



UN HABITAT

THE STATE OF ARAB CITIES 2012

CHALLENGES OF URBAN TRANSITION

ARAB CITIES SHOULD COOPERATE, NOT COMPETE

Kuwait, 6 May 2012: Arab cities and nations should cooperate to more strategically position themselves in a globalizing world, advises UN-Habitat's new report, *The State of Arab Cities 2012: Challenges of Urban Transition*.

The Arab region is one of the least integrated of the world in terms of trade because economic complementarity between Arab countries is under-utilized, while infrastructures and urban functions remain uncoordinated at the regional level. There is an urgent need for greater intra-Arab cooperation to strategically position its cities in this globalizing world.

Cities are the economic muscle of any nation. The industrial and services sectors of the Arab nations that contribute 92 per cent of the GDP, for instance, are largely concentrated in its urban areas. As the region's major cities are increasingly becoming the centres of extended metropolitan regions or mega-urban regions concentrating the bulk of the economic activities, Arab states' governments have started to develop policies to channel investments into their secondary cities in an effort to improve rural-urban economic linkages and better spread development across their countries. Although these policies are very effective, they have the draw back that they are mostly confined to the national territory.

"Today, in our globalizing world, national boundaries have become less meaningful than during previous centuries", says Dr Joan Clos, UN Under-Secretary-General and Executive Director of UN-Habitat. "Information and communication technologies and vastly improved mobility have assured that, today, the global economic context is at least as important as the national one. Therefore, countries can no longer afford remain exclusively inward looking and actually benefit from taking notice of what is happening across their borders."

The oil producing Arab nations, in preparation for the post-oil era, have started to diversify and open up their economies for investments. Although their outlook is international for investment purposes, they are geographically not yet going 'global' by stimulating domestic knowledge-based economies and regional financial centres to better integrate themselves into the global economy.

At the same time, important urban transformations are taking place throughout the Arab region. The number of cities is growing and existing cities are rapidly getting larger and larger. In this process two new urbanization models are emerging: extended metropolitan regions and urban development corridors. The former consists of a large city and its surrounding towns and villages that operate as a single regional urban system, and the latter is a group of cities in a linear ribbon shape along and connected by transportation networks.

It is especially these linear urban development corridors that have potential to improve regional economic integration because the transportation networks at their core not only connect cities, but also neighbouring countries. Urban development corridors are now rapidly emerging in the Arab region as part of its overall urbanization trend and because national policies to stimulate secondary cities increasingly link up rural and urban areas. These urban corridors are now also starting to stretch across national boundaries, effectively creating the very regional infrastructures to connect the economies of the region's countries. It is exactly these trans-national networks that, in principle, create the conditions for economic integration, as long as trade and custom procedures are streamlined simultaneously.

Increased flows of people, capital and goods across national boundaries can bring huge economic benefits as it increases the market geography of the nations they connect. However, they also bring new competition if countries market the same product or services. For instance, as the emerging road networks along the south Mediterranean coast promote regional interaction, they can also reveal economic and functional duplications. It will raise questions like: Does each Southern Mediterranean country need its own and fully-equipped maritime

container port or should there be regional functional cooperation? Rather than duplicating economic functions, it may very well be more cost-effective to agree on regional cooperation and create one or two large maritime container handling ports serving the Magreb and part of the Mashreq.

Several Gulf Cooperation Council countries pursue the development of economic activities in identical sectors. This will inevitably lead to over-supply of the same services and unnecessary competition for investment capital and markets. The Council should therefore carefully explore how many functional copies of Dubai or Doha are required for the financial services, knowledge cities and media centres the region needs. Arab cities would be better off seeking cooperation and complementary practices rather than competition. The key to better urban economies is Arab cooperation and integration through regional agreement and complementary policy on urban functionality, and regional coordination of logistical and other infrastructures in joint-Arab and global contexts.