total value of KD 7,077,672.

Details of these contracts are as follows:

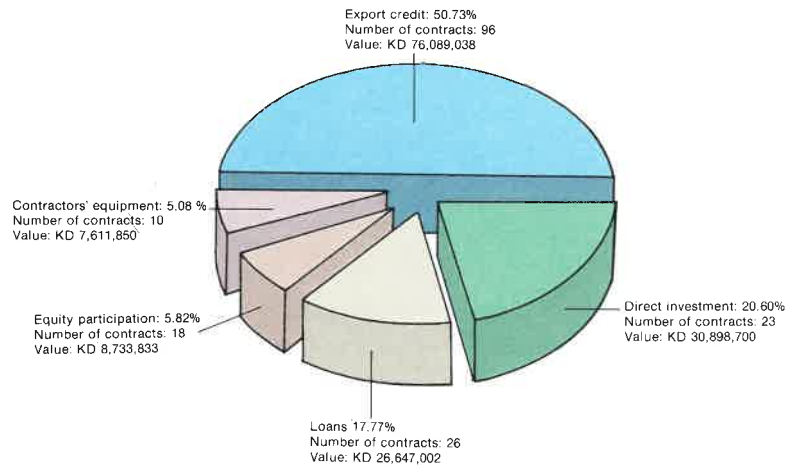
1. An equity participation guarantee contract covering the participation of a United Arab Emirates' company in a Syrian agricultural project. The value of the guarantee contract is KD 404,880.
2. An equity participation guarantee contract covering the participation of a United Arab Emirates' national in a Syrian agricultural project. The value of the guarantee contract is KD 107,968.
3. An equity participation guarantee contract covering the participation of a Saudi national in a Syrian agricultural project. The value of the guarantee contract is KD 47,236.
4. An equity participation guarantee contract covering the participation of a Saudi national in a Syrian agricultural project. The value of the guarantee contract is KD 26,992.
5. An equity participation guarantee contract covering the participation of a Lebanese national in a Syrian agricultural project. The value of the guarantee contract is KD 107,968.

(1) The currency of the Corporation is the Kuwaiti Dinar in which all operations are evaluated and all accounts maintained. For illustration, the equivalent of the value of operations in US dollars has been stated. Comparison between the guaranteed operations during the year and those of the previous year is made on a unified basis whereas the US dollar- Kuwaiti Dinar conversion rate as at 31/12/87 is used. Any discrepancy between US dollar value of the guaranteed operations in 1987 as compared to those of the previous year (s), should be attributed to the conversion rate used in each year.

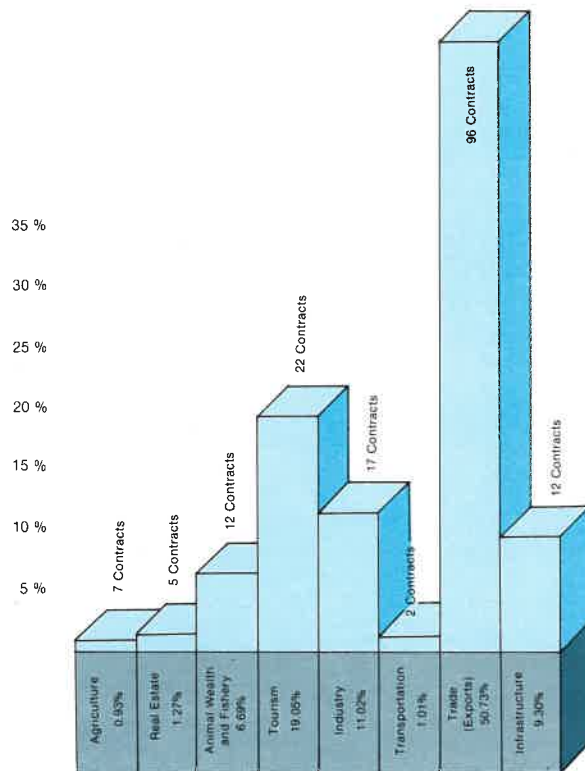
(2) US \$ = KD 0.26992 as at 31/12/1987.



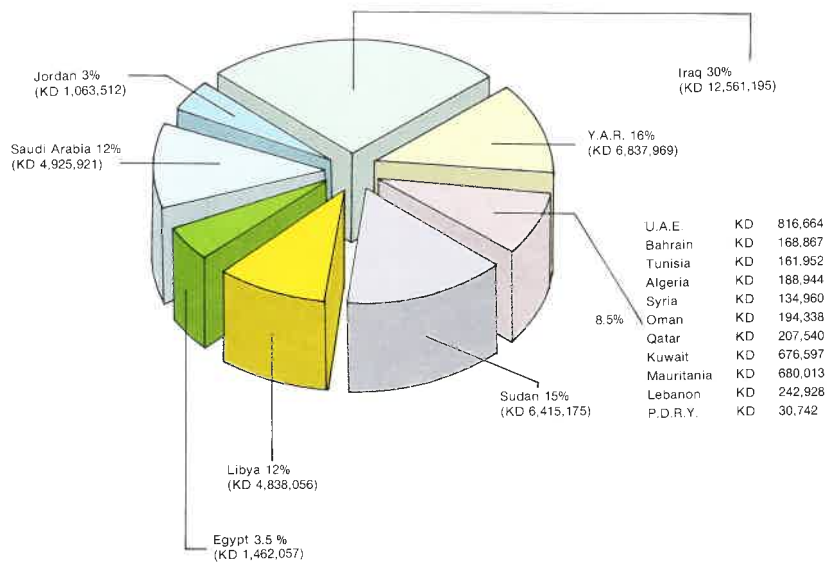
**Distribution of Guarantee Contracts by Type**  
 Contracts signed up to 31/12/1987: 173  
 Total Value: KD 149,980,423= US \$ 555,647,685



**Distribution of Guarantee Contracts by Sector**  
 Number of Contracts Signed up to 31/12/1987

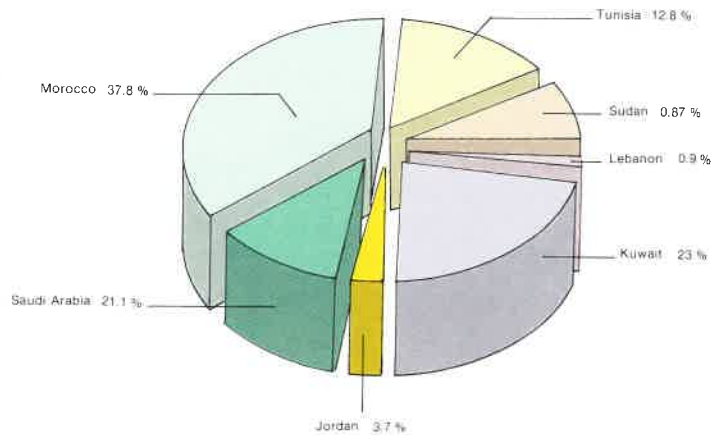


**Arab Export Credit Guarantee Scheme**  
Total of Operations by Importing Country



U.A.E.	KD	816,664
Bahrain	KD	168,867
Tunisia	KD	161,952
Algeria	KD	188,944
Syria	KD	134,960
Qatar	KD	207,540
Mauritania	KD	680,013
Lebanon	KD	242,928
P.D.R.Y.	KD	30,742

**Export Credit Guarantee Contracts Signed in 1987**  
(Exporting Countries)



### 2.1.2 Export Credit Guarantee:

The Corporation concluded, during the year, fifty three guarantee contracts covering one hundred and sixteen export operations to eighteen Arab countries, totalling KD 41,607,430. As shown below, this represents an increase of 244% in the value of export credit guarantee contracts signed in 1986 which totalled KD 12,081,366.

	1986		1987	
	KD	US \$	KD	US \$
Value of Export Credit Guarantee contracts	12,081,336	44,758,950	41,607,430	154,147,265
Percentage of increase	—			244%
Number of contracts	18			53
Percentage of increase	—			194%
Export operations covered	27			116
Recipient countries	12			18

(Table 5) shows details of 1987 export credit guarantee contracts.

Exporters from seven Arab countries have taken advantage of the export credit guarantee scheme by insuring their exports to importers from the private and public sectors in 18 Arab countries. The Kingdom of Morocco leads the list of exporting countries with a total of KD 15,757,791 worth of exports, followed by the State of Kuwait with KD 9,713,171, the Kingdom of Saudi Arabia with KD 8,805,739 and the Republic of Tunisia with KD 5,360,611 (see Table 6).

As regards the importing countries which benefited from the export credit guarantee scheme, the Republic of Iraq takes the lead with a total value of KD 12,561,195 of imported goods, followed by the Yemen Arab Republic with KD 6,837,969, the Republic of the Sudan with KD 6,415,175 and the Kingdom of Saudi Arabia with KD 4,925,921 (see Table 7).

### 2.1.3 Operations under Consideration:

Guarantee operations under consideration registered with the Corporation as at 31/12/1987 reached a value of KD 50.7 million equivalent to US \$ 188 million. These operations which represent 31 direct investments, loans and export credit guarantee operations are expected to be concluded in 1988.

Type of Guarantee	Number of Operations	Value	
		KD	US \$
Investment Guarantee	1	809,760	3,000,000
Loans	5	14,089,824	52,200,000
Export Credit Guarantee	25	35,804,888	132,650,000
	31	50,704,472	187,850,000

Tables 8 and 9 show details of investment and export credit guarantee operations under consideration.

#### 2.1.4 Premia Revenue:

The total guarantee premia received during the year amounted to KD 511,445 distributed as follows:

	KD
Premia received	430,742
Premia due and not received <sup>(1)</sup>	24,515
Premia received in advance	56,188
	511,445

Of this amount KD 50,000 was provisioned for reinsurance. The comparison of total revenue from premia which reaches KD 511,445, in 1987, with the 1986 total revenue from premia which totalled KD 543,757, shows a 6% decrease.

The decrease in revenue from premia is due to the following:

1. Most of the guarantee operations this year represent export credit guarantee contracts which require payment of premia only upon the shipment of goods. Prior to the shipment of goods the Corporation receives only a commitment fee payable once and equals 0.1% of the contract value.<sup>(2)</sup>  
Moreover a certain number of contracts signed are not implemented yet because their early conclusion is aimed at enabling the exporters to explore Arab markets for the guaranteed goods, or initiate the production and preparation of such goods for export.
2. A certain number of direct investment, loan and export credit guarantee contracts expired during 1986 and the first half of 1987. This resulted in a loss of premia worth KD 79,041.<sup>(3)</sup>

11

#### 2.1.5 Claims Paid and Recoveries:

- a) During the year, the amount of KD 107,871<sup>(4)</sup> representing claims paid during 1985 (KD 55,052 and KD 52,819) has been recovered.
- b) During the year, the amount of KD 5,183 representing claims paid during 1986 (KD 2,998 and KD 2,185) has also been recovered.
- c) The Corporation has during the year recovered the amount of KD 46,958 equivalent to FF 933,655 representing a claim paid in 1987.

Thus, the Corporation recovered all claims paid during this year and the previous years.

#### 2.1.6 Rescheduling of a Debt Portion of an Arab Importing Country:

During the year, the Corporation used its good offices to reschedule a portion of payments due on export financing debts of a member state to a number of joint Arab-foreign banks which extended export financing to that country under the Corporation's guarantee.

A rescheduling agreement was signed according to which the Corporation undertakes to repay the due debts on new dates. All the concerned banks signed the said agreement, except one bank whose share amounted to US \$8,436,592, and was replaced by the Corporation in the agreement.

- 
- (1) Reasons for not receiving these premia are attributed to:
    - a) procedures of transfer in countries where monetary control systems prevail, and
    - b) the delay of certain commercial banks in effecting the transfer.
  - (2) The commitment fee for loans and investments is 0.25% and 0.45% respectively, payable upon the signature of contract and annually with premia.
  - (3) Moreover, the sum of KD 72,934 (about US \$ 270,000) representing 25% of guarantee premia paid with respect to 5 guarantee contracts which ended in 1987 have been reimbursed to the guaranteed parties.
  - (4) This amount was recovered before the end of the year, but was entered in the Corporation's accounts after 31/12/1987 due to banking delay in transfer procedures. It will however appear in the 1988 Report.

The value of the rescheduling agreement amounts to US dollars 33,208,269.39, to be repaid in five semi-annual instalments, the first of which falls due in July 1, 1988.

By this agreement, the Corporation realized a marginal profit of KD 167,102 (US \$ 619,080).

## **2.2 Promotion of the Corporation's Guarantee Services:**

The promotion of the Corporation's services among investment, trade and industrial circles in the Arab countries gained momentum, and the following had been achieved:

### **2.2.1 Contact by Mail:**

About 7000 brochures and leaflets on the investment and export credit guarantee schemes have been mailed to Arab investors, businessmen, industrial companies and exporters in the Arab countries.

### **2.2.2 Visits to Member States:**

Promotional visits have been carried out to the Hashemite Kingdom of Jordan, the United Arab Emirates, the State of Bahrain, the Kingdom of Saudi Arabia, the State of Kuwait, the Kingdom of Morocco and the State of Qatar.

### **2.2.3 Export Credit Guarantee Seminars:**

In order to promote the Arab system of export credit guarantee in the Arab countries, the Corporation organized a series of seminars to explain the mechanisms of the system and how it could be used in support of inter-Arab trade. The seminars were held in the Kingdom of Morocco, the Republic of Iraq, the Arab Republic of Egypt, the Yemen Arab Republic, the Sultanate of Oman, and the Peoples Democratic Republic of Yemen.

Moreover two special seminars were held in Paris and London to explain to the joint Arab-foreign banks the mechanics of the system. Similarly two other seminars were organized in the State of Kuwait and Saudi Arabia for the local banks.

### **2.2.4 Local Representatives in Some Member States:**

The Corporation has established contact with pertinent authorities in the Arab countries, with regard to appointing representatives to market the export credit guarantee services in the said countries. Contacts were made in the Hashemite Kingdom of Jordan, the Peoples Democratic Republic of Yemen, the Algerian Democratic Peoples Republic and the Sultanate of Oman.

## **2.3 REINSURANCE:**

The Corporation has succeeded in devising a formula for cooperation with Arab and international insurance companies with a view to increasing the Corporation's underwriting capacity. Two reinsurance treaties have been signed, the first of which covers non-commercial risks, and the second covers commercial risks.

The treaties enable the Corporation to cede part of its guarantee commitments to the reinsurers, and accordingly increase its underwriting capacity by the same. In addition, the Corporation hopes to make a contribution toward the creation of a comprehensive and integrated Arab insurance market, and to open an additional venue to the Arab insurance companies for new insurance activities that will increase its capacity and lower its reliance on the international markets with regard to this type of risk coverage.

In the final analysis, the reinsurance treaties enable the Corporation to expand its base of guarantee services to include more parties in need of such services, and consequently, to offer more incentives to enhance the flow of inter-Arab investment capital, and facilitate inter-Arab trade.

It should be mentioned that before the conclusion of the treaties the Corporation presented a paper to the General Arab Insurance Federation, during its 16th Conference Meeting held in Tunis (28-30/4/1986), in which it proposed to create a consortium of Arab insurance companies to reinsure the Corporation's investment and export credit contracts. The Conference, after reviewing the proposal's technical aspects, decided to present the subject to the Board of the Federation. During its session held in Tunis, 9-10/3/1987, the Board recommended to the insurance and reinsurance companies, who are members of the Union, to participate in a reinsurance treaty covering the non-commercial risks. The Board opted for a waiting period during which results of participation in the Commercial Risks Agreement are made known, in order to decide on its position regarding the participation of members of the Union.

**a. The Non-Commercial Risks Reinsurance Treaty:**

Major Arab insurance and reinsurance companies participated in the Treaty. The subscription ratio reached approximately double the value of the offered allotments.

This Treaty which increases the Corporation's underwriting capacity by 100%, came into force on 1/10/1987, for a duration of three years. It specifies the minimum share for a participating company, and the maximum shares for a single country. The Corporation has noted with appreciation the Arab insurance industry's support, represented in the intensive subscription in the Treaty which is the first of its kind in the Arab world.

**b. The Commercial Risks Reinsurance Treaty:**

The general terms of this Treaty have been agreed upon by the Corporation and the Belgian "Les Assurances du Credit-Namur-Re". According to such a treaty, reinsurers accept 3/4 of the commercial risk, with a maximum coverage of U.S. \$ 5 million per importer, on a quota share basis.

Major companies such as ARIG, INARE, CIGNA RE, CIE TRANSCONTINENTALE RE, EAGLE STAR ZURICH, SUISSE GENERALE, FRANKONA subscribed in the offered shares. Arab insurance companies covered a share exceeding 35%. The Treaty comes into force on 1/1/1988, and is renewable annually.



## Chapter Three: Supporting Activities

### 3.1 RESEARCH AND STUDIES:

#### 3.1.1 Country Surveys on Economic and Investment Prospects in the Arab States.

Pursuing its aims of informing Arab investors of the economic situation, the investment climate and opportunities in the Arab countries, the Corporation published in this Series two surveys covering the following countries:

- The Hashemite Kingdom of Jordan.
- The Sultanate of Oman.

Drafts for two other surveys in the same series for the Republic of Tunisia and the Arab Republic of Egypt were also prepared, and work is underway on two other surveys for the State of Bahrain and the Algerian Democratic Peoples Republic.

#### 3.1.2 Investors' Guide Series for the Arab Countries.

To further the process of informing investors of the investment procedures and other aspects of the investment climate in Arab countries, the Corporation continued to publish investors guides for Arab countries. In this regard, work was completed on a guide for the Republic of Djibouti.

Moreover, it has been decided that beginning with 1988 the two series (Economic and Investment Prospects Surveys and Investors' Guides) are to be merged into one volume, with a new format and structure designed to facilitate updating and addition of data.

#### 3.1.3 Investment Studies Series.

In this occasional series which aims at disseminating studies and research covering various aspects of investments in the Arab countries, the following three studies were released during the year:

- A Guide to the Preparation of an Agricultural Project File.
- Co-Financing for Projects.
- Investment Negotiations.

#### 3.1.4 The Legislative Encyclopedia for Investment in the Arab States.

Aiming at informing investors of the legal framework of investment in these countries, volumes covering the following countries were completed and are under review:

- The Algerian Democratic Peoples Republic.
- The State of Qatar.

Also prepared were supplements to the volumes of:

- The Hashemite Kingdom of Jordan.
- The Republic of the Sudan.

Work was also underway on the supplement to the volume of the Republic of Tunisia.

#### 3.1.5 Investment Legislations in the Arab States.

The Corporation reviewed the investment laws of the Arab countries to incorporate changes which have taken place in these laws. Printing updated editions is underway.

### SPECIALISED STUDIES:

#### 3.1.6 Study of Ways and Means of Promoting Inter-Arab Trade.

Work on this study continued during the year. Reports on the foreign trade situation for each of the following countries were prepared:

- The Syrian Arab Republic.
- The State of Kuwait.
- The Arab Republic of Egypt.
- The Yemen Arab Republic.

Reports for the following countries are underway:

- The Republic of Tunisia.
- The Algerian Democratic Peoples Republic.
- The Democratic Republic of Somalia.

#### 3.1.7 Study on the Evaluation of the Performance of Arab Investment Projects.

After the completion of the first stage of this study in 1986 in which a list of Arab investment projects in the countries covered by the study was compiled, and a pilot study was prepared, the Corporation started the second stage of the study in 1987. A

total of 27 Arab investment projects in the following seven Arab investment recipient countries will be evaluated:

- The Hashemite Kingdom of Jordan.
- The Republic of Tunisia.
- The Republic of the Sudan.
- The Syrian Arab Republic.
- The Arab Republic of Egypt.
- The Kingdom of Morocco.
- The Yemen Arab Republic.

The projects to be studied have already been selected, as well as the local experts who will undertake the studies. It is also worth mentioning that the studies have been completed on two investment projects, while work is now underway on others.

**3.1.8** Documentation and Data Evaluation of Arab Investment Flows within Arab Countries. This study aims at determining the size of direct Arab investment flows in the Arab countries depending on data and other statistical information which the Corporation has been collecting on the subject.

In this regard, the Corporation has designed special cumulative tables in which statistical data is being recorded. Once computerised their updating and retrieval will be facilitated, and the size of the flows, their sectoral and geographic distribution, as well as the share of each Arab country in the flows could easily be determined. The study is scheduled for completion by the end of the year 1988.

**3.1.9** Study on Obstacles to Investment Flows in the Arab Countries. The Corporation has prepared this study at the request of the Arab Commission for the Investment Agreement.

### **3.2 REPORT ON THE INVESTMENT CLIMATE IN THE ARAB COUNTRIES.**

Within the framework of its efforts which aim at compiling information on the developments taking place in the investment climate in the Arab countries, the Corporation released its Report on the Investment Climate in the Arab Countries for 1986 at the beginning of April, 1987. It also collected and compiled the necessary data and information for the 1987 Report.

### **3.3 INVESTMENT AND PROJECT PROMOTION ACTIVITIES.**

To promote investment opportunities in the Arab countries among Arab investors, the Corporation performs two types of promotional tasks. First, it organises or participates in conferences and meetings related to investment promotion, secondly, it assists in the promotion of specific projects through publicity or by way of direct contact with investors. Detailed below are the Corporation's activities for the year related to investment and project promotion.

#### **3.3.1 Conferences and Meetings:**

- (i) The Corporation presented a paper in a conference held in Amman, in the Hashemite Kingdom of Jordan, on 27 April, 1987, which was convened to lay down a general plan to promote Arab industrial projects. The paper was the center of discussion in the Conference, and also became the basis for the plan of action which emerged from the Conference.
- (ii) The Corporation arranged for a delegation from an Arab investment company to visit the Islamic Republic of Mauritania to acquaint itself with investment opportunities available in the fishery sector in that country.



### **3.3.2. Project Promotion:**

During the year, the Corporation promoted the following projects by direct contact with investors or through publishing pertinent information about them in its newsletter, entitled "Investment Guarantee":

- A printing project employing advanced technology in the Republic of the Sudan.
- A tourist holding company in the Syrian Arab Republic formed in collaboration with the Syrian Ministry for Tourism.
- A project in the Hashemite Kingdom of Jordan for the manufacture of human medicine for external application e.g. ointments and similar products. The Arab Center for Pharmaceuticals and Chemicals (Jordan) prepared all the necessary economic and technical studies required for the project.
- A cotton spinning mill in the Republic of the Sudan in collaboration with the Arab Organization for Industrial Development.
- A project for exporting fruits and vegetables from the Republic of the Sudan in collaboration with the Sudanese Development Corporation and the Emirates and Sudan Investment Company.
- Joint government/ private sector agricultural companies established in the Syrian Arab Republic in accordance with the Syrian Legislative Decree No.10. These companies are the Baraka Company for Agricultural Production, Al Furat Company for Investment in Agriculture and Animal Wealth, and Sanabil Company for Plant and Animal Production.
- The Sudanese Investment Group Ltd., an investment holding company formed by some Sudanese working abroad.

### **3.3.3 Surplus Productive Capacities:**

The Corporation started a programme which aims at identifying the surplus and idle productive capacities in industry and contracting sectors in some Arab countries with the objective of finding suitable ways to transferring this surplus to other Arab countries that need it.

## **3.4 TECHNICAL ASSISTANCE TO MEMBER STATES:**

The Corporation's technical assistance programme to member states is designed to enhance the investment climate in Arab countries, develop its institutional framework and promote the efficiency of the cadres engaged in this domain. During the year several member states have utilized this programme as follows:

- 3.4.1** The Corporation organized a training seminar on Financial Markets and Sources of Finance in Khartoum, Sudan during the period 7-12 March, 1987. The Seminar was organized in cooperation with the Sudanese Ministry of Finance and Economic Planning and the Sudan Development Corporation. It was attended by 65 trainees.
- 3.4.2** The Corporation, also organized a second training seminar on Financial Markets and Sources of Finance in Algeries, during the period 21-26 November, 1987 in collaboration with the Banque Algerienne du Developpement. This Seminar was attended by 50 trainees.
- 3.4.3** The Corporation reviewed a draft bill of law for Arab investment in the Republic of Iraq and participated in the meeting held in Baghdad from 31/1/87 to 2/2/1987 to discuss it.
- 3.4.4** The Corporation participated in a meeting held in Abu Dhabi, within the framework of the Co-operation Council for the Arab States for the Gulf (GCC) during the period 21-23 December, 1987 to discuss a draft for a unified insurance law for the (GCC) countries which was prepared by the Corporation upon the request of the General Secretariat for the Council.
- 3.4.5** The Corporation, also, prepared a draft for a unified bill of law for commercial agencies in the (GCC) countries at the request of the General Secretariat of the Council.
- 3.4.6** The Corporation reviewed the feasibility study for a cotton spinning mill project in the Sudan in collaboration with the Arab Organization for Industrial Development in Baghdad, and the Sudanese Committee of Experts promoting the project.

### **3.5 CO-OPERATION WITH ARAB AND INTERNATIONAL ORGANISATIONS:**

- 3.5.1** Following previous contacts the United Nations Development Programme (UNDP) indicated its readiness to participate in financing the Corporation's activities which fall within the framework of UNDP's interests. In this regard, the UNDP agreed to participate in financing the study being conducted by the Corporation on the Evaluation of the Performance of the Arab Investment Projects. It also agreed, in principle, to participate in financing a Seminar on Investment Negotiation Techniques, which the Corporation plans to hold in 1988.
- 3.5.2** Based on a decision taken in the Third Businessmen and Investors' Conference held in Kuwait on 28-30 April, 1986 pertaining to the formation of a committee of experts to follow up the idea of the integration of Arab financial markets, the Corporation, in pursuance of the idea, convened a meeting attended by representatives of a number of Arab organisations, and related specialised Arab unions as well as a number of experts and specialists in the field. The Meeting was held in Jeddah on 14 February, 1987, and concluded with the crystallisation of the broad outlines of the subject, and a recommendation to prepare a study on the effective methods and practical steps required to link Arab financial markets. This study is to be presented to the next committee meeting.
- 3.5.3** In an effort to strengthen its relations with the institutions responsible for investment in the Arab countries, and to acquaint these institutions with its various services, the Corporation organised an expert meeting on Arab Free Zones in Amman, Jordan on 23-25 March, 1987, in collaboration with the Jordanian Free Zone Corporation. Participating in the Meeting were the heads/ directors of the corporations, agencies and other institutions responsible for the Arab Free Zones. The Meeting was also attended by a number of experts from related Arab organisations and specialised unions. A study prepared by the Corporation on the Evaluation of Arab Free Zones was presented to the Meeting.
- 3.5.4** The Corporation also participated in the 10th Conference of the Afro-Asian Insurance and Reinsurance Companies held in Cairo during the period 25-30 September, 1987. In the Conference, the Corporation had the opportunity to promote its two reinsurance treaties against non-commercial and commercial risks among the companies attending the Conference.
- 3.5.5** In an effort to explore the areas of possible co-operation with the Multilateral International Guarantee Agency (MIGA), the Corporation presented a paper to a symposium devoted to the evaluation of the role which the international agency could play in the area of investment guarantees. The Symposium was held in Nice, France during the period 17-18 March, 1987.
- 3.5.6** The Corporation participated in the Second Conference on Euro-Arab Arbitration held in Bahrain during the period 26-28 October, 1987.
- 3.5.7** It also participated in a number of other meetings such as the sessions of the Economic and Social Council of the Arab League, and the Co-ordinating Committee for Arab Organisations.

### **3.6 SPECIALISED SEMINARS:**

The Corporation organised a specialised one-day seminar in Kuwait on 17 October, 1987 on "Insurance and Guarantee Mechanisms for Financial Instruments and Investment in International Financial Markets", a subject on which the Corporation prepared an earlier study. The Study and its summary were presented to the Seminar. Other background papers relating to the freeze of assets, the functions of International Monetary Fund (IMF), and the role of the Multilateral International Guarantee Agency (MIGA) were distributed. The Corporation plans to publish the study in both Arabic and English in the near future.

### **3.7 DEVELOPING THE CORPORATION'S WORK METHODS:**

#### **3.7.1 Computerization Project.**

Within its program to computerize all aspects of its work, the Corporation implemented the following programs relating to the Library, the information system, the secretarial work, the general ledger, the payroll system, and time deposits. Moreover, programs are presently being prepared for bonds, guarantee operations, and for data bank on Arab companies, organisations and businessmen.

#### **3.7.2 Information System.**

In the area of collection and compilation of data on relevant Arab institutions, organisations, corporations, companies, and businessmen the Corporation accomplished the following:

- The entry of data on 8500 companies, and 8000 businessmen in the Arab countries was completed.
- The process of updating this information through the use of direct mail to various companies spread across the Arab countries was started. In this regard, a total of 7000 forms were mailed out.

#### **3.7.3 Training.**

In the field of training, the Corporation continued its program which aims at enhancing the efficiency of its professional and administrative staff. A number of staff members participated in training programs relating to computerization as well as other areas of interest to the Corporation activities.

#### **3.7.4 Library Development.**

##### **a) ACQUISITIONS.**

During the year 1987, a total of 1253 books and reports of interest to the Corporation were added to the Library. Subscriptions to Arabic and foreign periodicals reached a total of 430.

##### **b) TECHNICAL PROCESSING.**

- The Library started using specialized macrothesauri in classifying its collection for the viability of descriptors to computer application.
- The Library has chosen the Micro CDS-ISIS (a bilingual Arabic/ Latin system) for implemenatation, as it is highly commendable for storage and retrieval of bibliographic information. Arabization was accomplished through UNESCO and the Arab League Documentation and Information Centre joint efforts.
- The Library released the 8th and 9th issues of its Index of Arabic and English Periodical Articles covering the period up to June, 1987.

## Chapter Four: Financial Report

The paid-up Capital at year end remained at its 1986 level of KD 21,399,620<sup>(1)</sup> representing 85.5% of the subscribed Capital.

The revenue realized during the year was KD 5,084,573 of which KD 4,497,007 were realized from the investment of the Corporation's financial resources, and the balance of KD 587,566 was realized from the guarantee premia and other miscellaneous sources.

The good returns on the Corporation's financial investments realized during 1987 was attributable to the Corporation's prudent investment policy which favoured instruments that provide maximum security, adequate returns, suitable level of liquidity, and the diversification of the investment portfolio among the major international currencies, and also to the timely reduction of the percentage of US dollar holdings in favour of other international currencies.

The balance sheet of the Corporation for the year ended 31st December, 1987 showed a total investment portfolio of KD 38,275,975 of which KD 15,371,760 were in deposits, KD 15,267,598 were in bonds and KD 7,636,617 were in portfolios held with banks. The total revenue realized from these investments was KD 4,497,007 at an average of 11.7%. This percentage breaks down into 6.9% representing yield from the financial investment and 4.8% as income from currency fluctuations.

The total expenditure for the year was KD 1,596,240 compared to KD 1,677,900 in the budget estimate, less by KD 81,660. The provision for currency fluctuations and other contingencies was KD 150,000 compared to KD 300,000 in 1986.

The total value of guarantee premia received in 1987 was KD 455,256. A sum of KD 167,102 was realized from interests on commercial papers, in addition, KD 15,208 was received from miscellaneous other income.

The total general reserve accumulated at the end of the year reached KD 19,387,115 compared with KD 16,048,782 in 1986 with an increase of 20.8%.

---

(1) The exchange rate of the Kuwaiti Dinar to the US dollar on 31/12/1987 was KD 1 = US \$ 3.70.



## Auditors' Report:

**The Chairman and Members of the Council,  
Inter-Arab Investment Guarantee Corporation**  
(An Arab Corporation with a Special Independent  
Legal Status, Kuwait)

We have examined the Balance Sheet of the INTER-ARAB INVESTMENT GUARANTEE CORPORATION (An Arab Corporation with a Special Independent Legal Status) Kuwait, as of December 31, 1987, and the related Statements of Revenue and Expenditure, Shareholders' Equity and Changes in Financial Position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements present fairly the financial position of Inter- Arab Investment Guarantee Corporation as at December 31, 1987, and the results of its operations and the changes in its financial position for the year then ended, in conformity with the accounting policies as set out in Note (2) to the Financial Statements applied on a basis consistent with that of the preceding year. We are also of the opinion that proper books of account were kept and that the accompanying financial statements are in agreement with those books.

**SABA, AL-FAHAD & CO.**

Kuwait  
January 30, 1988

## BALANCE SHEET AS AT DECEMBER 31, 1987

<b>ASSETS</b>	<b>DECEMBER 31</b>	
	<b>1987 KD.</b>	<b>1986 KD.</b>
Current and call accounts with banks	241,697	255,468
Time deposits	15,371,760	21,636,968
Investment in bonds	15,267,598	13,934,377
Investment portfolios	6,636,617	1,748,313
Promissory notes (Note 3)	2,433,857	35,730
Accrued revenue	880,285	696,891
Provident and Social Security fund (Note 4)	1,251,625	909,532
Accounts receivable and other debit accounts (Note 5)	289,335	317,915
<b>TOTAL ASSETS</b>	<b>43,372,774</b>	<b>39,535,194</b>



**LIABILITIES AND  
SHAREHOLDERS' EQUITY****DECEMBER 31**

	<b>1987 KD.</b>	<b>1986 KD.</b>
<b>LIABILITIES:</b>		
Accounts payable & other credit accounts	402,009	267,133
Guarantee premiums in advance	56,188	110,127
Provident and Social Security fund (Note 4)	1,251,625	909,532
Provision for contingencies and foreign currencies	876,217	800,000
<b>TOTAL LIABILITIES</b>	<b>2,586,039</b>	<b>2,086,792</b>
<b>SHAREHOLDERS' EQUITY:</b>		
Capital authorized (Note 6)	25,000,000	25,000,000
Capital issued	25,025,000	25,025,000
Called-up capital	24,525,000	24,525,000
Less: Unpaid capital	3,125,380	3,125,380
Paid-up capital	21,399,620	21,399,620
General reserve	19,387,115	16,048,782
Total shareholders' equity	40,786,735	37,448,402
<b>TOTAL LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>	<b>43,372,774</b>	<b>39,535,194</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT



**STATEMENT OF REVENUE AND EXPENDITURE  
FOR THE YEAR ENDED DECEMBER 31, 1987**

	Year Ended December 31	
	1987 KD.	1986 KD.
<b>REVENUE:</b>		
Premiums from guarantees	455,256	433,630
Less: Share of reinsurance companies	50,000	—
Net premiums from guarantees	405,256	433,630
Interest on call accounts	42,445	59,874
Interest on time deposits	1,041,626	1,347,981
Income from bonds	1,107,043	1,182,035
Income from investment portfolios	367,082	178,830
Income from sale & redemption of bonds	81,494	272,006
Interest from promissory notes	167,102	—
Exchange gain (Note 7)	1,857,317	3,024,338
Other	15,208	10,930
<b>Total revenue</b>	<b>5,084,573</b>	<b>6,509,624</b>
<b>EXPENDITURE :</b>		
First Section		
Salaries, wages & bonuses	892,108	809,819
Second Section		
General & administrative expenses	643,013	551,462
Third Section		
Capital expenditure	61,119	50,771
<b>Total expenditure</b>	<b>1,596,240</b>	<b>1,412,052</b>
Provision for contingencies & foreign currencies	150,000	300,000
Total expenditure and provision for contingencies and foreign currencies	1,746,240	1,712,052
Net revenue	3,338,333	4,797,572

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

**STATEMENT OF SHAREHOLDERS' EQUITY FOR THE TWO YEARS  
ENDED DECEMBER 31, 1987 & 1986**

	AUTHORIZED CAPITAL KD.	CAPITAL ISSUED KD.	CALLED-UP CAPITAL KD.	UNPAID CAPITAL KD.	PAID-UP CAPITAL KD.	NET REVENUE KD.	GENERAL RESERVES KD.
Balance as of Dec. 31, 1985	25,000,000	25,025,000	24,525,000	3,125,380	21,399,620	—	11,251,210
Net revenue	—	—	—	—	—	4,797,572	—
Transferred to general reserve	—	—	—	—	—	(4,797,572)	4,797,572
Balance as of Dec. 31, 1986	25,000,000	25,025,000	24,525,000	3,125,380	21,399,620	—	16,048,782
Net revenue	—	—	—	—	—	3,338,333	—
Transferred to general reserve	—	—	—	—	—	(3,338,333)	3,338,333
Balance as of Dec. 31, 1987	25,000,000	25,025,000	24,525,000	3,125,380	21,399,620	—	19,387,115

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

**STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 1987**

	Year Ended December 31	
	1987 KD	1986 KD
<b>SOURCES OF FUNDS:</b>		
Net revenue	3,338,333	4,797,572
Depreciation	49,173	53,893
Funds provided from operations	3,387,506	4,851,468
Decrease in time deposits	6,265,208	—
Decrease in investment in bonds	—	193,344
Decrease in accrued revenue	—	21,733
Increase in accounts payable & other credit accounts	134,876	22,551
Increase in provident and social security fund	342,093	326,031
Increase in provision for contingencies & foreign currencies	76,217	300,000
<b>Total funds provided</b>	<b>10,205,900</b>	<b>5,715,127</b>
<b>APPLICATION OF FUNDS:</b>		
Increase in time deposits	—	5,108,474
Increase in investment in bonds	1,333,221	—
Increase in investment portfolios	5,888,304	262,768
Increase in promissory notes	2,398,127	35,730
Increase in accrued income	183,394	—
Increase in provident & social security fund	342,093	326,031
Increase in accounts receivable & other debit accounts	20,593	20,281
Decrease in guarantee premiums received in advance	53,939	49,548
<b>Total funds applied</b>	<b>10,219,671</b>	<b>5,802,832</b>
Decrease in current & call accounts with banks	(13,771)	(87,705)
Current & call accounts with banks at beginning of year	255,468	343,173
Current and call accounts with banks at end of year	241,697	255,468

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS STATEMENT

## NOTES TO FINANCIAL STATEMENTS

### 1. ACTIVITIES OF THE CORPORATION:

The Corporation is an Arab Corporation with a Special Independent Legal Status and is located in the State of Kuwait. Its main objective is to provide insurance coverage for Arab investments and trade financing between member countries for both commercial and non-commercial risks as defined in its articles of incorporation. The Corporation also promotes investments and trade exports between its member countries.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### (A) Investment in Bonds:

Bonds are stated at cost since the intention is to hold them until their maturity dates. The difference between the cost of the bond and its nominal value is reflected in the statement of revenue and expenditure at the time of its maturity or redemption.

#### (B) Investment Portfolios:

The investment portfolios managed by agents are valued at the lower of market price or net asset value at year end.

#### (C) Fixed Assets:

Fixed assets are fully depreciated at the time of its purchase.

#### (D) Recognition of Income:

The Corporation follows the accrual basis of accounting for the interest received from investments.

#### (E) General Reserve:

Article (24) of the Corporation Agreement states that "Profits realized from the Corporation's operations are to be accumulated to establish a reserve equal to three times the capital".

#### (F) Foreign Currency Translation:

The accounts of the Corporation are maintained in Kuwaiti Dinars. Assets and liabilities denominated in foreign currencies are translated into Kuwaiti Dinars at average rates of exchange prevailing at the end of the financial year. Transactions during the year are translated into Kuwaiti Dinars at rates ruling at the date of each transaction. All realized and unrealized gains or losses are reflected in the current year's statement of revenue and expenditure. Furthermore, additional provision is taken against unforeseen fluctuation in foreign currencies and is reflected in current year's statement of revenue and expenditure and included in provision for contingencies and foreign currencies under liabilities in the accompanying balance sheet.

### 3. PROMISSORY NOTES:

Included in promissory notes at December 31, 1987 is an amount of US dollars 8,860,578 (Equivalent to KD 2,391,642 at the rate of exchange prevailing at that date), which represents promissory notes obtained by the Corporation as a result of commercial transactions by one of the governments of the member countries which were settled by the Corporation to a joint Arab foreign bank for its financing of export to the abovementioned country. There is a guarantee from the representative of the government of this country to settle those promissory notes in five equal semi-annual instalments, the first of which is due on July 1, 1988.

#### **4. PROVIDENT AND SOCIAL SECURITY FUND:**

The income of the provident and social security fund which was established by the Corporation to the benefit of its employees consists of the following:

- A. A fixed percentage deducted monthly from the employees' salaries.
- B. The provision for staff termination indemnity.
- C. Revenues resulting from investing the amounts under (A) and (B) above.

The balance of the provident and social security fund amounted to KD 1,251,625 and KD 909,532 for the years 1987 and 1986 respectively. Contra accounts for the same amounts are shown under liabilities and assets in the accompanying balance sheet.

#### **5. ACCOUNTS RECEIVABLE AND OTHER DEBIT ACCOUNTS:**

Included in accounts receivable and other debit accounts is an amount of one Kuwaiti Dinar which represents the nominal value of the fixed assets after deducting the accumulated depreciation of KD 272,973 and KD 274,249 as at December 31, 1987 and 1986 respectively.

#### **6. CAPITAL:**

The capital of the Corporation is variable and is set at an initial Ten Million Kuwaiti Dinars according to the official exchange rates prevailing at the date of signing the agreement and is divided into Ten Thousand nominal shares of Kuwaiti Dinars-One Thousand each. The Council of the Corporation recommended in its meeting dated October 14, 1975 to increase the capital to KD 25,000,000. Some of the member countries agreed to increase their shareholding making the total capital subscribed for KD 25,025,000. At December 31, 1987 an amount of KD 24,525,000 was called-up of which KD 3,125,380 represent instalments due and not settled by some of the member countries.

#### **7. EXCHANGE GAIN:**

The exchange gain of KD 1,857,317 for the year ended December 31, 1987 consists of losses resulting from translation of transactions in foreign currencies to Kuwaiti Dinars during the year amounting to KD 43,772 based on the rates of exchange prevailing at the date of each transaction and gains resulting from translation of assets and liabilities denominated in foreign currencies to Kuwaiti Dinars amounting to KD 1,901,089 based on the average rates of exchange prevailing at the end of each month during the year.

#### **8. CONTINGENT LIABILITIES:**

There were contingent liabilities as of December 31, 1987 amounting to KD 87,037,672 against guarantee contracts signed by the Corporation.

## APPENDIXES

**TABLE 1  
GEOGRAPHICAL DISTRIBUTION OF OPERATIONS  
AS AT 31/12/1987**

HOST COUNTRY	TOTAL VALUE OF CONTRACTS KD	PERCENTAGE %	TOTAL VALUE OF OUTSTANDING COMMITMENTS KD	PERCENTAGE %
Algeria	1,353,341	0.90	188,944	0.22
Bahrain	278,567	0.19	272,843	0.31
Egypt	11,567,257	7.71	1,462,057	1.68
Iraq	53,345,703	35.57	30,453,818	35.00
Jordan	1,552,101	1.03	1,106,628	1.27
Kuwait	702,083	0.47	676,597	0.77
Lebanon	224,928	0.16	242,928	0.28
Libya	5,775,541	3.85	5,620,825	6.46
Mauritania	4,120,955	2.75	691,496	0.79
Morocco	11,554,577	7.70	11,572,071	13.30
Oman	223,633	0.15	194,338	0.22
Qatar	217,540	0.15	217,540	0.25
Saudi Arabia	6,614,763	4.41	6,480,070	7.44
Somalia	1,425,932	0.95	539,840	0.62
Sudan	13,105,178	8.74	10,105,175	11.61
Syria	8,230,004	5.49	7,515,012	8.64
Tunisia	893,679	0.60	868,344	1.00
U.A.E.	3,268,718	2.17	843,852	0.97
Y.A.R.	24,327,547	16.22	7,954,552	9.14
P.D.R.Y.	1,180,376	0.79	30,742	0.03
<b>TOTAL</b>	<b>149,980,423</b>	<b>100</b>	<b>87,037,672</b>	<b>100</b>



**TABLE 2**  
**DISTRIBUTION OF OPERATIONS BY SECTOR**  
**AS AT 31/12/1987**

SECTOR	TOTAL VALUE OF CONTRACTS KD	PERCENTAGE %	TOTAL VALUE OF COMMITMENTS KD	PERCENTAGE %
Tourism	28,571,080	19.05	14,537,857	16.71
Industry	16,533,488	11.02	5,486,182	6.30
Agriculture	1,393,744	0.93	1,288,868	1.48
Animal Wealth and Fisheries	10,029,687	6.69	3,611,056	4.15
Trade (Export Credit)	76,089,038	50.73	56,244,962	64.62
Real Estate	1,909,634	1.27	—	—
Infrastructure	13,953,749	9.30	5,868,747	6.74
Transport	1,500,003	1.01	—	—
<b>TOTAL</b>	<b>149,980,423</b>	<b>100</b>	<b>87,037,672</b>	<b>100</b>

**TABLE 3**  
**DISTRIBUTION OF OPERATIONS BY TYPE**  
**AS AT 31/12/1987**

TYPE	TOTAL VALUE OF CONTRACTS KD	PERCENTAGE %	TOTAL VALUE OF COMMITMENTS KD	PERCENTAGE %
Direct Investment	30,898,700	20.60	11,696,560	13.44
Equity Participation	8,733,833	5.82	5,776,316	6.64
Loans	26,647,002	17.77	13,319,833	15.30
Contractors' Equipment	7,611,850	5.08	—	—
Export Credit	76,089,038	50.73	56,244,693	64.62
<b>TOTAL</b>	<b>149,980,423</b>	<b>100</b>	<b>87,037,672</b>	<b>100</b>

**TABLE 4  
INVESTMENT GUARANTEE CONTRACTS  
SIGNED DURING 1987**

HOST COUNTRY	SECTOR	TYPE OF INVESTMENT	NATIONALITY OF INVESTOR	MAXIMUM AMOUNT OF GUARANTEE	
				KD	US \$
Syria	Agriculture	Equity Participation	U.A.E	107,968	400,000
Syria	Agriculture	Equity Participation	U.A.E	404,880	1,500,000
Syria	Agriculture	Equity Participation	Saudi	47,236	175,000
Syria	Agriculture	Equity Participation	Saudi	26,992	100,000
Syria	Agriculture	Equity Participation	Lebanese	107,968	400,000
<b>TOTAL</b>				<b>695,044</b>	<b>2,575,000</b>

**TABLE 5  
EXPORT CREDIT GUARANTEE CONTRACTS  
SIGNED DURING 1987**

EXPORTING COUNTRY	TYPE OF POLICY	IMPORTING COUNTRY (\$)	MAXIMUM AMOUNT OF GUARANTEE	
			KD	US \$
Jordan	Comprehensive	Algeria Bahrain Qatar Sudan Tunisia Y.A.R.	1,565,536	5,800,000
Tunisia	Specific/ non-Commercial	Iraq	1,311,811	4,860,000
	Specific/ non-Commercial	Iraq	1,619,520	6,000,000
	Comprehensive	Y.A.R.	2,429,280	9,000,000
Saudi Arabia	Specific/ All Risks	Jordan	10,868	40,265
	Comprehensive	Kuwait Lebanon U.A.E. Y.A.R.	172,746	639,988
Saudi Arabia	Specific/ non-Commercial	Iraq	2,879,000	10,666,123
	Comprehensive	Jordan	719,750	2,666,531
	Specific/ non-Commercial	Sudan	809,760	3,000,000
	Comprehensive	Egypt	1,889,440	7,000,000



TABLE 5

EXPORTING COUNTRY	TYPE OF POLICY	IMPORTING COUNTRY (S)	MAXIMUM AMOUNT OF GUARANTEE	
			KD	US \$
		Iraq Jordan Kuwait Sudan Syria U.A.E. Y.A.R.		
	Comprehensive	Bahrain Iraq Kuwait Qatar Sudan Y.A.R. P.D.R.Y.	287,282	1,064,325
	Comprehensive	Bahrain Egypt Jordan Kuwait Oman Qatar U.A.E.	237,517	879,955
	Comprehensive	Egypt Jordan Kuwait Oman Kuwait Qatar U.A.E. Y.A.R.	503,825	1,866,572
	Specific/ non-Commercial	Iraq	1,295,550	4,799,755
Sudan	Comprehensive	Kuwait	94,472	350,000
	Specific/ non-Commercial	Iraq	269,920	1,000,000
Kuwait	Specific/ All Risks	Bahrain	50,000	185,240
	Comprehensive	Bahrain Oman Qatar Saudi Arabia U.A.E.	180,000	666,864

TABLE 5

EXPORTING COUNTRY	TYPE OF POLICY	IMPORTING COUNTRY (S)	MAXIMUM AMOUNT OF GUARANTEE	
			KD	US \$
	Comprehensive	Saudi Arabia	100,000	370,480
	Specific/ non-Commercial	Sudan	3,995,525	14,802,628
	Comprehensive	Saudi Arabia	15,000	55,572
	Specific/ non-Commercial	Iraq	86,364	319,960
	Comprehensive	Saudi Arabia	100,000	370,480
	Specific/ non-Commercial	Iraq	337,400	1,250,000
	Specific/ non-Commercial	Iraq	2,457	9,103
	Specific/ non-Commercial	Iraq	1,361	5,041
	Comprehensive	Bahrain	931,224	3,450,000
		Egypt		
		Oman		
		Qatar		
		Saudi Arabia		
		U.A.E.		
	Comprehensive	Egypt	404,880	1,500,000
		Saudi Arabia		
		Y.A.R.		
	Specific/ non-Commercial	Iraq	674,800	2,500,000
	Specific/ All Risks	Lebanon	67,480	250,000
	Specific/ All Risks	Lebanon	33,740	125,000
	Specific/ All Risks	Lebanon	33,740	125,000
	Comprehensive	Saudi Arabia	1,889,440	7,000,000
	Specific/ non-Commercial	Iraq	809,760	3,000,000
Lebanon	Specific/ non-Commercial	Libya	22,943	85,000
	Specific/ non-Commercial	P.D.R.Y.	17,246	63,894
Morocco	Specific/ non-Commercial	Iraq	129,224	478,750
	Specific/ non-Commercial	Iraq	161,412	598,000
	Comprehensive	Saudi Arabia	173,932	644,385
	Specific/ non-Commercial	Libya	1,107,887	4,104,500
	Specific/ non-Commercial	Libya	105,684	391,540
	Comprehensive	Libya	4,588,640	17,000,000
		Mauritania		
		Sudan		
		Y.A.R.		
	Specific/ non-Commercial	Iraq	539,840	2,000,000
	Specific/ non-Commercial	Iraq	269,920	1,000,000
	Comprehensive	Libya	701,792	2,600,000
		Saudi Arabia		
		Tunisia		

TABLE 5

EXPORTING COUNTRY	TYPE OF POLICY	IMPORTING COUNTRY (S)	MAXIMUM AMOUNT OF GUARANTEE	
			KD	US \$
	Specific/ non-Commercial	Libya	5,398	20,000
	Specific/ non-Commercial	Iraq	1,079,680	4,000,000
	Comprehensive	Jordan	3,239,040	12,000,000
		Libya		
		Saudi Arabia		
		Other countries		
	Specific/ non-Commercial	Libya	630,263	2,335,000
	Specific/ non-Commercial	Iraq	809,760	3,000,000
	Comprehensive	Algeria	1,619,520	6,000,000
		Libya		
		Mauritania		
		Saudi Arabia		
		Sudan		
		Tunisia		
		U.A.E.		
	Specific/ non-Commercial	Libya	536,601	1,988,000
	Specific/ non-Commercial	Mauritania	59,197	219,314
		<b>Total</b>	<b>41,607,430</b>	<b>154,147,265</b>

**TABLE 6**  
**EXPORT CREDIT GUARANTEE CONTRACTS SIGNED DURING 1987**  
**(EXPORTING COUNTRIES)**

Exporting Country	Number of contracts	Value of contracts signed	
		KD	US \$
Jordan	1	1,565,536	5,800,000
Kuwait	18	9,713,171	35,985,368
Lebanon	2	40,190	148,896
Morocco	17	15,757,791	58,379,487
Saudi Arabia	10	8,805,739	32,623,514
Sudan	2	364,392	1,350,000
Tunisia	3	5,360,611	19,860,000
<b>Total</b>	<b>53</b>	<b>41,607,430</b>	<b>154,147,265</b>

**TABLE 7**  
**GEOGRAPHICAL DISTRIBUTION OF EXPORT CREDIT GUARANTEE**  
**CONTRACTS SIGNED DURING 1987**

TO \ FROM	JORDAN	KUWAIT	LEBANON	MOROCCO	SAUDI ARABIA	SUDAN	TUNISIA	TOTAL
Algeria	53,984			134,960				188,944
Bahrain	13,496	86,992			68,379			168,867
Egypt		472,360			989,697			1,462,057
Iraq		1,912,142		2,989,836	4,457,966	269,920	2,931,331	12,561,195
Jordan				53,984	1,009,528			1,063,512
Kuwait				318,507	263,618	94,472		676,597
Lebanon		134,960			107,968			242,928
Libya			22,943	4,815,113				4,838,056
Mauritania				680,013				680,013
Oman		107,968			86,370			194,338
Qatar	13,496	122,968			71,076			207,540
Saudi Arabia		2,635,816		2,290,105				4,925,921
Sudan	134,960	3,995,525		1,214,640	1,070,050			6,415,175
Syria					* 134,960			134,960
Tunisia	53,984			107,968				161,952
U.A.E.		109,480		453,466	253,718			816,664
Y.A.R.	1,295,616	134,960		2,699,200	278,913		2,429,280	6,837,969
P.D.R.Y.			17,246		13,496			30,742
Total	1,565,536	9,713,171	40,189	15,757,792	8,805,739	364,392	5,360,611	41,607,430

(\*) Subject to the importing country's approval.

**TABLE 8**  
**LOAN AND INVESTMENT GUARANTEE OPERATIONS UNDER**  
**CONSIDERATION AS AT 31/12/1987**

**First: Loans**

Applicant	Host Country	Amount US \$
Joint Arab- Foreign Bank	Morocco	14,900,000
Joint Arab- Foreign Bank	Morocco	14,900,000
Joint Arab- Foreign Bank	Morocco	14,900,000
Joint Arab- Foreign Bank	P.D.R.Y.	6,000,000
Joint Arab- Foreign Bank	Sudan	1,500,000
<b>Total</b>		<b>52,200,000</b>

**Second: Direct Investment**

Moroccan Investment Group	Sudan	3,000,000
<b>Total</b>		<b>55,200,000</b>

**TABLE 9**  
**GEOGRAPHICAL DISTRIBUTION OF EXPORT CREDIT GUARANTEE**  
**OPERATIONS UNDER CONSIDERATION AS AT 31/12/1987 IN US \$**

To \ From	Algeria	Egypt	Jordan	Kuwait	Morocco	Oman	Saudi Arabia	Sudan	U.A.E	TOTAL
Djibouti								300,000		300,000
Egypt		6,000,000			2,000,000	400,000	2,000,000			10,400,000
Iraq	4,700,000		4,500,000	2,700,000	5,800,000	200,000	5,000,000		3,700,000	26,600,000
Jordan							1,250,000		1,000,000	2,250,000
Kuwait					200,000	200,000	1,300,000		1,000,000	2,700,000
Libya			1,700,000				200,000			1,900,000
Mauritania					2,000,000					2,000,000
Oman			200,000				600,000			800,000
Saudia Arabia			2,200,000			300,000		300,000	1,000,000	3,800,000
Sudan		2,500,000	8,000,000	30,000,000	16,500,000	300,000	100,000			57,400,000
Syria			4,000,000	500,000			3,000,000			7,500,000
Tunisia			3,500,000	500,000			900,000			4,900,000
U.A.E.				300,000				500,000		800,000
Y.A.R.			2,000,000				5,800,000		3,000,000	11,300,000
<b>TOTAL</b>	<b>4,700,000</b>	<b>2,500,000</b>	<b>32,100,000</b>	<b>34,000,000</b>	<b>32,300,000</b>	<b>1,400,000</b>	<b>14,850,000</b>	<b>1,100,000</b>	<b>9,700,000</b>	<b>132,650,000</b>