Occasional Paper 5

ISLAMIC DEVELOPMENT BANK

Exploring Trade Complementarities Among the IDB Member Countries

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The findings, interpretations, and conclusions expressed in this Paper are entirely those of the author. They do not necessarily represent the views of the Islamic Development Bank and its member countries.

Preface

The underlying theme of IDB's efforts to promote economic cooperation among member countries is based on strengthening and enhancing trade ties, particularly through its trade financing schemes and related technical assistance. The trade financing operations of the Bank are covered under a number of different windows: Import Trade Financing Operations (ITFO), Export Financing Scheme (EFS), Islamic Banks Portfolio (IBP), and Unit Investment Fund (UIF). During 1420H, net trade financing approved operations increased by 8 percent and stood at about US$ 1, 086 million. The Bank is also participating in OIC-level efforts to increase intra-trade by about US$ 4.0 billion annually during the next three years starting from 1420H. Another key intervention of the Bank has been to support various WTO-related technical assistance programs in member countries.

The Board of Executive Directors of the Bank has a continuing interest to build greater trade ties among member countries. It requires analyzing different dimensions of dynamics and constraints to enhancing trade ties among member countries. During 1419H, the Bank prepared an Occasional Paper entitled *Capacity Building for Promotion of Trade and Intra-Trade in IDB Member Countries*. The Paper basically argued that building specific types of institutional and skill capabilities at the national and regional levels is required in order to bring about quantitative and qualitative improvement in their trade relations. This year, the Board suggested to the Bank to prepare an Occasional Paper on the subject of trade complementarities as one of the documents to be distributed during the twenty-fifth Annual Meeting of the IDB Board of Governors to be held in Beirut, Lebanon, in November 2000. The present study attempts to address issues of competitiveness of the tradable sector and to provide a landscape of complementarity-related trade flows in member countries. This required collation of large set of disaggregated trade and related data from a number of international institutions.

The credits for the completion of this study go far and wide. Foremost are my colleagues in the EPSP Department who provided me with necessary encouragement to complete this study. In particular, my colleague Dr. Abdul Lateef Bello read the "zero" draft of this study and made many valuable comments and suggestions as well as assisted me in dealing with computer-related tantrums on many occasions. Also, I am grateful to my colleague Br. Fauzan Islam for initiating me in the database management capabilities of the MS Excel without which the study could not have been completed within the envisaged time. I am also grateful to members of the Policy Review Committee and Policy Committee in IDB for many useful comments and suggestions on the first draft of this study.

I am grateful to Dr El hassane Hzaine, Director of Studies and Training Department and his colleagues at the Islamic Center for Development of Trade,

Casablanca, Morocco. They willingly provided me with many hours of useful discussions and necessary materials related to the subject of this study.

I am truly grateful to Dr Arunas Butkevicius, Central Statistics Section (UNCTAD) for sparing his valuable time in attending to my request for provision of necessary trade data. In fact, Dr Butkevicius comes closest to being the co-author of this study, of course, without any professional responsibility. In my data collection endeavour, I was supported by Mr. Nigel Alington of Aon Group Limited, U.K., Dr Rouben Indjikian (Head, Trade Finance Facilitation, UNCTAD) and Madam Aurelie Von Wartensleben (Senior Economic Affairs Officer, UNCTAD). While in Geneva, Dr Joerg Mayer of the Division on Globalization and Development Strategies (UNCTAD) provided me with many useful insights on the subject. My friend, Syed Habib Ahmed (Pakistan Mission, Geneva), not only made me feel at home in Geneva but greatly facilitated my interaction with officials of the UNCTAD and WTO.

While in the World Bank, Dr. Julia Devlin of the Africa Region, and Dr. Francis K. T. Ng of the International Trade and Trade Policy guided me to the relevant trade literature and data. Their insights helped me to understand better the key regional trade integration issues faced by the Middle-East and the sub-Saharan African countries. At the International Monetary Fund, Dr Abdelali Jbili, Assistant Director, Middle East Department, Dr Dustin Smith and Can Demir of the Policy Development and Review Department helped me to obtain publicly available relevant data on computer files and to gain access to the Joint WB-IMF Library. I am also grateful to my friend, Dr. Marcelo Olarreaga of the International Trade Development Research Group, World Bank for many after-office hours of discussions and for hosting me in his office during my sojourn in Washington, DC.

Needless to say, none of the distinguished persons mentioned above are responsible for remaining errors in this Occasional Paper.

Finally, I am particularly grateful to my family who during the last three months provided me with support and willingly demanded less time after office hours. Their understanding greatly helped me to complete this study.

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Abbreviations

ASEAN	Association of South-East Nations
CIS	Commonwealth of Independent States
COMESA	Common Market for Eastern and Southern Africa
ECO	Economic Cooperation Organization
ECOWAS	Economic Community of West African States
ERP	Effective Rate of Protection
EU	European Union
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GNP	Gross National Product
ICDT	Islamic Center for Development of Trade
IIT	Intra-industry Trade
IMF	International Monetary Fund
MCs	Member countries of the IDB
MENA	Middle-East and North Africa
MFN	Most Favored Nation
OECD	Organization for Economic Cooperation and Development
OIC	Organization of the Islamic Conference
RCA	Revealed Comparative Advantage
SITC	Standard Industrial and Trade Classification
UDEAC	Union Douaniere des Etats de l'Afrique Centrale
UNCTAD	United Nations Conference on Trade and Development
WB	World Bank
WTO	World Trade Organization

Executive Summary

The study is motivated by three major concerns. First, many member countries sought to address challenges of dichotomous process of globalization-regionalism through engaging themselves in regional trade integration arrangements. Secondly, many member countries during early-1990s experienced a major shift in economic development strategy resulting in embracing of market reforms and structural adjustment. Thirdly, there is a widely held belief that since the economic and production structure of most member countries is similar, at least at the regional level, the potential for enhancing intra-trade is limited. To what extent this belief is true? This is the core question that this study seeks to address. The potential of trade complementarities is conceived as a means to create business synergy at the regional level. This can be achieved by examining possibilities of forging selective regional alliances – *strategic regionalism* - that deepen international competitive positions by exploiting relative advantages or strengths amongst member countries.

An assessment of the trade liberalization experience and overall macroeconomic incentive structure in member countries suggest the need for authorities to vigorously pursue stable and credible macroeconomic policies. This aspect is vital for exporters' decision concerning development of long-term export business relationship and to invest in productivity improvement measures so as to meet competitive pressures. Moreover, assessment of intra-trade at the regional level relative to its intrinsic potential broadly suggests under-performance – some of the major reasons are related to relatively high tariff and non-tariff barriers especially in manufactured goods and lack of high degree of product complementarity. Many member countries face considerable economic difficulties in organizing trade liberalization within the context of regional preferential trade arrangements. The question then turns to whether it is possible to enhance cooperation through market enlargement in selected trade sectors at the regional level.

The above question is addressed within the context of competitiveness profile, in terms of both *static* and *dynamic* analysis, of trade sector in member countries. Data for forty-six member countries reveals that, excluding exports of crude oil, an overwhelmingly 84 percent of goods exported are accounted by resource- and labour-intensive factor content. This makes the export prospects vulnerable to international terms-of-trade shocks and loss of market shares arising from other low wage competitors. More disturbingly, overall there are 85 percent of total number of sectors in which member countries have comparative disadvantage or lack specialization in international terms. Also, there are only 18 percent of total number of member countries' export sectors that can be considered belonging to the trade complementarity sectors.

The dynamic analysis of competitiveness, in terms of changes in relative positions of export sectors between the period 1985-86 and 1994-95, reveals that, excluding export of crude oil, about 42 percent and 33 percent of member countries' total exports are categorized as *rising stars* and *falling stars*, respectively. Seen from another perspective, about 47 percent of total exports, categorized together as *falling stars* and *retreats*, could well be potentially experiencing a period of adjustment or contraction with adverse economic implications in member countries.

The analysis of trade complementarities flows of member countries with the rest of the world reveals limited opportunity of gains. Excluding Malaysia and Indonesia on account of their relatively high trade integration in the ASEAN region, the complementarities-related trade flows engaged by the other thirty-eight member countries with the rest of the world is estimated at 10.5 percent. The absolute value of trade complementarities of twelve member countries in the West and Central African region is slightly below the value of trade complementarities of Pakistan alone. Similarly, the total trade complementarities of the four member countries in the North-West Africa region is about US$ 1.3 billion less than the value of trade complementarities of the UAE alone.

In order to illustrate issues that are relevant at the regional level in seizing market *opportunities* and addressing issues of market *vulnerabilities*, a stylized discussion of two trade complementarities sub-sectors is provided. In North-West Africa, perfumery and cosmetics sub-sector is a *dynamic* sector with *opportunities* for re-alignment of *competitive* positioning of producers in three member countries. Similarly, in the Middle-East region, analysis reveals that garment exporters are *competitive* in a *dynamic* sector. However, after the anticipated abolition of Multifibre Arrangements by the year 2005, the garment exports in selected member countries in the Middle-East region are faced with market *vulnerabilities* to their *competitive* positioning. Anticipating such developments could well imply organizing orderly *retreat* in the garment sub-sector in the Middle-East region.

This study generated a large trade complementarity data set. Analysis of this data could be useful to trade authorities in member countries to pursue *strategic regionalism* - to commit to a series of selective steps at the regional level with the objective of deepening competitiveness in key complementarity sectors. Strategic regionalism implies achieving market enlargement in *competitive* and *dynamic* trade complementarity sectors that allows producers to profit from relative cost advantage of resources or intermediate inputs and thereby develop regional specialization in niche markets. The key policy initiative to forge greater producers' interdependence at the regional level is the *preferential import tariffs arrangements* levied or imposed only on the foreign value added part of the total value of the imported good. However, the

complexity of administering such special tariff relief arrangements precludes its widespread adoption and, in fact, this possibility bestows its use with a strategic element. The key policy conclusion of this study is that authorities in member countries through policy support can assist producers to potentially achieve competitiveness and regional specialization or producers' interdependence in niche markets. Such policy support ranges from pursuing stable and credible macroeconomic policies, special tariff relief provisions on selected trade complementarity sectors, to skill development programmes of their workforce.

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Chapter One: Scope of the Study

1.1 Introduction

To trade or not to trade – that has never been the question. This is because individuals and groups, be they in the form of tribes or city-states, traded in goods and services in order to maximize gains from exchange. Trade liberalization and market access was achieved mainly through waging wars and conquests of land and resources. With the birth of nation-states in the nineteenth century and experience of the Great Depression in the 1930s, a new mechanism for managing trade among nations in more subtle ways and means was established. This resulted in the creation of a whole array of international institutions, governmental bodies, and associations of producers that are constantly endeavouring to promote, regulate or restrict trade! Before long, economists discovered a niche for themselves, which involves advancing abstractions that highlight the consequences of trade barriers on the welfare of consumers. But a reality check reveals that the true protectors of consumer interests are *arbitragiste*, – some denigrate them as smugglers.

So the question is: what is it about international trade that generates passionate support for, and the opposite, deep-rooted fears of relatively open trade arrangements? The straightforward answer is that it is not international trade *per se* but, more fundamentally, it is the unleashing of potential competition and its consequences, which generate hopes and opportunities as well as expectations of difficulties and losses. Countries can always unilaterally limit competition in the domestic economy by building firewalls of trade barriers. So when countries engage in multilateral trade negotiations to attempt reduction in trade barriers they are essentially seeking exchange of preferences or tolerance for broad-based competition. The question that comes next is: why do countries engage in regional or bilateral negotiations to reach a preferential trading arrangements amongst themselves? The reason is that countries are seeking to improve underpinnings of competitive positioning of their tradable sector through building either *alliances*; i.e. a free-trade area or customs union in which internal trade barriers are eliminated, or *mergers*; i.e. a common market that goes beyond elimination of trade barriers to the unhindered movements of factors in the internal market.

It is not often realized that the information requirements to successfully implement either alliances or mergers in preferential trade areas are huge. For instance, establishing a preferential trade area requires a complex and coordinated rationalization of trade barriers amongst the potential members along with implementing a domestic industrial restructuring policy. The reason is that *trade diversion* requires restructuring of trade barriers in a manner that leads more costly imports from members replace less costly imports from nonmembers, and *trade creation*, in which imports from members replace high-

cost domestic production. In particular, trade diversion potentially requires that different countries' tariffs be adjusted to a common external tariff such that imports from least cost nonmembers are replaced with imports from relatively high cost members. Quite apart from the complexity of such trade negotiations, is it the right basis for countries to underpin the competitive positioning of their tradable sector? Moreover, is this question relevant for the IDB member countries? This study does not attempt to answer this question. The reason is that answering such a question would be a complex empirical undertaking. Also, the value of such an exercise would be of limited value given the context of the IDB member countries. Both of these issues are explained briefly in the next section.

Given the present economic situation of IDB member countries, the study instead addresses the following question: can the identification of trade complementarities amongst IDB member countries form a *natural* basis for forging greater degree of competitiveness of their tradable sector? Trade complementarity - the degree of concordance in the export and import structures amongst group of countries - should not be narrowly understood. Indeed, this study seeks to explore trade complementarities as a means for forging selective alliances that can potentially form the basis for member countries to develop strategies for strengthening or addressing threats or vulnerabilities to their international competitive positions in a variety of goods markets. There are many ways with which vulnerabilities to competitive positions can be addressed. In the context of member countries, building a conducive governance structure and pursuing macroeconomic stability are essential prerequisites. Given the presence of this framework, governments have a strategic role in forging trade complementarities. This requires providing an appropriate incentive mechanism that encourages cross-border production sharing arrangements, which, in turn, is based on comparative advantage consideration during the different stages of production.

The objectives of the study are closely related to the context of the IDB member countries. Many OIC-related institutions have expressed concern over the lack of any significant increase in intra-trade among member countries that has been held at about 10 percent over many years. In this regard, a central theme of many economic cooperation initiatives is to improve the prospect of increasing intra-trade amongst the IDB membership. The motivations of this study, which stems from such concerns, are contextualized in the next section.

1.2 Motivation of the Study

The future challenges facing the IDB member countries (MCs) emanate from two sources. The first set of challenges stems from current economic situation of MCs in the context of some developing countries in Asia and Africa that witnessed unprecedented social and economic transformation and development. Fundamental issues and different aspects of economic underdevelopment in MCs pose a challenge in terms of sustaining commitment to vigourously pursue and implement the domestic agenda of economic and governance reform. The second set of challenges concerns autonomous global developments that confront MCs regardless of their level of economic development. Such challenges are related to different aspects of globalization; from the standpoint of MCs, the key challenge is to develop and sustain socio-economic institutional structures that provide an enabling environment conducive to the functioning of a competitive market economy. However, the ability of MCs to effectively address these challenges is also related to key structural characteristics of their economies relative to their position in the world.

The global integration of economies and the spread of democracy have narrowed the scope for arbitrary and capricious (government) behaviour. Taxes, investment rules, and economic policies must be ever more responsive to the parameters of a globalized world economy. Technological change has opened new opportunities for unbundling services and allowing a larger role for markets. These changes have meant new and different roles for government – no longer as a sole provider but as a facilitator and regulator.

(The World Bank, 1997)

The IDB member countries (MCs) despite considerable share of land, human and mineral endowments suffer from relative economic underdevelopment.[1] The land share of MCs is around a quarter of the world total while the share of the population increased from 16.2 percent of the world total in 1970 to about 20 percent in 1995. The share of MCs in the world labour force increased from 13.6 percent in 1970 to 17.1 percent in 1995. The share of MCs in world output is disproportionately smaller than their share in the world population. In fact, the relative situation worsened over time; the ratio of output share to population share in 1995 was lower than in 1970. The MCs share of output of world metallic minerals and non-metallic minerals in 1995 was 16.8 percent and 9.2 percent, respectively. Given this resource base, the combined GNP of MCs in 1995 was about the same as the corresponding GNP of U.K. or France.

Investment in physical capital and human development are considered as fundamental sources of economic growth and development. While there is some catching-up in the physical investment rate by MCs with the world

[1] For a comprehensive analysis of contemporary economic status of MCs, see Ahmed (1999).

average, there is almost no relative progress in investment in human capital. The GNP per capita of MCs decreased from 23 percent of the world average in 1970 to 21 percent in 1995. This implies that while the GNP per capita of MCs increased over time, its slower growth relative to the world economy led to an increase in the gap. Ahmed (1999) provides further evidence regarding diversity in performance if the membership is divided into three regional blocks in Africa, Asia and Middle East.

Given the economic underdevelopment of many MCs, meeting the challenges of globalization, and instituting needed reforms and capacity-building measures has become especially onerous. For a variety of complex reasons, many MCs found by mid-1980s that the external environment underpinning economic development strategies was rapidly changing leading to unsustainable build-up of external payments pressures. The implementation of needed structural reforms and market liberalization in many MCs was attempted without full appreciation of sequencing of economic reforms, implications of skewed income and wealth distribution, poverty profile, underdevelopment and in some cases, an absence of appropriate social and market-oriented institutional infrastructure. Such major weaknesses in the implementation of economic reforms contributed to relatively high internal cost of structural adjustment, in terms of internal conflicts, debt overhang, difficulties of stabilization and growth, woefully inadequate social and economic institutions to support and assist in the painful process of economic development. For many MCs, such difficulties limited the realization of benefits of greater integration with the global economy through the liberalization of their trade and investment regime.

In order to avoid the risk of marginalization, and to strengthen their relative position to their competitors, developed or developing countries, responded to challenges of the globalization by instituting various types of economic cooperation amongst themselves. The basic motivation is to form partnerships that allow for the creation of synergy leading to an improvement in their competitive position and a spur in the economic activity. More specifically, the motivation for countries to seek regional integration typically stems from the belief that prospects of economic growth would improve for the following reasons:

- Opportunity to exploit scale economies due to market enlargement.
- Individual economies, especially developing countries, need to overcome the limitations of small size and limited physical and human capital.
- Deepening the division of labour or developing niche specialization and skills across the region.

- Attracting foreign direct investment by presenting the region as a stable and dynamic regional market.
- Promotion of regional political cohesion and security aspects.

Clearly, not all partnerships achieve their goals and objectives – some remain on paper as a statement of pious intentions. In the context of MCs, Table A1 provides an illustrative list of cooperation agreements at either bilateral or multilateral levels. The available information on cooperation agreements signed by member countries reveals two interesting features. First, there was an across-the-board surge amongst the MCs to sign cooperation agreements during the 1990s. Secondly, there was a proliferation of overlapping cooperation agreements encompassing countries at the inter- and intra-region levels. This raises the concern of whether it is within the capacity of most member countries to implement effectively the vast array of cooperation agreements. Apart from this, there are two pertinent questions. First, to what extent these cooperation agreements contributed to trade liberalization and improved market access amongst the member countries? Second, in their enthusiasm at signing variety of cooperation agreements, why is it that the OIC Framework Agreement on Trade Preferential System has not yet entered into force? These questions are briefly addressed below.

There are no direct estimates for the MCs as a group that assesses the contribution of cooperation agreements on improving market access. An evaluation of the trade impact of some of the selected economic cooperation arrangements amongst member countries at the sub-regional level is undertaken in Section 3.3 of Chapter Three. However, an indirect inference can be made about the trade barriers amongst the MCs as a group by noting the recent evidence produced by the World Bank on the prospects of South-South trade. The estimate suggest that South-South trade now constitutes about 40 percent of developing countries total merchandise exports as compared to about 20 percent in the 1960s.[2] The average tariff rates in developed countries against imports from developing currently stands at about 4 percent; this average, however, conceals considerable peaks and escalation on exports of developing countries in which they have a comparative advantage. More interestingly, average developing countries tariffs against imports of manufactures from other South countries are considerably higher at about 13 percent. With regard to agriculture trade, in which many developing countries are believed to possess considerable

[2] Source: Trade, Development and Poverty Reduction (2000); Official Paper of the Development Committee, DC/2000-05. Although the footnote in the cover page requests recipients to use the document on a restricted basis and it not be quoted or cited, yet the document itself was accessed through the internet and printed from the homepage of the World Bank.

comparative advantage, the average tariffs imposed by developed countries are at about 15 percent while the average tariffs imposed by developing countries against agriculture imports from other South countries is estimated at about 18 percent.[3] These estimates give a broad indication of the relative height of trade barriers in the North-South and South-South trade – there is no reason to believe that the relative height of trade barriers for the MCs as a group could be any different. Therefore, despite the variety of preferential or cooperation agreements signed by member countries, like the rest of the developing countries, the relatively higher trade barriers amongst the developing countries' has limited the potential generation of economic and business synergy at different regional levels.

Concerning the second question, it is puzzling that there is a lack of progress regarding entry into force of the OIC Framework Agreement on Trade Preferential System. The constitutive part of the Agreement was negotiated in 1991 and signed by 22 countries. The Agreement will come into force after ratification by at least ten member states. By the end of 1992, only six countries had ratified the Agreement and since then there were no further progress. Judged against the enthusiasm in signing cooperation agreements by MCs during the 1990s it is surprising that the OIC Framework Agreement has not yet entered into force. In fact, from one standpoint, attempting to build an OIC preferential trading arrangement is a relatively modest undertaking. After all, such an undertaking only means bringing together fifty-three member countries under a preferential trading arrangement that roughly approximate the size of the U.K. or French economy. Seen from another angle, the entire African merchandise exports in 1995, of which 25 member countries of the IDB in Africa are a subset, was about the same as the Malaysian exports, with a population of 20 million compared to the African population of more than 550 million.[4] However, a critical review of the OIC Framework Agreement suggest that at least in one respect the constitutive part of the Agreement provides strong disincentive to potential gainers from its adoption.

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[3] Early profile of developing countries' tariff protection, both across manufacturing sectors and regions, is provided in Erzan et al (undated) on the basis of available national tariff line information for 1985 and Erzan, Laird et al (undated) for 1981.

[4] See Wood and Mayer (1998, p.60).

Under Article 2.2 of the OIC Framework Agreement, it is stated that participating member countries benefit *equally* from the trade preferential system. This is an illustration of raw economic solidarity since it abstracts from complex considerations of how participating countries could conceivably agree to *what* constitute potential benefits and *how* to distribute *equally* such benefits arising from preferential trading arrangement as well as to take into account tariff revenue losses. Moreover, the experience of compensation measures administered under the preferential trading arrangements among member countries at the sub-regional level, which are relatively less stringent than the OIC Framework, suggest some serious difficulties.[5] In particular, inter-budgetary transfers between countries to compensate for tariff revenue loss runs into financing problems when the contributing countries themselves face stabilization related difficulties. Moreover, since the structure of public finance in most member

OIC Framework Agreement on
Trade Preferential System – Key Features

Article 2 – Aims and Principles

1. Ensuring equal and non-discriminatory treatment among all Participating States;

2. Securing mutuality of advantages to all Participating States in such a way that all Participants benefit equally from the trade preferential system;

3. Exchanging preferential treatment, taking into account the Most Favoured Nation principle, in compliance with time tables and by adopting a step by step approach;

7. Extending trade preferences to all commodities including agricultural and animal products, manufactured or semi-manufactured products;

8. Taking into account the differences in the levels of economic development among Contracting States in granting special treatment;

Article 4 – Negotiations

1. Rounds of Negotiations shall be held by the Trade Negotiating Committee in compliance with its work programme endorsed by the COMCEC;

2. Negotiations are to be carried out in accordance with any or a combination of the following approaches and procedures:

e) Product-by-product negotiations;

) Across-the-board tariff reductions;

e) Sectoral negotiations;

Four) Direct trade measures, including medium and long term contracts.

3. …Preferences stemming from these negotiations shall exclusively accrue to Participating States having ratified documents relating to the results of these negotiations.

Article 18 – Entry into Force

1. This Agreement shall enter into force three months after ten Member States have deposited their instruments of ratification;

Ratification: Indonesia – 1992; S. P. Libyan A. J. – 1992;

[5] See ICDT (undated). This document provides a useful survey of various issues faced by member countries in sub-regional preferential trading arrangements and various possibilities for enhancing trade cooperation at the OIC level.

countries relies more heavily on tariff revenue and less on taxes on domestic consumption, the potential tariff revenue losses would be an even more serious issue in organizing a broader preferential trading arrangement, such as the OIC Trade Preferential System.

To conclude this section, given the economic underdevelopment of many MCs and the challenges of globalization, countries responded by actively building regional integration or alliances. However, there are structural impediments in effectively implementing integration at the sub-regional level that also includes a system of compensation for losses and distribution of integration profits among the participating countries. These considerations are also relevant in attempting to achieve progress with respect to the OIC Framework on Trade Preferential System. Given such constraints, it becomes crucial to explore other aspects of trade cooperation and opportunities that *naturally* lead to the creation of synergy amongst the businesses and economies of member countries. The objectives of the study are designed to investigate such possibilities and to identify an enabling or conducive economic environment that could potentially assist in further developing trade complementarities among the member countries.

1.3 Objectives of the Study

The basic objective of the study is to investigate potential trade complementarities that are based on relative advantages or strengths amongst the member countries. It is argued in the study that intra-industry trade or two-way sectoral trade in similar goods is an appropriate measure of trade complementarities. However, the concept of two-way sectoral trade captures such trade with the rest of the world. The relevant theory suggests that this type of trade complementarities occur among countries with similar factor endowments in a given sector. Therefore, developing a regional frequency of trade complementarity sectors guide the study towards *Exploring Trade Complementarities Among the IDB Member Countries*.

In investigating potential trade complementarities, a key concern is identification of competitive conditions that could form a *natural* basis for forging selective alliances in order to deepen member countries' international competitive positions in selected manufacturing sub-sectors. This requires examination of two distinct, albeit inter-related, aspects of competitiveness profile of the tradable sector in member countries. First, to assess those aspects of recent trade policy developments in MCs that crucially influences the overall competitiveness of the tradable sector. Secondly, and following from the preceding assessment, to investigate competitive positioning of various tradable sub-sectors that can potentially form the basis for enhancing trade complementarities among the MCs. In this setting, the research objectives of the study are divided into two major parts.

The first part of the study is concerned with an assessment of aspects of trade and exchange rate policies that have a bearing on trade performance in individual member countries. Related to this, a survey of intra-trade performance is attempted along with economic constraints to enhanced level of regional trade integration are identified. An examination of these two broad issues provides the necessary perspective to aspects of sectoral-level competitiveness. Such a macroeconomic perspective is necessary since many member countries during the early-1990s experienced a major shift in economic development strategy resulting in embracing of market reforms and structural adjustment. Externally, many member countries sought to address challenges of dichotomous process of globalization-regionalism through engaging themselves in regional trade integration arrangements. An evaluation of evidence concerning intra-trade performance in such regional arrangements is necessary to infer their existing constraints and future potential. These issues are covered in Chapters Two and Three.

The second part of the study is concerned with profiling the structure of export competitiveness in member countries. Calculation of various competitive indicators is carried out at the disaggregated level of trade data, which more appropriately reflects sectoral categorization of merchandise trade. Estimating competitiveness profile of export sectors in member countries is divided into two components. The first component is concerned with calculation and interpretation of *static* measures of competitiveness indicators. Such indicators are related to measuring skill structure or factor content, revealed comparative advantage, and trade complementarity indices of export sectors. Estimation of these indicators is covered in Chapter Four. The second component is concerned with *dynamic* analysis of competitiveness of the member countries' entire export structure. The dynamic categorization of exports in terms of international competitiveness helps to identify opportunities and vulnerabilities, and medium-term prospects of countries' export growth potential. The same approach is used to assess dynamic competitiveness in trade complementarities sector in member countries. The overall assessment of the relevant issues leads to a discussion of policy measures that is termed as strategic regionalism. All these issues are discussed in Chapter Five.

The major empirical content of this study is based on the analysis of merchandise trade of IDB member countries. However, certain member countries have been excluded at various stages of analysis depending on the availability of relevant data. In particular, relevant data for some member countries such as Afghanistan, Iraq, Palestine, Albania, and Suriname are not available in various international sources and publications. Also, relevant data for member countries in the Central Asian region has become available only in recent years. Therefore, analysis of data for member countries in Central Asian region is not consistently undertaken in this study.

Chapter Two: Analysis of Macroeconomic Determinants of National Trade Performance in IDB Member Countries

2.1 Introduction

A liberal trade regime affects economic growth through a number of channels. First, trade openness affects the level and efficiency of investment and growth by aligning allocation of resources in production with factor endowments. It allows also for increase in market size and potentially attracts foreign direct investment. The second channel is the productivity impact which arises when trade openness leads to greater exposure to productivity enhancing knowledge, in terms of diffusion and accumulation of technical knowledge, ultimately leading to an increase in economic growth rate.[6] The third channel is that trade openness obliges and disciplines governments to pursue virtuous macroeconomic and regulatory policies. If the trade openness indeed lead to stable macroeconomic outcome then the prospect for economic growth is improved. Ensuring macroeconomic stability and credibility of policies is the key to quick resumption and sustained private investment response in the competitive sectors of the economy.

To motivate subsequent discussion in this chapter, it will be useful to briefly provide, albeit rather extreme example, of the consequences of distorted macroeconomic policy stance on trade performance. Ng and Yeats (1996) quantify the implication of sub-Saharan African countries' marginalization in world trade over a period of 30 years. In their finding, the market share of sub-Saharan African region in the OECD countries compared to 1962-64 values declined by over 11 percentage points in 1991-93. In value terms, this loss in market share implies an annual trade loss of about $ 11 billion that just also happens to correspond to the OECD official development assistance to the region. According to Ng and Yeats the explanations for this unprecedented loss in market share in world trade are: (a) the region experienced loss in market shares of its major export products that were also themselves of declining importance in international trade. This is an issue that will be thoroughly analyzed in Chapters Five; and (b) trade barriers, both in terms of average tariff rates and nontariff coverage ratio, were among the highest at the regional level.[7]

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[6] Different dimensions of the link between international trade and productivity growth, technology accumulation and diffusion are explored in Choudhri and Hakura (2000), Padoan (1996), and Padoan (1997).

[7] Ng and Yeats (1996) point out that African countries obtained much better terms for market access in the EU or the OECD markets than exporters of similar products from other developing countries. On this subject, further empirical evidence relating to promotion of agriculture exports and the role of transportation costs adversely affecting exports from sub-Saharan African countries, see Amjadi et al (1996) and Amjadi and Yeats (1995).

Another related point is that average tariff protection afforded to African producers was generally 2 to 3.5 times higher than compared to other developing countries whose exports grew the fastest. This placed the domestic producers in Africa at a substantial cost disadvantage vis-a vis their potential competitors in third markets (such as the OECD).

The objective of this chapter is to develop a better understanding of the link between national trade performance and recent trade liberalization policy measures in IDB member countries. An evaluation of this linkage will provide a current perspective on the macroeconomic determinants of export competitiveness in member countries. The remainder of the chapter is organized as follows. In Section 2.2, a comparative evaluation of the performance of the real sector in the post-trade liberalization phase in member countries is provided. In Section 2.3, the same theme is carried over to undertaking the comparative evaluation of the trade sector in member countries. In Section 2.4, key analytical issues regarding trade policy reforms and its impact on trade performance in the context of member countries are discussed. The nexus between exchange rate policy and export competitiveness in MCs is explored in Section 2.5. The final section summarizes the key conclusions of this Chapter. It should be noted that discussion in this Chapter is limited to key and relevant issues in selected member countries. For IDB membership as a group, only broad developments are highlighted and no attempt is made to discuss country-specific issues.

2.2 Performance and Structure of Manufacturing in IDB Member Countries

It is well known that many developing countries pursued import-substitution industrialization strategy that required affording tariff protection to domestic producers against competition from import substitutes. For a variety of reasons, beginning late-1980s many developing countries started to embrace relatively more open trading regime and dismantling of various protective devices in order to generate economic growth from a relatively more competitive manufacturing sector and export expansion. Embracing market reforms and instituting trade liberalization measures entails restructuring of manufacturing industries that had grown behind protective barriers. Such a restructuring in the manufacturing sector can be expected to adversely affect or slow down the rate of economic growth, at least in the initial period of the implementation program of the trade reform package.

In Table A2, data is provided on the average annual percentage growth of output and its related components in IDB member countries for two periods viz. 1980-90 and 1990-97. Except for upper middle-income countries, both low

income and lower middle-income developing countries experienced a slow down in the economic growth rates in the second period.[8] This was principally caused by a lower growth rate of their agriculture output in the case of low income countries and a slump in the lower-middle income countries. More interestingly, for both groups of countries the performance of the manufacturing sector remained buoyant in the second period. For the IDB countries as a group, it can be observed that there was also a slow down in economic growth from 2.8 percent in the first period to 2.3 percent in the second period.[9] However, unlike the other developing countries, the MCs experienced a sharply lower rate of growth in the manufacturing sector.

An assessment of restructuring process in the manufacturing sector of the IDB member countries (MCs) can be better gauged from the data provided in Table A3, which provide information on the structure of manufacturing sector for the years 1980 and 1996. Note that for many MCs, the data on the structure of manufacturing in 1996 is missing. On the basis of the limited information, four MCs; namely, Egypt, Indonesia, Malaysia, and Uganda, had ratio of manufacturing value added in 1996 to 1980, that exceeded 5.7. This growth in value added in the manufacturing can be considered an exceptional performance relative to the averages for middle-income developing countries. There are also 24 MCs for which the available data indicates that the overall ratio of the manufacturing value added in 1996 to 1980 was 2.7. This overall ratio is higher than the average for low income countries and is about the same as the average for the middle income countries. Of these 24 member countries, there are six MCs that experienced increase in the share of textiles & clothing sub-sector, six MCs experienced increase in the share of machinery & transport sub-sector, five MCs experienced increase in the share of chemicals sub-sector, and four MCs experienced increase in the share of other manufacturing sub-sector. Therefore, it can be concluded that expansion in output in key manufacturing sub-sectors in recent years is not widespread in the sample member countries. Given this performance of the real sector, a comparative assessment of the trade sector is undertaken in the next section.

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[8] The classification of low income and middle-income countries is based on the World Bank definition. The data reported for such classification in the annex tables are as reported in the relevant tables of the World Development Indicators, the World Bank.

[9] Strictly, the growth rates in the two periods are not comparable. This is due to the fact that CIS member countries were experiencing economic restructuring or contraction and their data appear only in the second period; thus, it creates a downward bias in the averages of MCs for the second period. The same bias exists in the averages for low income and middle-income developing countries. Therefore, this bias is not an issue when making comparison of averages between IDB MCs and the other developing countries.

2.3 Performance and Structure of Trade Sector in IDB Member Countries

After the analysis of key changes in aggregate output a comparative assessment of the performance and structure of the trade sector in IDB member countries is undertaken in this section. In Table A4, data on MCs is provided with respect to the aggregate performance of the trade sector. Trade openness, as measured by the share of trade sector in GDP, between 1980 and 1996 for low income and middle-income countries' shows an increase of 12 percentage points and 9 percentage points, respectively. For IDB member countries whose trade shares are reported for both 1980 and 1996 in Table A4, trade openness decreased slightly from 70 percent in 1980 to 68.7 percent in 1996. Another important feature of Table A4 is that, of the total of 31 MCs for which the data is reported, there are 19 countries that experienced deterioration in the terms-of-trade between 1990 and 1996. It implies that these 19 countries suffered from a decline in the unit value of their exports or an increase in the unit value of their imports. However, when export performance is measured in terms of growth in export volume, there are 24 MCs that experienced a positive annual growth rate for the period 1990-96. Consider, for example, the case of Bangladesh or Egypt in Table A4. For these 24 countries, this implies that a relative decline in the unit value of exports was more than offset by an increase in the volume of exports. In this sense, more than three-fourth of sample MCs exhibited robust export performance.

In Table A5, information on the structure of merchandise exports in IDB member countries is provided. The table also reveals that between 1980 and 1997 the shares of food, agriculture raw materials, and ores & metals declined while the share of manufactures in total merchandise exports more than doubled. This shift in the export structure is fairly widespread across all the MCs, including the oil-exporting member countries. The data can be broadly interpreted to imply that relative to 1980 there is greater domestic value addition and conversion of basic materials as manufactured items in the 1997-export structure of member countries. The data on the structure of merchandise imports in MCs is provided in Table A6. The table reveals that between 1980 and 1997, except for fuels, the overall import structure in MCs did not undergo major shifts. More interestingly, out of the 21 MCs for which the data is provided in Table A6, only five and two member countries in the African region and Middle-East region, respectively, experienced decline in the share of manufactures in their total merchandise imports. In general terms, an increase in the import share of manufactures is usually considered indicative of improved prospects of economic growth.

To conclude, for the member countries as a group, there is an apparent robustness in the performance of the trade sector during 1990s – a period that is characterized by intensification of competitive pressures of globalization.

However, the slow down of the manufacturing sector, which was noted in section 2.2 above, does not provide a firm basis for sustaining an improved export performance of MCs as a group in the medium-term. In the next section, an analytical perspective on trade liberalization measures is developed. Such an analysis will help to develop the implications of the recent trade policy developments and the stance of exchange rate policy on the export competitiveness prospects in member countries.

2.4 Analysis of Trade Policy Reform in Selected Member Countries

The key trade policy instrument is the tariff regime, which affects both the cost of inputs to intermediate producers and affords protection to producers of final output. By affecting the profitability of producers in the traded goods sector, the tariff regime crucially influences the resource or investment allocation decisions in the economy. Trade liberalization implies tariffication of quantitative restriction, lowering the mean and dispersion of tariff regime (i.e. a neutral tariff regime), removal of non-tariff barriers, and dismantling of state trading monopoly in key commodities. The objective of such trade liberalization measures is to improve economic growth prospects by bringing about re-allocation of investment resources from the non-tradable sector to the tradable sector. However, trade (or current account) liberalization is only one component in the overall design of economic reform package.

The realization of intended benefits of trade liberalization is very much connected to its place or sequence in the implementation programme of other macroeconomic policies that seek reduction in fiscal deficit, liberalization of domestic financial markets, flexible management of exchange rate, and liberalization of capital account. There is no particularly prescribed route for economic liberalization and its sequencing; these issues crucially hinge on each country's details of key economic characteristics.[10] In Tables A7 and A8, available information on trade barriers in IDB member countries is presented. Rather than attempting to describe key features of these two tables, generic implications of trade liberalization on economic performance for member countries in the African region and selected cases of recent trade policy developments in individual countries are illustrated below.

During the period 1980-88, there were some 34 sub-Saharan African countries that obtained World Bank's structural adjustment loans and attracted 25 percent of its total financing.[11] Similarly, there were 30 countries in the sub-

[10] In the literature, successful or otherwise episodes of economic liberalization are hotly debated in terms of sequencing of the reform package. For a comprehensive survey of conceptual issues related to sequencing the various components of economic reforms, see Chapple (1990).

[11] See Kirkpatrick and Weiss (1997).

Saharan African region that adopted IMF's Structural Adjustment Facility. Trade liberalization and exchange rate adjustments were the key elements of these programs.[12] Kirkpatrick and Weiss (1997) estimate a composite trade liberalization index, consisting of changes in the share of imports in GDP; changes in the share of import tariffs in total government revenue; and the average foreign exchange spread between the official and parallel rates. On this basis, the following IDB member countries in the sub-Saharan African region were classified as: *High liberalizer* – Benin, Burkina Faso, Chad, Gambia, and Guinea; *Medium liberalizer* – none; *Low liberalizer* – Mali, Mauritania, Niger, Somalia, Togo, Uganda, Djibouti, Sierra Leone, and Sudan. The average economic performance of the three liberalization categories was compared against each other. In general, the high and medium liberalizers during 1980s tended to perform better in terms of exports and manufacturing growth, and higher export diversification. However, medium liberalizers tended to outperform high liberalizers in growth of GDP and average change in the share of manufacturing to GDP.

In Egypt, the average effective rate of protection (ERP) for manufacturing 21 sub-sectors came down from 215 percent in 1980 to 176 percent in 1986.[13] Yet, despite this reduction in the average tariff protection, the ERPs for exported oriented sectors were inordinately high: spinning & weaving enjoyed a protection of 788 percent; final wear 348 percent; footwear 160 percent; wooden & metallic furniture 296 percent; rubber & plastic products 563 percent; porcelain & ceramics 214 percent etc. Subsequent trade reforms reduced the maximum MFN tariff from 100 percent in 1991 to 40 percent in 1998.[14] The simple average MFN tariff fell from 42.2 percent in 1991 to 26.8 percent in 1998. Clearly, these trends indicate that overall protection granted to Egyptian producers has significantly declined. However, compared to 1991, tariff dispersion in 1998 has gone up. In 1998, the simple average tariff rate for agriculture & fisheries stood at 18.5 percent (with a range between 1 – 40 percent); mining stood at 10.9 percent (with a range between 3 – 40 percent); and manufactures, excluding tobacco & alcoholic beverages, stood at 21.3 percent (with a range between 0 – 135 percent). In this context, some of the key industries such as textiles & clothing, automobiles, and beverages still enjoy pre-reform level of tariff protection.

In Bangladesh, appropriate sequencing of trade reforms could have been followed by first moving from quantitative restrictions to tariffication and

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[12] For details on developing countries trade regimes before liberalization, trade reform programmes, and the structure of trade regimes, see IMF (1992; p.44-46).

[13] See WTO (1992a, p.109).

[14] See WTO (1999b).

then lowering of average tariff rates and rationalization of its structure. [15] Instead, all of these measures were implemented simultaneously without adequate institutional reforms of trade governance structures that would have addressed pervasive government controls. In 1992, the simple average statutory rate of duty stood at about 120 percent while the simple average operative rate of duty (i.e. after taking into account tariff-related exemptions, duty drawbacks and refunds) was about 71 percent.[16] This discrepancy between the statutory duty and operative duty indicate the scope for administrative discretion and malpractice in the implementation of the customs administration.

The Tunisian manufacturing sector enjoyed considerable effective rate of protection (ERP).[17] In 1980, the ERPs stood at 242 percent, which by 1989 declined to 87 percent. In particular, in 1989 manufacturing sub-sectors such as machinery & electrical, textiles, and chemicals, enjoyed considerable protection at 70 plus percent. In Table A8, the data suggests that while the Tunisian mean tariff for manufactured products remained stable between 1990 and 1998 the range of tariff dispersion went up during the same period.

To conclude, while there is considerable evidence that tariff reforms during 1990s have led to relatively more open trade regimes in member countries there remains substantial scope for further rationalization and reduction in the dispersion of the tariff structure. The economic effects of consolidation and rationalization of the tariff structure should not be underestimated. Rationalization of the tariff structure (that is, reduction in its standard deviation) leads to a relatively uniform tariff structure and that is the first step towards reducing inherent anti-export bias in the tariff structure. Even more important is its positive impact on the competitive behaviour of producers by minimizing incentives to lobby for protection by vested interests. This is because under a uniform tariff structure any attempt to increase protection for one industry will also lead to across-the-board increase in overall protection and thereby yield dispersed benefits.

2.5 Nexus between Exchange Rate Policy and Export Competitiveness

Pursuit of proper aggregate demand and monetary policies that allows for maintenance of stable real exchange rate[18] is a *sine quo non* for bringing about compatibility between current account balance and the external capital

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[15] See Gest and Rahman (1997).

[16] See WTO (1992; p.104).

[17] See WTO (1994a, p.102).

[18] The real exchange rate is based on an index of trade-weighted bilateral exchange rates adjusted for relative inflation differential with a group of countries that are considered to be the country's major trading partners.

flows. In the setting of LDCs, this desirable objective, although easily stated, is considerably difficult to pursue over any given period of time. The effects of real appreciation of the exchange rate are well known: it introduces an anti-export bias in the tradable sector by chipping away the competitiveness of exported-oriented manufacturing firms and making the importation of goods relatively less expensive. Over the medium-term, such a situation usually presents itself as an external sector crisis; i.e. when the widening of current account deficit is no longer sustainable with respect to expected capital flows. In this context, the policy solution is quite simple: to undertake nominal devaluation of the exchange rate of the magnitude that can be expected to restore current account stability. Generally speaking, this policy solution to an external sector crisis is quite often the only route available to restore short-term viability of the current account. The other possible policy options are imposition of direct controls, especially on imports, or in the extreme case declare sovereign default and/or declare unilateral moratorium on debt servicing.[19] Under all policy options, the underlying idea is to quickly achieve short-term stabilization of the external sector through import compression.

Typically economic stabilization programme is supposed to lay the foundation for a medium-term structural adjustment programme. In this context, the desirable goal of maintaining stable real exchange rate remains. The exchange rate policy is then thought of as an instrument of commercial policy for engineering long-term structural economic change in the direction of greater integration with international markets for goods and services. Trade openness and integration is achieved by effecting a shift in relative prices in favour of the tradable sector. Both the theoretical discussion and the empirical evidence point to a variety of possibilities that crucially depend on specific economic structures and related external economic circumstances. For instance, appreciation of the real exchange rate can occur when the prices of key export commodities rise in the international market (the so-called “Dutch disease” effect). In such situations, the instability of the real exchange rate is primarily caused by fluctuations in the terms-of-trade. The task of exchange rate management can be further complicated when an increase in external capital flows lead to an appreciation of the real exchange rate. Another source of instability in the real exchange rate can occur in the presence of formal or informal wage indexation

[19] Within IDB membership, the most recent and vivid example of such difficulties is provided by the experience of Kazakhstan. In late 1998, Kazakhstan suffered two major external shocks – slump in international oil prices and Russian ruble devaluation. The Kazakhstan tenge became significantly overvalued in real terms; against ruble the real appreciation was by about 68 percent, and against all trading partners by about 19 percent. The tenge was defended with bans on imports of foodstuff from Russia and prohibitively high tariffs on imports from Kyrgyztan and Uzbekistan. After debilitating loss in foreign exchange reserves, the tenge was eventually allowed to freely float in April, 1999. Source: Shatz and Tarr (2000).

mechanisms. In this case, the nominal devaluation of the exchange rate can lead to a ratcheting up of domestic inflation, thereby offsetting a change in relative prices. These and other possibilities can cause instability in the real exchange rate thereby hampering the growth of the tradable sector and export diversification. Such considerations are in an important manner linked to the sequencing of the economic reform package. The upshot of this discussion is that policy reforms and liberalization of the trade sector are unlikely to succeed in an environment of high rates of inflation because they cause instability in relative prices. This reduces the information content of policy-induced changes in relative prices rendering it ineffective to changing the incentive structure in favour of the tradable sector. The difficulties encountered in reconciling principles of exchange rate management with interpreting evidence on performance of real and trade sectors is illustrated below.

During the 1980s, many of the African LDCs adopted flexible exchange rate policies and experienced major shifts in real exchange rates. In a study by Kirkpatrick and Weiss (1997), countries with greatest depreciation of the real exchange rate (more than 50 percent) showed poor export performance while countries with real appreciation or low depreciation of the real exchange rate tended to exhibit superior export performance. Similarly, regression results did not find significant relationship between real exchange rate changes and change in export diversification, manufacturing growth, and change in the share of manufacturing in GDP. Adjustment of the real exchange rate is central to the policy-reform package and these results that are contrary to the conventional wisdom for the African LDCs is surprising. Kirkpatrick and Weiss advance two major explanations for results contrary to expectations that are worth noting here. First, an appreciation of the real exchange rate rather than reflecting inappropriate domestic policies may actually reflect favourable circumstances. For example, favourable external shocks like terms of trade improvements or increased inflow of external aid will tend to appreciate real exchange rate. Similarly, weakening of external circumstances or adverse internal shocks such as drought may cause real depreciation of the real exchange rate. Within the sample of African LDCs, evidence is found for positive correlation between countries experiencing real appreciation or modest real depreciation and the lower rate of terms-of-trade decline. In other words, the causation may be running quite the opposite – higher export growth may cause an appreciation of the real exchange rate, and vice versa. Secondly, export concentration of African LDCs is in primary and natural resource based commodities. Taking into account the import-intensive nature of manufacturing in African LDCs, there is a greater possibility of real depreciation causing contractionary supply-

side impact on the growth prospects.[20] Moreover, concurrent adjustment of the nominal exchange rate by a number of African LDCs could have resulted in terms-of-trade losses due to their export concentration in primary and unprocessed products.

2.6 Exchange Rate, Trade Reforms and Export Performance in Member Countries

There is an important connection between changes in the exchange rate and tariff reforms that has implications for the incentive structure in the tradable sector. An assessment of this connection can be made by measuring the so-called anti-export bias. The anti-export bias index is defined as the ratio of the effective exchange rate on exports (after taking into account export duties and subsidies) and the effective exchange rate on imports (after taking into account the import tariffs). Andriamananjara and Nash (1997) empirically demonstrate the importance of this link – when currency devaluation are also taken into account along with the lowering of tariff regime, there was little change in the overall macroeconomic incentive structure to produce import substitutes. That is, the anti-export bias in the tradable sector remained relatively unchanged. This link was especially strong in the early stages of the trade liberalization phase since it typically also involves large depreciation of the real exchange rate.[21] An attempt is made to bring together movements in real exchange rate and the progress on trade reforms in order to assess their impact on export performance in Charts A1 to A17. However, there are a number of points worth noting regarding construction of Charts A1-A17.

The choice of sample member countries is limited to those for which the real effective exchange index is reported in the International Financial Statistics (IFS) of the IMF.[22] A negative percentage change in the index reflects real depreciation of the exchange rate and vice versa. The time series on the

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[20] Shafaeddin (1994), in the context of African LDCs, finds similar lack of relationship between changes in the real exchange rate and export growth, and measures of export and output diversification.

[21] Arshad Zaman Associates (1997; p. 106-108) undertake a comparative analysis of Pakistani and Indian trade liberalization episodes undertaken in 1990-91. Aside from analyzing the cushioning impact of real depreciation along with lowering of tariff regime on producers of import substitutes, the lack of co-ordination between fiscal and monetary authorities in Pakistan had an adverse impact on public finance while the income effects of tariff reforms on public finance were gradual in India. India quickly undertook a 40 percent real depreciation while the real exchange rate appreciated considerably in Pakistan. Eventually, further progress on trade liberalization in Pakistan floundered while India achieved macroeconomic stabilization objectives.

[22] The construction of real effective exchange rate indices is briefly described in the IFS Yearbook (1999; p. 963). Zanello and Desruelle (1997) describe the methodology and the data used to compute IMF's nominal and real effective exchange rate indices.

average (unweighted) tariff rates in member countries was obtained from the data reported in Ng and Yeats (1999) and used as a proxy, albeit a poor one, to measure progress in trade liberalization in member countries. Ideally, the export performance should be measured in terms of changes in the export volume index. Such an index controls for terms-of-trade impact on national export performance. The export volume index was reported for a few member countries. As an alternative, changes in the export values were also used to proxy for national export performance. Even in this case, there were some oil-producing MCs that did not report total exports net of crude petroleum exports. The data on export volume index or the export values of member countries was obtained from the IFS. Finally, it should be noted that given these limitations and frequent data gaps, econometric testing of expected relationship for the sample countries was judged to be inappropriate.

Despite the above limitations, these Charts do convey some key messages regarding the interaction between exchange rate policy and trade reforms and their impact on national export performance. Charts A1-A7 bring together such an interaction for oil-producing member countries of the IDB. For this group of countries, major tariff reforms appear only in the case of Algeria; however, further discussion is precluded due to data limitations with respect to export performance. In the case of Iran, there are episodes of sharp real depreciation and real appreciation of the exchange rate; however, no data is available on tariff reforms during the period. In the case of Saudi Arabia, the data reveals a policy preference for maintaining a competitive exchange rate. Beginning from 1987, Saudi Arabia instituted a gradual escalation in average tariff rates to what can be considered at moderate levels. It would seem that, in the case of Saudi Arabia, maintaining a competitive exchange rate and increasing tariff protection to a moderate level had the effect of dampening the instability in the growth rate of non-oil exports.

The same interaction for member countries in the African region is depicted in Charts A8-A15. In the case of both Morocco and Tunisia, the tariff reforms are characterized by a degree of instability. Moreover, the data reveals a policy preference in both the countries for maintaining a competitive exchange rate. The export performance, in the case of both Morocco and Tunisia, is measured in terms of growth rates of export volume index. For these countries, the export performance is characterized by a degree of instability. Therefore, it would seem that despite maintaining a competitive exchange rate the instability in tariff reforms caused the export sector to perform rather erratically.

The case of two member countries in the Asian region (see Charts A16 and A17) is interesting. In the case of Pakistan, beginning from 1986 the average tariff rates were gradually lowered over the entire period along with the policy stance of maintaining a competitive exchange rate. Although the

instability in export performance (measured in terms of changes in export volume index) is present, its amplitude seems to be correlated with the margin of real depreciation of the exchange rate. In the case of Malaysia, beginning from 1986 the lowering of average tariff rates, which were already at moderately low levels, was accompanied by more than offsetting real depreciation of the exchange rate. That is, the magnitude of the real depreciation of the exchange rate more than restored "implied" overall protection rates to domestic producers that were available under the tariff regime. Therefore, it can be observed that up to 1995 the Malaysian export performance was characterized by relative stability in the export growth rates.

To sum up, both the exchange rate and import tariffs are key macroeconomic variables that directly affect profitability of producers in the tradable sector. Any change in these variables will affect the relative profitability of producers during the period of economic reforms. Admittedly, the above analysis is not technically rigorous, but it suggests the following two key messages. First, pursuing either trade reforms or maintaining competitive exchange rate independently is unlikely to produce and sustain the desired export performance. Secondly, the magnitudes of changes in tariff protection and real depreciation do matter for sustained improvement in export performance. The overall message is that there must a greater coordination between fiscal and monetary authorities, and sustained commitment to trade liberalization must exist in order to elicit an improved export performance.

2.7 Conclusion: Assessment of the Overall Trade Incentive Structure

For member countries, responding to challenges of globalization entails undertaking economic reforms and instituting trade liberalization measures. During the period of structural adjustment, it is important to remember that producers in the tradable sector in the first instance face and respond to changes in the overall incentive structure emanating from key macroeconomic variables. This Chapter seeks to develop a better appreciation of the implications of recent trade liberalization measures in member countries in order to assess the overall competitiveness of the tradable sector.

Many member countries have already experienced major episodes of trade liberalization and flexible exchange rate system, although, in some cases such measures are still tentative. In overall terms, member countries during 1990s have exhibited robust trade performance as compared to the preceding decade. However, the relative slow down in the growth of the manufacturing sector during 1990s in member countries suggest that the substructure of sustaining improved export performance is rather tenuous. On the basis of limited evidence, it seems that the macroeconomic incentive superstructure with respect to the tradable sector is relatively unstable in member countries. If, indeed, this is a widespread phenomena across the entire membership then a protracted, and potentially wasteful, period of structural adjustment in the

tradable sector can be expected to continue. An unstable macroeconomic incentive structure provide the producers in the tradable sector strong disincentives from developing long term export business relationship and investing in productivity improvement measures in order to meet competitive pressures.

Chapter Three: Trade Complementarity – Meaning, Trends and Regionalism

3.1 Introduction

This Chapter has twofold objectives. First, it seeks to highlight key theoretical concepts that are relevant to study the dynamics of trade complementarities. The conceptual discussion related to estimation of trade complementarities is presented in Section 3.2. Secondly, a review of empirical trade-based literature that uses relevant concepts is undertaken. This literature review is further expanded in Section 3.3 not only to illustrate the use of relevant concepts but to also provide results of such trade studies that broadly focus research on member countries. In this regard, an attempt is made to highlight aspects of member countries' trade policy that are concerned with regionalism and then to assess intra-trade performance and trends in trade complementarity at the sub-regional level. Therefore, this Chapter provides the conceptual underpinnings to the detailed empirical estimation of sectoral-level trade complementarities and its competitive positioning in Chapters Four and Five.

3.2 Conceptual Issues Related to the Measurement of Trade Complementarity[23]

In order to understand trade complementarity, it is important to briefly consider the theoretical underpinnings of the determinants of international trade. It is suggested that *inter-industry trade* refers to international exchange of dissimilar goods based on comparative advantage considerations such as variations in factor endowments, factor intensities in commodity production, and international differences in labour productivity that is associated with the use of different types of technologies.[24] These considerations produce rankings of sectoral comparative advantage generating a particular trade pattern whereby, for instance, labour-abundant countries tend to export labour-intensive goods, such as clothing, and capital-abundant countries tend to export capital intensive goods, such as automobiles.[25] The definition and related discussion of revealed comparative advantage index is provided in the Technical Annex.

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[23] In this section, conceptual discussion of various indices is mostly derived from Yeats and Ng (2000) and Bowen, Hollander and Viaene (1998).

[24] See Markusen et al (1995; p. 203-206).

[25] Wood and Mayer (1998, p.3) point out that, in recent variants of Heckscher-Ohlin trade theory, capital (physical or financial) as a factor endowment is now omitted because of its highly mobile characteristics and that differences in capital intensity among sectors do not underpin differences in comparative advantage among countries. For a survey of theoretical literature on new trade and endogenous growth theories and their implications for trade policies in LDCs, see Mayer (1996). In the same context, Mayer (1997) undertakes empirical analysis for 79 developing countries.

The underlying notion to estimate trade complementarity is based on comparing the commodity structure of production and trade between two countries.[26] The degree of bilateral trade complementarity is inferred by estimating a coefficient of commodity correspondence between the export (i.e. supply) structure of one country and the import (i.e. demand) structure of the partner country. This coefficient of trade commodity correspondence is compared with similarly estimated production commodity correspondence coefficients of two partner countries. Such a comparison potentially corresponds to exploring either the North-North or the South-South type of trade complementarities. In contrast, the North-South type of trade corresponds to inter-industry trade whose empirical derivative is estimating RCA indices. Attention is then focussed on the case where two countries have strong similarities in production structures and some level of reciprocal trade complementarities. As a broad generalization, intra-industry trade (IIT) indices for a country captures sectoral-level trade complementarities with rest of the world. The definition and related discussion of IIT index is provided in the Technical Annex.

In contrast to inter-industry type of trade among countries, *intra-industry trade* or simultaneous importing and exporting of similar goods is observed to occur among countries with relatively similar factor endowments and technologies. The explanations of the existence of intra-industry trade are based on distinct set of considerations. For those products where shipping costs form a relatively higher proportion to their market value coupled with the geography of large countries could lead to formation of localized markets that cut across national borders. If preferences are heterogeneous, then two-way trade can be generated when consumers see imported goods and similar domestically produced goods as imperfect substitutes. For those manufactured products that are characterized by strong production scale economies and relatively limited size of domestic market, the result will be two-way trade in similar goods at lower costs. Furthermore, if aspects of product differentiation combine with scale economies in manufactures, then through intra-industry trade a country reduces the number of goods it produces while the product variety to domestic consumers is increased. Scale economies accrue when fewer

[26]See Panchamukhi; and Beers and Linnemann (1991). Like the former study, the later study proposes two alternative measures of commodity correspondence between exports of a country and the imports of another country. Such measures of trade complementarity are not only cumbersome to estimate but are based on static trade structures at a given point in time. Moreover, without making a distinction between inter-industry and intra-industry trade and combining developing countries in their study in some form of implied regional groupings, it is not surprising that authors conclude that, in the context of enhancing South-South trade potential, "the short-term impossibility to replace a large part of their imports of manufactures from the North by similar imports from the South."

variety of goods are produced at a larger scale, with higher productivity and lower cost. Finally, the operations of multinational firms that engage in multiple-country sourcing of parts to manufacture a product at different locations can also lead to two-way trade in similar goods.[27,28]

Reductions in the cost of moving goods, and especially information, have encouraged the shipment of semi-manufactures between production sites. The production of labour intensive goods is increasingly mobile, with low fixed costs, easily separable production steps and high value-to-weight ratios…Stores in the United States buy plastic toys from Hong Kong produced in China based on raw materials shipped from Malaysia. Integrated chips are fabricated and etched in the United States, assembled in Mexico and re-exported to the United States for final sale…Producers constantly search for low cost suppliers. India was the largest supplier of unfinished shoes to the United States but has been displaced by the Dominican Republic…This international division of labour lay at the heart of East Asia's success in exporting manufactures.

World Bank (1992; p.31)

There is a vast empirical literature that seeks to explore trade patterns, based on the classification of inter- and intra-industry trade flows, and to identify the relative significance of different determinants. For instance, it was found that trade in manufactures of member countries grew rapidly after the formation of the European Common Market, indicating that product differentiation, scale economies, and industrial rationalization tend to accompany economic integration among similar countries.[29] Empirically, it is observed that growth of IIT is positively associated with membership in a regional trade association (i.e. lowering of trade restrictions), the existence of common national borders, per capita income and the openness of an economy.

3.3 Trade Performance among Member Countries in Sub-regional Trade Preferential Arrangements

There is a vast literature that evaluates the welfare impacts of countries that joined regional preferential trading arrangements.[30] In this section, evaluation of trade performance of MCs in the context of sub-regional trade

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[27] In the context of industrial re-structuring of the former states of the USSR, a relatively recent interest is concerned with the linkage between foreign direct investment, intra-industry trade performance, emergence and importance of "new" export products, and "redirection" of traditional exports. Hoekman and Djankov (1996) analyze these issues for the former Eastern European countries of the Soviet bloc. A similar process or linkage may also be underway in the case of the CIS states of the IDB member countries.

[28] It is estimated that intrafirm trade within the largest 350 multinational firms during early 1980s contributed to 40 percent of world trade (see World Bank, 1992; p.33).

[29] See Balassa (1966, 1986).

[30] For a brief survey of key PTAs in developing countries, see Foroutan (1998; p.13-20). For a survey of conceptual issues related to economic consequences of regionalism, see Winters (1996).

preferential arrangements is discussed in three dimensions. Some of the key policy features of preferential trading arrangements at the bilateral level, particularly amongst member countries, are highlighted in sub-section 3.3.1. The analysis of trends and economic determinants of intra-trade flows among member countries are discussed in sub-section 3.3.2 while an analysis of economic determinants of trade complementarities among member countries is presented in sub-section 3.3.3. These three sub-sections together, on the basis of available information, provide a comprehensive analysis of policy and economic issues connected with intra-trade flows amongst the MCs at the sub-regional level.

3.3.1 Recent Trade Policy Developments at the Sub-regional Level

In Table A1, an illustrative list of various preferential trading arrangements in which member countries participate is presented. Even though this information is incomplete, there is clearly a vast array of bilateral and overlapping preferential trading arrangements in which MCs participate. The possible implication of such arrangements leading to complex implementation issues was pointed out in Section 1.2. The discussion below provides a selected country-specific narration of recent trade policy developments that is mainly concerned with preferential trading arrangements. The purpose of describing relevant country-specific trade policies is to help develop the necessary perspective on assessing intra-trade flows at the sub-regional levels. The availability of relevant WTO's county reports entitled "Trade Policy Review Mechanism" primarily guided the choice of the following countries: Tunisia, Egypt, Pakistan, selected CIS countries, Malaysia, Benin, Senegal, and Guinea.

Tunisia negotiated a variety of preferential trade-related bilateral and multilateral agreements.[31] Principal trade agreement is, of course, the EU preferential treatment to Tunisia on a non-reciprocal basis.[32] Tunisian duty-free imports from the Arab Maghreb Union (AMU) countries, after peaking in 1985 at 7.2 percent of total imports declined to 4.3 percent in 1992. Imports by Tunisia under its various preferential bilateral agreements with African and Middle-Eastern countries amounted to 6.2 percent in 1992. At the same time, Tunisian imports under MFN treatment from the European Union increased from 67.9 percent in 1985 to 71.2 percent in 1992.

Egypt is a signatory to Common Market for Eastern and Southern Africa (COMESA) and the Greater Arab Free Trade Area (GAFTA).[33] Under

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[31] For details of such agreements, see WTO (1994a, p. 42-45).

[32] See Hoekman and Djankov (1996) for detailed discussion on the economic impact of the European Union's Mediterranean Free Trade Initiative negotiated with the Maghreb countries.

[33] See WTO (1999b; p.xxii).

GAFTA, Egypt provides a 10 percent reduction on MFN tariffs for goods originating in the region. Additionally, there are bilateral trade agreements with respect to imports from Jordan, Lebanon, Morocco and Tunisia. In the case of Lebanon, imports of fruits are allowed duty-free entry on seasonal basis. For imports from Morocco, tariff exemptions on fish, agricultural products, metals, bulk drugs and textile products are provided while gradual tariff reductions on other imports are applied.

As of 1995, Pakistan concluded "goodwill" type of bilateral trade agreements with 36 countries. ECO members, under the separate Additional Protocol, agreed to grant each other a 10 percent tariff reduction in import tariffs on selected items. Pakistan, as part of this commitment, provided preferential tariff to imports on 16 product groups from other ECO members.[34] In 1993-94, the relevant Pakistani tariff rates for these 16 products ranged from 20 to 90 percent. According to the WTO report, given the limited number of items involved in tariff reductions and the limited scope of tariff reduction, the trade effect of tariff preferences to ECO-related imports by Pakistan is not expected to be substantial.

Since the break-up of the former USSR, it is estimated that trade in volume terms among the twelve countries of the Commonwealth of Independent States (CIS) may have dropped by as much as 50 percent.[35] In order to mitigate the adverse consequences of collapsed trade, the CIS countries established a Free Trade Area while Belarus, Kazakhstan and Russia decided to establish a customs union in 1995 which the Kyrgyz Republic also later joined in 1996. In this context, Michalopoulos and Tarr (1997) point out that the significant long-term consequences of joining such preferential trading arrangements is that producers have an incentive to remain locked in traditional technologies and inefficient production structures. Thus, the potential to develop competitive tradable sector in CIS countries will be difficult to achieve.

In 1995, intra-ASEAN trade accounted for 27.2 percent of Malaysian exports and 17.4 percent of its imports. In this context, Malaysia provides tariff preferences to imports under the ASEAN Free Trade Area (AFTA) Agreement.[36] In 1997, the simple average AFTA tariff rate was estimated at 6.9 percent while the average applied MFN tariff stood at 10.2 percent. Authorities in Malaysia expect that AFTA tariff rates will be reduced to 2.58 percent in 2000 and 1.97 percent in 2003.

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[34] See WTO (1995; p.25).

[35] See Michalopoulos and Tarr (1997).

[36] See WTO (1997a; p.47).

Before the introduction of the IMF's structural adjustment programme in 1989, Benin's trade policies were heavily oriented towards state control with a highly distorted tariff protection structure and a serious anti-export bias.[37] Benin's trade with Nigeria constitutes about a quarter of GDP, much of which is carried outside the official sector. In particular, it is estimated that about 20 percent of Benin's food output is exported informally to Nigeria while tobacco and textile products are the other major products in the informal cross-border trade. Benin's import structure also reflects its entrepôt characteristics whereby goods imported officially in Benin are smuggled in the next stage to neighbouring countries. The major export item is ginned cotton, which is estimated at about 52 percent of total exports in 1996 and is mainly exported to Brazil, Morocco and Portugal while the other export item, cashew nuts are exported to the EU, the US, and India.[38]

In the case of Senegal, it is estimated that the size of the informal sector activities could be as high as two-thirds of its GDP.[39] High levels of trade and related taxes that reached up to 115 percent provided powerful incentives to shift activities outside the government control.

The Republic of Guinea is a member of the Economic Community of West African States (ECOWAS), member of Mano River Union along with Liberia and Sierra Leone, the African Economic Community, and bilateral trade agreements with some 40 countries.[40] The ECOWAS treaty provides for, in the first stage, elimination of all non-tariff barriers, and in the second stage, a customs union scheduled for establishment in the year 2000. However, non-observance of reciprocity principle by member countries led to difficulties in achieving progress towards the establishment of customs union.

In 1997, Guinea concluded a bilateral trade agreement with Morocco, which provides for products originating in two countries to be exempted from tariff duties. By LDCs standard, Guinea's tariff rates are considerably lower – in 1998, the simple average tariff rate stood at 16.4 percent with a standard deviation of 2.6.[41] This indicates that average duties vary little between various groups of products. Within this tariff structure, the most protected are industries related to food while the least protected are non-electric machines and transport equipment industries.

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[37] See Chia and Gayi (1997).

[38] See WTO (1997b; p.12).

[39] See WTO (1994b; p.8).

[40] See WTO (1999a; p.22).

[41] The values for average tariff rate needs to be interpreted along with information on its standard deviation. Still, the effect of average tariff rate on integration will vary; given the domestic production structure, it will depend on which goods are taxed at high or low rates.

3.3.2 Trends in Sub-regional Intra-trade Flows

Yeats (1998a) estimates that, over the seven years, intra-trade amongst the sub-Saharan African countries rose from 8.6 percent to 12.1 percent in 1995.[42] The two major African regional groupings; namely, ECOWAS and UDEAC, did not contribute to increase in this intra-trade – in fact, it either remained static or even declined. Furthermore, when two groups of sub-Saharan African were separately formed, in terms of West and East African countries, it emerged that there was virtually no trade contact between the two groups of countries. It appears that lack of appropriate trade related infrastructure (such as road and rail links) could be an important constraint to expansion of trade between the two sub-regions.

The same point was noted by Kirkpatrick and Weiss (1997; p.39) for the sub-Saharan African region as a group and countries that belong to different regional groupings. Kirkpatrick and Weiss estimate indicate that intra-trade is a fraction of each country's total trade and has stayed constant over the years. However, Kirkpatrick and Weiss note that recent trade liberalization measures and reform of the exchange rate policy in sub-Saharan African countries has created necessary conditions for realizing potential economic gains from trade. They, however, advocate the policy of "open regionalism" to help in actually realizing such gains by setting common external tariffs at the level of least protective member and seeking reduction of non-tariff barriers and other impediments to trade at the regional level.

[42] Yeats (1998a) analysis of intra-trade in sub-Saharan Africa was based on the IMF's Direction of Trade Statistics (DOTS) data.

In order to expedite the creation of Arab Common Market, the Agreement for Facilitation and Promotion of Intra-Arab Trade among the member states of the Arab League was negotiated in 1981 and entered into force in 1982. In the context of this agreement, Zarrouk (1992; p.153) suggests that product-by-product approach to trade liberalization without time schedule for completion of the negotiating stages has proved to be a slow and cumbersome process. Also, the lack of compensation scheme arising from tariff revenue losses and restructuring costs of inefficient industries also contributed to the slow speed of intra-Arab trade liberalization process. As pointed out by Zarrouk (1992; p.172), import substitution and infant industry protection policies were fundamentally responsible for preventing the realization of potential gains from an increase in intra-Arab trade. Some of the other sub-regional groupings, such as the Gulf Cooperation Council established in 1981 created free trade area, and the Arab Maghreb Union established in 1989 achieved duty-free treatment for selected product groups originating from its member countries.[43] Instead, Zarrouk (1996a; p.92) advocates the creation of a free-trade area of all Arab countries because unlike other sub-regional groupings that tend to possess similar comparative advantage and are often competitors, a larger grouping of countries offers the prospect of differing comparative advantage in different product groups and to exploit scale economies. However, recent empirical analysis

Road transportation is a very important intra- regional mode of transport for passengers and freight in many MENA countries…To identify the most common regulatory barriers to cross-border movement of trucks in MENA countries the author sent a questionnaire to the relevant official authorities in Egypt, Jordan, Lebanon, Saudi Arabia, Tunisia, and Yemen. The compiled results reveal the following:

- **Foreign trucks may not drive on weekends and public holidays in all of the surveyed countries;**
- **Visas may be denied to professional drivers of certain nationalities (GCC countries);**
- **Paperwork requirements may be changed without prior notification (all of the surveyed countries);**
- **Foreign trucks unloading in a country must return to their country of origin without cargo (all of the surveyed countries);**
- **There are fiscal charges and other surcharges on road transport, e.g. excise duties on foreign diesel trucks, road usage fee, safety passage fees, etc. (Egypt, Jordan, Lebanon, Tunisia, and Yemen);**
- **Enforcement of technical regulations for weights and dimensions applied to foreign trucks (all of the surveyed countries);**
- **Special permit regulations apply for foreign refrigerated trucks (Lebanon, Jordan).**

Zarrouk (2000)

[43] Interestingly, data on weighted tariff rates for 1981, 1988, and 1990 reported in Zarrouk (1996b; p.334) reveals that, except for the UAE, all other members of GCC increased external tariff rates while countries such as Jordan and Egypt considerably reduced protection afforded under their tariff regime.

undertaken by Al-Atrash and Yousef (2000) does not support the arguments advanced in favour of Pan-Arab Free Trade Area.

Al-Atrash and Yousef (2000) point out that attempts to promote intra-Arab trade resulted in its increase from about 5 percent in 1975 to about 8 percent in 1998. Like Zarrouk (1996a), Al-Atrash and Yousef (2000) also state that despite many attempts to promote intra-Arab trade, its performance is unimpressive relative to the growth of intra-regional trade in other regional preferential trade arrangements (see the Table 1 above). In particular, in 1975 Andean Pact countries[44] had a lower share of intra-trade compared to the Arab countries. But, by1998, intra-trade of Andean Pact countries was 50 percent higher than the intra-trade of Arab countries. Also, note that countries that have similar or relatively dissimilar factor endowments – such as the EU and the NAFTA, respectively - have much higher level of intra-trade compared to the Arab countries. But, interestingly, the level of intra-trade at the sub-regional

Table 1: Indicators of Intra-Arab Trade - 1998

	Exports by:				
	Arab countries	Maghreb countries	GCC countries	Selected Mashreq countries	Other countries
Exports to:	(Intraregional exports, as percent of exports to world)				
Arab countries, *of which*	8.2	4.9	7.7	22.7	12.5
Maghreb	1.4	3.1	0.6	3.3	0.0
GCC	4.6	0.4	5.5	10.2	7.5
Selected Mashreq	1.8	1.4	1.2	8.6	0.1
Other	0.4	0.0	0.4	0.6	4.9
	(Intraregional exports, as percent of exports to Arab countries)				
Arab countries, *of which*	**100.0**	100.0	100.0	100.0	100.0
Maghreb	16.7	**63.2**	7.7	14.7	0.1
GCC	56.6	7.6	**71.4**	44.9	59.9
Selected Mashreq	21.8	29.1	15.6	**37.7**	0.8
Other	4.9	0.1	5.2	2.7	**39.3**
Trends in Intra-Regional Trade (as share of total exports in the region)					
	1975	1980	1985	1990	1998
All Arab countries	4.9	4.5	7.8	9.4	8.2
Andean Pact countries	3.6	3.5	3.1	4.0	11.4
Southern Cone countries	11.1	14.3	6.7	10.6	25.5
NAFTA	34.6	33.6	43.9	41.4	51.0
European Union	57.7	60.8	59.2	65.9	56.8

[44] According to Foroutan (1998), the Andean Pact was established in 1969. In its initial years, the Pact had limited impact on the trade orientation of its members. During 1990s, renewed efforts by member countries of the Pact transformed the Group into a relatively open and liberal regional bloc. In terms of trade intensity indices, these efforts to transform the Group had a strong impact on the intensity of their internal trade.

level among the Arab countries is exceptionally high. In the top panel of the Table 1, the bold numbers represent the share of sub-regions' intra-trade in the overall intra trade amongst the Arab countries. This evidence suggests that either trade barriers are significantly lower at the sub-regions' level than for the region as a whole or that there exist important structural differences that leads to greater intra-trade at the level of sub-region.

The cross-section econometric analysis presented by Al-Atrash and Yousef (2000) seeks to explore the determinants and the potential to increase intra-Arab trade.[45] The results suggest that potential intra-Arab trade is about 10-15 percent higher than its current levels and that Arab countries' with common borders tend to trade more with each other. But, more surprisingly, their analysis suggest that, relative to the trade potential of each sub-region, countries belonging to GCC and the Maghreb region tend to trade less amongst themselves as well as with outside countries. The opposite is true for Mashreq countries – despite the absence of any regional preferential arrangement, and relative to their trade potential, the Mashreq countries exhibit both higher trade at the sub-region level and with the outside world. Data on weighted tariff rates for 1981, 1988, and 1990 reported in Zarrouk (1996b; p.334) reveals that, except for the UAE, all other members of GCC increased external tariff rates while countries such as Jordan and Egypt considerably reduced protection afforded under their tariff regime. Therefore, one could possibly conjecture that a broad-based trade liberalization strategy also has an important influence in promoting regional trade integration.[46]

In analyzing the potential of intraregional trade amongst the MENA (Middle East and North Africa) countries, Havrylyshyn (1997) provides estimates of trade intensity and trade complementarity indices for Algeria, Morocco, Tunisia, Egypt, Israel, Jordan, Syrian Arab Republic, and Turkey. On the basis of 1995 data and excluding Israel, the trade intensity index ranged between Algeria at 2.52 and Lebanon and Syria at about 10.50. Compared to the Latin American countries, these estimates of trade intensity index are substantially lower. The reasons for comparatively lower intraregional trade in the MENA region are attributed to the following factors: high tariff and nontariff barriers at the regional level; high trade costs, including transport and administrative procedures; and lack of high degree of product complementarity

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[45] The econometric analysis is based on 18 Arab countries and 43 other countries that cover 90 percent of trade emanating from the Arab region. The equations are estimated for the average 1995-97 values.

[46] The estimation and ranking of trade protection regime in the MENA countries is comprehensively undertaken by Oliva (2000). Combining information on trade regimes provided by Oliva and sub-regions's intra-trade performance would be a complex undertaking well beyond the scope of the present study.

or similar comparative advantages. The estimates of trade complemenatrity index for the MENA region (i.e. including Israel and Turkey) at 0.45 are comparable to NAFTA at 0.56 and the EEC at 0.53. Excluding Israel and Turkey, the trade complementarity index for MENA region is estimated at 0.27, which is similar to Mercosur region, estimated at 0.29, and higher than sub-Saharan Africa, estimated at 0.09.[47] The conclusion reached is that there exists some potential for enhancing intra-regional trade since markets can be found for each country's selected exports within the region itself.

Before closing this sub-section, it should be noted that similar empirical analysis for member countries in the Asian region, particularly the ECO bloc, does not exist in the trade integration or regionalism literature. This gap in literature is a potentially an interest area for future research.

3.3.3 Trends in Intra-industry Trade at the Sub-regional Level

The conceptual basis to estimate trade complementarities was discussed in Section 3.2 above. The centerpiece of this study is to explore trade complementarities; i.e. intra-industry trade, amongst the member countries and to develop a framework for determining their competitive position in international merchandise trade. Such an analysis will be developed in Chapters Four and Five. In this section, the objective is to sensitize the reader with respect to empirical evidence and economics of intra-industry trade concerning North-North and South-South type of trade.

In Table 2, evidence concerning intra-industry trade (IIT) in 1990 among advanced industrial countries is presented below.

Table 2: Industrial Countries: IIT by Commodity and Country - 1990

	Canada	Germany	Japan	S. Korea	U.K.	U.S.A.
Fuels	73.1	31.8	4.7	11.9	99.9	30.7
Chemicals	92.8	75.8	99.0	50.6	89.9	75.0
Industrial machinery	62.5	45.6	35.5	26.9	89.7	91.8
Computers	46.3	74.7	39.0	68.4	95.3	99.8
Automobiles	79.7	58.7	26.0	10.1	62.3	37.5
Clothing	24.1	52.1	0.2	0.2	60.7	17.3

[47] See World Bank (1995; p.20-21).

Precision instruments	48.9	71.6	70.4	37.6	91.6	67.7

Source: Markusen (1995; p.234).

Given the above data, note that both Germany and U.K. tend to have high IIT values. This reflects their geographical proximity and membership of common trade preferential arrangements. Both these countries also have large percentage of IIT in clothing trade reflecting substantial cross-border trade in fashion. In terms of IIT values across commodities, note that chemicals, computers, industrial machinery, and precision instruments tend to have substantial two-way trade, reflecting influence of product differentiation and scale economies. For most industrial countries, IIT values for clothing is relatively small indicating that there is a comparative disadvantage in labour-intensive goods.

Evidence concerning comparative intra-industry trade indices involving member countries in the Middle-East region and other major regional groupings is presented in Table 3 below.

Table 3: Comparative IIT Indices by Regional Groupings

	IIT: Total Manufactures			Arab Countries		European Union	
Regions	1984-86	1992-94	**Products**	1984-86	1992-94	1984-86	1992-94
Arab Countries	0.159	0.250	Chemicals	0.311	0.457	0.890	0.916
Industrial Countries	0.876	0.878	Basic manufactures	0.161	0.266	0.865	0.891
Mercosur	0.428	0.519	Machinery & tranprt. equip.	0.049	0.103	0.846	0.879
Andean Pact	0.237	0.290	Misc. mfg. goods	0.200	0.437	0.883	0.878
APEC	0.874	0.903					
E.U.	0.860	0.886					
NAFTA	0.687	0.773					

Note: The thirteen Arab countries are Algeria, Bahrain, Djibouti, Egypt, Jordan, Kuwait, Morocco, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, Tunisia, United Arab Emirates.

Source: Havrylyshyn et al (1997).

In Table 3 above, the Arab countries as a group compares unfavourably with other regions such as the NAFTA and the EU, which have already implemented preferential trade arrangements, as well as the APEC, which is in the process of formulating regional cooperation arrangements or the Mercosur region that has a comparable per capita income levels.[48] However, the Arab region shows an increase of 0.091 basis points over the period 1984-86 to 1992-94 compared to the 0.053 basis points for the Andean Pact countries. The second panel of Table 3 above shows that, except for chemicals, Arab countries doubled their IITs in other selected categories of manufactures. However, the IITs of Arab countries in these selected categories of manufactures are still far less than the IIT values attained by the European Union countries.

For the Arab region, Havrylyshyn and Kunzel (1997) conducted a cross-country econometric analysis of determinants of intra-industry trade. They found that IIT levels are significantly lower than one might expect, given their per capita income levels. Within the Arab region, the distinction between the oil-exporting and non-oil exporting countries for the purpose of estimating IIT levels is inconsequential since many oil-exporting countries diversified their production in derivative products and chemicals that tend to exhibit high IIT indices. At the same time, econometric estimation yields relatively larger values to the coefficients for trade orientation and exports of manufactures. That is, if the Arab countries take trade liberalization measures and diversify their industrial base, then significant economic gains can accrue especially through specialization in existing industries. An important related finding is that IIT levels of the Arab region are higher for trade within the Arab region and for trade with developing countries. This result suggests that enhancing intra-regional trade provide an opportunity to reinforce competitiveness of high IIT sectors in the Arab region.

Zarrouk (1992; p.165) points out that, between 1981 and 1988, the share of consumer goods in total Arab trade increased from 19.5 percent to 30.5 percent while its share in intra-Arab trade remained static at about 20 percent. At the same time, the share of chemicals in intra-Arab export structure rose from 11.0 percent in 1981 to 21.6 percent in 1988 while its share in total Arab trade remained static at about 18 percent. As part of the 1981 Intra-Arab Trade Facilitation Agreement, preferential tariffs are applied on imports of intra-Arab imports of raw materials and agricultural products but most of the manufactured goods of Arab origin are excluded from the preference scheme. Therefore, such protection of manufactured goods in many Arab countries could have prevented increase of the share of consumer goods in intra-Arab trade.

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[48] The Mercosur was created in 1991 as a customs union consisting of Argentina, Brazil, Paraguay, and Uruguay. Since 1996, Bolivia and Chile have become associate members.

3.4 Conclusions

This Chapter discussed key concepts related to the measurement of trade complementarities. Given the *economic* context and objectives of this study, an appropriate measurement of trade complementarities amongst member countries would be based on the estimation of sectoral-level intra-industry indices. A review of evidence concerning member countries' aspects of trade policy suggested considerable efforts or attempts to infuse dynamism in sub-regional preferential trading arrangements. While there is evidence of an increase in intra-trade amongst MCs at sub-regional levels, there is considerable under-performance both with respect to their own intrinsic potential and other similar sub-regional arrangements among developing countries. Some of the key impediments, suggested by the review of relevant literature, are desire of governments to maintain protection of selected sub-sectors in manufactures, reluctance to undertake broad-based trade liberalization measures, and transportation-related barriers. A literature review of recent research shows that, based on specialization and diversification of manufacturing base, there is some scope to build trade complementarities among member countries in the context of regionalism.

Chapter Four: Competitiveness and Complementarity Profile of Exports in Member Countries

4.1 Introduction

In Chapter Two, an assessment of the impact of recent trade liberalization measures and flexible exchange rate system on the competitiveness and performance of the tradable sector in member countries was undertaken at the level of key aggregate macroeconomic variables. In this Chapter, however, attention will be focussed on examination of key aspects of export competitiveness in member countries on the basis of intermediate-level of disaggregated export data. The analysis is organized to capture broad patterns in the underlying structural characteristics of the export sector in member countries. To be specific, three structural aspects of export competitiveness are examined. First, classification of factor intensities of member countries' exports and their implications for trade and development policies are presented in Section 4.2. Secondly, pattern of comparative advantage and trade complementarities of member countries' exports are analyzed in Section 4.3. Thirdly, dynamic analysis of overall export performance and competitiveness, based on disaggregated data, is undertaken in Section 4.4. These three structural aspects of the export sector will help to delineate the scope for further developing trade complementarities among the member countries.

4.2 Profile and Analysis of Skill Structure of Exports

In Section 3.2 of Chapter Three, it was suggested that international trade in dissimilar goods is based on comparative advantage or specialization that stems from the use of factor intensities in line with a country's factor endowments. While there are many countries exporting manufactures the broad tendency is that production of skill intensive and value added goods are located in developed countries and the production of labour intensive and low value added goods is located in developing countries.[49] In order to infer the underlying basis of comparative advantage, it is useful to develop a profile of factor intensities of merchandise exports of member countries. In this regard, an analytical perspective of key issues that emerge from recent research in this area is presented.

4.2.1 Profile of Factor Intensity of Exports

The distribution of factor intensity of merchandise exports of member countries is presented in Table A9. The two-year average 1994-95 export data is obtained from the COMTRADE database at the 3-digit SITC, Rev. 2 classification system. The two-year average is used to reduce the influence of a

[49] Wood and Mayer (1998; p.63).

single-year outlier. The details of technological classification scheme of factor intensities – resource intensive, labour intensive, scale intensive, differentiated, and science-based – are presented in Tables A9.1 and A9.10.[50] The entire export structure of each member countries' was classified into primary factor intensity of production and grouped into the following five categories: resource-intensive; labour-intensive; scale intensive; differentiated goods; and science-based.[51] This product categorization seeks to highlight the main economic benefits and competitive position that are likely to accrue from trade. Trade in resource- and labour-intensive goods brings resource allocation of factors of production in line with a country's comparative advantage. Scale-intensive goods allow firms to increase plant size and lower costs, thereby improving their competitive positioning. Differentiated goods increase choices or varieties to consumers as well as allow firms to produce on a large-scale, thereby lowering production costs. Firms producing science-based goods seek to increase market size in order to spread their relatively high fixed R&D investment costs. It also allows for rapid product development and its diffusion.

In Table A9, the overall distribution of factor intensity of merchandise exports for 46 member countries, for which the relevant data is available, reveals dominance of resource-intensive exports. Excluding exports of crude oil, an overwhelmingly 84 percent of goods in the entire export structure of member countries are accounted by resource- and labour-intensive goods. This overall distribution of factor intensities suggests that export structures of member countries are broadly aligned with their *static* basis of comparative advantage. There are, however, significant regional variations in the distribution between resource- and labour-intensive goods in the export structure. Except for member countries in the Mediterranean region, the other MCs in the African and CIS regions exhibit a still higher dominance of resource-intensive goods in the export structure. In the Middle-East region, about 33 percent of goods exported can be classified as labour-intensive. However, this average for the region partly stems from the relatively high concentration of labour-intensive goods in the export structure of Pakistan and Turkey. Also, scale-intensive goods in the export structure of Bahrain, Jordan, and Turkey are important; ranging from about 17 to 20 percent of their total exports. The average distribution for the South and South-East region is primarily driven by resource-intensiveness in the export structure of Brunei Darussalam, Maldives, and

[50] Wood and Mayer (1998) propose and employ a potentially relevant and richer classification of SITC codes in terms of low-skill manufactures, high-skill manufactures, processed and unprocessed primary products further sub-divided in terms of dynamic and static agricultural products. Considering the narrow scope of the present study, the computational task was deemed excessively demanding.

[51] OECD (1992; p.152) originally proposed such a classification system.

Indonesia. Bangladesh's labour-intensity in its export structure is about 74 percent, which is only next to Pakistan – the only two countries in the entire membership to exhibit such a concentration of labour-intensive export goods. The distribution of factor intensities of Malaysian exports can be considered as an outlier with respect to all the other member countries. Malaysia is the only country in the entire membership with relatively higher concentration of its exported goods in the differentiated and science-based categories accounting for about 21 percent and 35 percent, respectively. The only other country amongst the MCs is Jordan with science-based exports accounting for 16 percent of its total exports.

To conclude, it can be seen that, on the basis of average 1994-95 export data, resource- and labour-intensive goods dominate the member countries' export structure. In the next sub-section, the implications of such an export structure for selected member countries are analyzed.

Selected Asian Countries' Manufactured Exports by Technological Categories (% Shares)

	Malaysia		Bangladesh		Taiwan		Thailand		India		Sri Lanka	
	1980	1992	1980	1994	1980	1994	1980	1992	1980	1994	1980	1992
R-b	11.0	5.4	14.3	9.4	9.4	6.8	53.9	20.1	26.5	28.7	19.7	13.4
L-i	18.4	17.4	84.9	90.6	53.9	32.7	28.4	38.3	55.4	49.6	73.6	78.2
S-i	4.9	5.3	0.7	0.0	9.4	13.9	4.3	5.6	11.2	17.1	6.8	5.8
Diff.	60.1	29.6	0.1	0.0	23.7	30.9	13.4	15.7	4.1	1.2	0.0	1.4
S-b	3.8	42.3	0.0	0.0	3.6	15.8	0.0	20.3	2.8	3.4	0.0	1.1

Note: R-b: Resource-based; L-i: Labour-intensive; S-i: Scale-intensive; Diff: Differentiated; and S-b: Science-based.

Why this concern with the skill structure of exports? After all, it may be argued that 'exports are exports' and their competitive basis is irrelevant as long as they exist and grow. This may be facile, since the skill (and technology) base affects both the sustainability of export growth as well as the beneficial spillovers that result from export activity. Low skill products are inherently more vulnerable to the entry of new competitors, since scale economies and technology requirements tend to be low and the main competitive advantage lies in low wages. They are also more vulnerable to substitution by other products and by higher quality versions. Their 'learning' potential is limited, and they tend not to create skills and technical knowledge that has wider applications in other industries. All this is on top of the risk of high dependence on a very narrow range of products.

Lall and Wignaraja (1998; p. 37)

4.2.2 Analysis of Factor Intensity of Exports

During the 1970s, resource-based products dominated Malaysian exports. The principal export products within the resource-based categories underwent structural change. From the key export products of the colonial era, like tin and rubber, Malaysia became the leading producer of palm oil, cocoa and pepper.[52] By 1980s, Malaysia's export earnings from petroleum and timber exceeded all other export items, including manufactures. From a position of manufactures accounting for about 32 percent in 1985, its share in total exports rose to about 78 percent in 1994. These historical developments in the Malaysian export structure indicates that first of all there was a diversification in the range of resource-based primary commodities followed by relatively higher exports of value added manufactures. In the case of Indonesia, the shares of labour-intensive and resource-intensive products as percentage of total manufactured exports in 1980 were 57 percent and 24 percent, respectively. By 1993, these shares did not shift in a perceptible manner: the shares of labour-intensive and resource-intensive products as percentage of total manufactured exports were 58 percent and 28 percent, respectively. The contrast in the export structure of Malaysia and Indonesia illustrates the differences in the development strategies adopted in the two countries. In Malaysia, the government captured more effectively resources or rents from the resource-sector, particularly petroleum and palm oil. These rents from the resource-sector were re-invested to finance expansion of manufactures. In Indonesia, on the other hand, the government deployed resources to promote agriculture, in particular rice cultivation. Besides expanding domestic market through agrarian development, it helped to keep down wage costs. The general point is that various development strategies were deployed, to a large extent in Malaysia and to a limited extent in Indonesia, to first effect a diversification in resource-based sector, and then to a shift in production and export of labour-intensive, and then skill-intensive sectors. A more thorough analysis of these related issues as well as lessons for developing countries in general, and for sub-Saharan African countries in particular, is provided in Jomo and Rock (1998) and Rasiah (1998).

[52] The statistics quoted here are reported in Jomo and Rock (1998; p. 6,21).

A major study by Wood and Mayer (1998) extensively analyses constraints to stimulating African exports stemming from factor endowments. They point out that the features of human and natural resources are quite unique to Africa as compared to other regions of the world. Africa has a poor skill level and extensive natural resources relative to the size of the population. This is in contrast to East Asia (high skill level and relatively low natural resources), South Asia (low levels of both skill and natural resources), and Latin America (high levels of both skill and natural resources). On this basis, empirical evidence supports the linkage between factor endowments and the structure of African exports; that is, small share of manufactures and the small share primary-processed in total exports, and the low skill levels of African workforce. The study estimated that *should* there be a rapid skill accumulation in Africa, then, over the next two to three decades, the African export structure would resemble that of Latin America. That is, share of manufactures in African export would rise to about a quarter, and share of processed primary products would account for another quarter. With such a faster rate of increase in the skill level of African workforce, it could be expected that the share of unprocessed primary products in total exports presently, at about three-quarters, reduces to about one-half. The authors conclude that, by drawing lessons from the Latin American experience, moderately better skilled African workforce can dramatically bring about greater economic prosperity.[53]

The study attempted to determine if inappropriate trade and governance policies explain the relatively dismal experience of sub-Saharan Africa as reflected in almost all available measures of achievement or economic performance? The evidence strongly supports this proposition. Indices of the quality of local governance show African countries have generally adopt the most inappropriate (restrictive) fiscal, monetary, property and wage policies, and their own trade barriers (including customs procedure that are a major constraint to commercial activity) are generally among the highest of any regional group…The implications of this assessment, and our findings, are that Africa's most pressing economic and trade problems will primarily have to be resolved by Africa itself and not by outsiders.

Ng and Yeats (1999)

[53] In the same context, Nabi (1999; p.194) laments the relatively high unit labour costs (wage costs divided by productivity) of Pakistani workforce because of their low productivity, which, in turn, is due to poor skill endowment. This low skill endowment of workforce acts as a constraint for firms wishing to engage in production of high value added items in the Pakistani textile and clothing sector. Similarly, World Bank (1992: p.36) describes how footwear firms in developing countries can become competitive than their rivals in East Asian countries by adopting best practice techniques in production and management.

4.3 Pattern of Revealed Comparative Advantage and Intra-industry Trade Indices

The empirical estimation of revealed comparative advantage (RCA) index captures the inter-industry trade of goods (see Section A.1 of Technical Annex). If the RCA index is higher (lower) than unity, then a country is said to have a 'revealed' comparative advantage (comparative disadvantage) in a specified good. On the other hand, trade complementarity or intra-industry trade (IIT) index corresponds to the notion of two-way trade in a specified good. The key point to note is that exported goods with RCAs greater than unity represent a form of specialization that is aligned with the country's factor endowments. When the import side is also analyzed, then a country will be observed to exchange *dissimilar* goods with countries whose factor endowments are different – international trade in inter-industry goods. In contrast, intra-industry trade takes place in *similar* goods with countries whose factor endowments are also similar. These considerations have two implications. First, a country's export structure can be broken down in terms of relatively inter- and intra-industry trade. Secondly, the correlation of export structure based on profiles of RCA and IIT indices should be expected to be negative. The reason is that profile of goods with relatively high IIT index would be associated with production of goods based on (say) strong scale economies while profile of goods with RCA is greater than unity would be connected with production of goods based on factor intensities aligned with factor endowments. Thus, the underlying basis of the production structure in the two cases is different.

In Table A10, these ideas are put to test. However, it is important to note some key points about the construction of this summary table. Like Sub-section 4.2.1, the two-year average 1994-95 export data, obtained from the COMTRADE database at the 3-digit SITC, Rev. 2 classification system was used for the purpose of estimation of RCA and IIT indices. The formulas for these two indices are presented in Section A.1 of Technical Annex. The first column panel of Table A10 summarizes data for RCA indices estimated at the 3-digit SITC product or sectoral level. This column is further sub-divided into two categories. For each country, the first category refers to number of sectors with RCA index greater than unity. The second category refers to number of sectors with RCA index less than unity. The second column panel is also further sub-divided into two categories. The first category refers to the number of sectors with IIT index greater than 50 percent while the second category refers to number of sectors with IIT index value less than 50 percent. In order to infer the degree of two-way trade in similar goods, this cut-off value of IIT index at 50 percent is arbitrary, albeit on the generous side. Crucially, note that with this cut-off value the export of crude oil (SITC Rev.2 code 333) is excluded from MCs export sectors. This is also true for other exporters of primary commodities where only one-way trade is usually observed. In the third column panel presents the estimated Spearman's rank correlation value of export

structure of each country based on RCA and IIT indices while the second category refers to the total number of sectors in the export structure of each country. Note that this total number of sectors equals to the number of *common* sectors reported in the first two column panels.

According to the summary data reported in Table A10, of the 46 member countries for which data is available, there are only 15 percent of the total number of sectors in which the countries have a RCA greater than unity. That is, there are 85 percent of the total number of sectors in which the member countries' exports is less than the corresponding world trade share. This implies that for the vast majority of sectors in the export structure, member countries have a revealed comparative disadvantage. In terms of regional distribution, there are no major departures from this overall average percentage distribution. As may be expected, within each region there are countries with significant deviations from the average regional percentage distribution. For instance, the following countries in their respective regions have the highest percentage share of sectors with revealed comparative advantage: Morocco at 22 percent, Gambia at 28 percent, Djibouti at 24 percent, Turkey and Lebanon at about 28 percent, Indonesia and Brunei Darussalam at 22 percent, and Kyrgyztan at 27 percent. These results suggest that broadly there are limited numbers of sectors in which member countries' have a revealed comparative advantage on an international scale. At this stage, it will be useful to present results of recent studies for member countries in the Middle-East and North Africa (MENA) region. In contrast to the present study, the studies by DeRosa (1997) and Yeats (1996) use intra-regional exports and time series exports data to estimate values for RCAs.

DeRosa (1997) estimate the RCAs indices for the MENA countries based on the average 1992-94 trade data and in terms of both international trade and regional trade. For a majority of countries, the petroleum sector appears as the leading sector with the highest comparative advantage. For some individual countries, the other sectors with comparative advantage are clothing, fruits and vegetables, livestock, meats, and dairy products. At the intra-regional level of trade, competitiveness of MENA countries as intra-exporters is measured. Iran, Jordan, Lebanon, Syria, Turkey, Syria, Egypt, and Sudan appear as countries with the highest comparative advantage in the exports of fruits and vegetables at the intra-regional level of trade. Syria, Jordan, Yemen, Mauritania, and Sudan have significant comparative advantage in the intra-regional trade in the category of food and live animals. The results of these studies are in conformity with the dynamic analysis of export competitiveness reported in Chapter Five.

Yeats (1996; p.24-25) tabulates RCAs for the Middle Eastern countries for the years 1970, 1980, and 1992. These RCAs revealed how the pattern of comparative advantage for different sectors has evolved over time. Apart from the petroleum sector, the pattern of RCAs for other sectors where it exceeds

unity suggest that comparative advantage is gradually being eroded. For example, in 1970, Syria and Turkey had an RCA of 9.8 and 19.5 in the food and feeds sector, respectively which in 1992 declined to 2.3 and 5.1, respectively. The same pattern emerges in the case of manufactures by material sector for the following countries: Egypt, Oman, Syria, and the UAE.

In the second column panel of Table A10, the overall percentage distribution suggests that there are about 18 percent of the sectors in which the value of IIT index exceeds 50 percent. That is, there are limited number of sectors in which the two-way trade in similar goods is higher than 50 percent of the total trade in that sector. In terms of regional percentage distribution, the data suggests that in the South and South-East Asia and the CIS regions the number of relatively high IIT sectors is considerably higher than the overall percentage distribution. In particular, Indonesia and Malaysia have about 28 percent and 41 percent of their respective export sectors with IIT values exceed 50 percent. This result may be partly explained by their membership in the ASEAN. Similarly, the relatively high number of sectors with IIT values greater than 50 percent in the CIS region may be partly due to their strong production linkages with the republics of the (former) Soviet Union. Outside these two regions, the percentage share of sectors in the export structure of countries whose IIT value exceeds 50 percent are: Sierra Leone at 37 percent, UAE at 29 percent, Turkey at 28 percent, Djibouti at 25 percent, and Tunisia at 24 percent. These results also suggest that broadly there are a limited number of sectors in the export structure of member countries in which relatively significant volume of trade complementarity exist with the rest of the world.

Finally, the last column panel of Table A10 displays the result of estimated Spearman's rank correlation of the export structure based on the RCA and IIT indices. This rank correlation is calculated by first assigning a rank to each value in a variable in descending order of magnitude. Then correlation is calculated on the basis of ranks. The ranking of export structure is based on RCA and IIT indices that generates two series. A correlation is estimated between these two series. A negative correlation between the two series implies that sectors' that have the highest RCAs have the lowest values on IIT index. The estimated rank correlation shown in Table A10 suggests that there is no correlation in the export structure based on the RCA and IIT indices. This result has important implications. First, it suggests that member countries' entire export structure can be validly classified in terms of inter-industry and intra-industry variety of international trade. Secondly, the underlying bases of the two varieties of exported goods are driven by different production structures. Thirdly, for the purpose of exploring trade complementarities or intra-industry trade, the scope of such an investigation can be narrowed to sectors that exhibit relatively high values of IIT index. In particular, this helps to narrow the range of sectors needed to investigate potential trade complementarities and their dynamic aspects of competitiveness.

4.4 Dynamic Analysis of Overall Export Competitiveness

The analyses undertaken in Sections 4.2 and 4.3 above with respect to investigating aspects of competitiveness and trade complementarities is essentially of static nature. That is, such an analysis of member countries' export structure was carried out at a given point in time. Recall that this Chapter is concerned with analyzing aspects of trade competitiveness at the disaggregated level. Therefore, it will be useful to provide a dynamic analysis of export performance in terms of mapping the influence of external factors, and domestic factors related to export competitiveness and diversification. Such a discussion will also help to motivate the discussion in Chapter Five wherein a framework for "dynamising" sector-level exports competitiveness with potential for enhancing trade complementarities is developed.

In Table A11, the data presented identifies dynamic sources of overall export competitiveness.[54] The Table provides information on the patterns of aggregate export growth arising from expansion in the world demand, from changes in market shares and from performance of export diversification. In order to help in the interpretation of the data, there are, however, few key points to note regarding the construction of Table A11. First, the data is derived from the 3-digit SITC level merchandise exports and covers about 95 percent of world trade in a given year. Secondly, traditional exports are defined as the 10 largest 3-digit sector level or the 75 percent of the total exports whichever is higher. Thirdly, the data covers two periods viz. (a) 1983-84 to 1988-89, and (b) 1988-89 to 1993-94. The same export bundle is used in both the periods. Two years average data is used in each period to minimize the influence of a single-year outlier. Fourthly, by construction the overall annual export growth rate consists of three multiplicative factors. The first factor is the export growth resulting from growth in world demand for each country's traditional exports. The second factor is a country's export growth from changes in its world market share of traditional exports. The third factor, residually estimated, is a country's export from growth of nontraditional exports; i.e. export diversification.

[54] The data presented in Table A11 on MCs is extracted from the Section 5.7, World Development Indicators, 1997; a World Bank publication. For a more comprehensive analysis and identification of broad patterns of export competitiveness, see WDI, 1997 (p.256-259).

The most striking feature of data presented in Table A11 is that, except for Indonesia and Malaysia, growth in exports of nontraditional goods, i.e. export diversification, played virtually no role in the member countries' aggregate export performance in both the periods. In the first period (i.e. 1983-84 to 1988-89), oil-producing member countries' negative aggregate export rate broadly resulted from losses in market share. In the second period (i.e. 1988-89 to 1993-94), for such oil-producing member countries, the recovery in aggregate export performance primarily resulted from expansion in the world demand for their traditional exports. In the first period, both Pakistan and Turkey experienced superior aggregate export performance primarily due to major annual growth rate in world market share of their traditional goods. In the second period, both countries' relatively lower growth rate of aggregate exports partly results from a slower increase in their world market shares of traditional exports. In the case of Bangladesh, superior aggregate export performance in both the periods was due to increasing world market shares in its traditional exports whose world demand also increased. In the case of many member countries in Africa, the pull effect of an increase in the world demand in many cases offset the losses in world market shares of their traditional export goods.

Our findings suggest that countries undertaking export promotion policies should distinguish measures aimed at expanding the export volume of existing exporters from policies aimed at promoting the entry of new exporters. The latter include actions directed at reducing entry costs and uncertainty, such as providing a stable macro and policy environment. If entering the export market is a more significant hurdle for firms than expanding their output once in the market, these entry promotion policies may be more effective at expanding exports than direct subsidies based on the value of exports.

Roberts and Tybout (1995, p.28)

To conclude the discussion in this sub-section, although export diversification has featured as one of the leading issues in the formulation of member countries' trade policies, it had virtually no impact on their recent aggregate export performance. At the level of measuring the basis of aggregate export performance, the key performance indicator is the export competitiveness, measured as the annual growth rate in the world market share of traditional exports. On this basis, there are only five member countries that exhibited consistently positive growth rates in both the periods. For the vast majority of member countries, the fortuitous growth in world demand for traditional goods is required to either reinforce gains or stem losses arising from changes in their world market shares.

4.5 Conclusions

This Chapter sought to develop structural characteristics of export competitiveness and trade complementarities among the member countries. The

key findings relate to the three structural aspects of the export sector. First, goods exported by member countries are dominated by resource- and labour-intensive factors of production. This has implications for trade and economic development strategies. To effect a shift in the underlying production structure towards a higher level of processing and value addition requires changing the domestic sectoral terms-of-trade and accumulation of skills by the workforce. Secondly, the profiles of both revealed comparative advantage and intra-industry indices suggest that there are a limited number of sectors where comparative advantage and trade complementarities exist. Moreover, it is also inferred that such sectors in the two categories are independent of each other. Recent studies indicate that in some selected member countries the degree of export competitiveness is gradually eroding. Finally, a dynamic analysis of overall export performance suggest that fortuitous growth in world demand for member countries' export of traditional goods is required to either reinforce gains or stem losses arising from erosion of export competitiveness. Also, it was inferred that export diversification had no role in bolstering overall export performance.

In overall terms, the above analysis suggests a fairly fragile basis of the competitiveness of the export sector in member countries. Therefore, it becomes imperative to examine the potential of building sectoral-level trade complementarities as a means for deepening competitiveness and increasing intra-trade among the member countries. The next chapter addresses these concerns.

Chapter Five: Dynamising Competitiveness, Identifying Trade Complementarity and Strategic Regionalism

5.1 Introduction

In Chapter Four, an assessment of structural aspects of export competitiveness in member countries was undertaken. In general terms, the skill structure of export in member countries is dominated by use of resource- and labour-intensive factors of production. The key finding is that there are limited number of exports sectors in member countries that are internationally competitive both with respect to inter- and intra-industry trade. This finding is essentially static in nature. However, the important question is: given that many member countries undergone trade liberalization experience during early 1990s, what has been its impact on competitiveness of the export sector? In Section 5.2, this question is answered in terms of dynamic shifts in competitiveness for both for inter- and intra-industry trade sectors in member countries'. Furthermore, trade complementarities are identified and separated from the overall export sector in section 5.3; this allows the analysis to be focussed on key questions related to the significance of trade complementarities in total exports at the countries' and regional levels as well as its international competitive positioning. The analysis in Section 5.4 is primarily intended to benefit trade policy authorities in member countries seeking to respond to challenges of globalization through further enhancement of intra-trade at the regional level. In this context, the desirability of specific policy initiatives designed to deepen competitiveness of key complementarity sectors is also discussed.

5.2 Dynamic Analysis of Export Competitiveness

A dynamic analysis of member countries' positioning of their entire export sectors in world markets provides the basis for inferring their strengths and vulnerabilities. It also identifies the potential sectors where government intervention or support may be desirable. In order to determine the competitive positioning of various export sectors, analysis is undertaken on the basis of changes in a country's world market shares and the international dynamism of each sector over time. The size of the world market share is an indication of the scope for further sectoral growth. If a country is specialized in an export sector that is itself internationally growing or declining then it is an indication of future export earnings potential and its sustainability depends on the changes in its world market share. Combining these two aspects indicates the flexibility and the extent to which the export sector benefited from the dynamics of world trade. The analysis in Chapters Two and Three shows that export dynamism crucially depends on the design of macroeconomic, trade and investment policies. It is axiomatic in the strategic trade policy literature that appropriate government policies and private investment help to maintain strong sectoral

position in world markets, and a weak market position can be improved only by gradually undercutting the underlying basis of competitors' competitiveness. The mapping of these positions of member countries' export sectors is implemented in the following sub-sections.

5.2.1 Methodology and Data

The methodology used in dynamic analysis of export competitiveness is based on classifying international competitiveness of national sector-level exports by grouping them in terms of a fourfold matrix. This matrix is based on estimating (a) whether national exports, at the sector-level, are *competitive* in world markets (i.e. whether the share of country's sector-level exports is gaining or losing in world market) and (b) whether the sectors themselves are *dynamic* in trade (i.e. whether the sectors' share in world trade is rising). The interaction of competitive and dynamic aspects of sector-level export performance gives rise to the following matrix.

Export Dynamism Classification		
	Dynamic: **Share of product in world trade**	
Competitive: **Share of national product export in world trade**	RISING	FALLING
RISING	Optimal/Rising Stars	Vulnerable/Falling Stars
FALLING	Lost Opportunity	Restructuring/Retreat

The national trade policy should be such that it leads to a strategic promotion and concentration of exports in the most desirable category of '*rising stars*' followed by a desirable category of '*retreats*' where policy should provide incentives to restructure; i.e. less investment as well as production in such export sectors. The weakest market position is indicated by '*lost opportunity*' category where national market shares in world trade are falling in dynamic sectors. The undesirable category is '*falling stars*' where national market shares are increasing in non-dynamic sectors indicating vulnerable future export earnings.

In Section A.1 of Technical Annex the revealed comparative advantage (RCA) index was defined as an indicator to infer specialisation in international trade resulting from factor price differences. The RCA index is a *static* measure whereas export classification discussed above is a closely related *dynamic* derivative of the RCA index. A dynamic analysis of comparative advantage can be undertaken by calculating the *shifts* in the profile of factor intensities, as discussed in Sub-section 4.2.1 of Chapter Four, for each of the four export

dynamism categories discussed above. The dynamic analysis of comparative advantage is not undertaken in the present study as the computational task was deemed excessively demanding.

As in Section 4.2, the data set obtained from the COMTRADE database at the 3-digit SITC, Rev. 2 classification system is also used for analysis in this section.[55] The two-year average export data for two periods viz. 1985-86 and 1994-95, i.e. spanning a period of nine years is used for undertaking dynamic analysis of export competitiveness. Two years average data is used in each period to minimize the influence of a single-year outlier. Also, note that due to the choice of these two periods the relevant data set for member countries in the CIS region and the Republic of Yemen in the Middle-East was missing in the database.

Choa (1995) discusses various limitations of the COMTRADE database. These are related to incomplete reporting of data by the reporting country and internal inconsistencies that result from comparison between aggregations of individual flows to a higher-digit SITC level and the corresponding independently reported aggregate data itself. Choa points out that the improvement and refinement of the COMTRADE database is an on-going activity. Due to continuous efforts to improve the quality of the database a relatively "older" data set in COMTRADE is considered to be of superior quality than "recent" data set. The choice of the second period, i.e. 1994-95, is purely on account of this consideration: the relevant data set is considered to be relatively of high quality. Moreover, Yeats (1998a; p.5-9) provide a thorough analysis of reporting practices and limitations of trade flows in COMTRADE database, especially for the sub-Saharan African countries. The reporting practices by these countries of trade data are wholly inadequate compared to other UN members resulting in incomplete, missing, and even contradictory trade data.

5.2.2 Review of Relevant Literature and Findings

The UNCTAD (1996; p. 123-128) analysis of competitive positioning of export structure indicates that East Asian countries were highly successful in expanding exports of products whose OECD market size was also increasing. In 1990, about three-quarters of their total exports was in those products for which the OECD import shares were increasing over the last three decades. For Latin America, this proportion was 38 percent but if Mexico is excluded then it reduces to 24 percent. A more disaggregated analysis reveals that the 20 leading products; that is, those products for which OECD import demand was increasing over the last three decades, were invariably income elastic. The East

[55] See Table A9.2 for complete listing of the SITC Rev. 2 codes.

Asian countries were successful in expanding their market share of products with high-income elasticity of demand. In 1993, the East Asian countries exported 9 out of 10 leading products that were income elastic compared to only 2 in Latin America. In the case of Thailand, 5 out of 10 leading exports were income elastic accounting for 18 percent of export earnings; there were 3 out of 10 leading Malaysian exports that were income elastic accounting for over 26 percent of export earnings; in the case of both Republic of Korea and Taiwan Province of China, there were 8 such products, which accounted for 36 percent and 41 percent of export earnings, respectively. The analytical framework of UNCTAD requires considerable time and is well beyond the scope of the present study. However, the UNCTAD's framework can be implemented in a simpler manner by combining data on competitive and dynamic aspects of export dynamism as outlined in Sub-section 5.2.1. Kirchbach and Roelofsen (1998) undertake such an analysis of dynamic competitive positioning of export goods for the 14 member countries of the Southern African Development Community (SADC).

More recently, studies by Lall and Wignaraja (1998) and Nabi (1999) examine the competitive positioning and sources of vulnerabilities of manufactured exports for selected Asian countries. The results of the study by Nabi (1999) are reported here since it contains three IDB member countries in the selected sample of the Asian countries. Nabi generates dynamism profile of manufactured exports over the period 1985-92 for the eight selected Asian countries. The results show that the share of manufactured exports categorized as "rising stars" (and "falling stars" in brackets) are as follows: Pakistan, Bangladesh, and Malaysia – about 60% (25.3%, 0.0%, and 12.7%, respectively), Sri Lanka – 57.1% (4.1%), India – 52.3% (16.2%), Thailand – 82.1% (9.9%), Taiwan – 62.5% (11.3%), and Mauritius – 67.8% (4.0%).

The above results indicate that member countries in South and South-East Asia region are relatively well placed in terms of their export competitiveness of manufactured goods. However, in the case of Pakistan, it has the highest proportion of manufactured exports in which its world market shares increased while, for the corresponding goods, the size of the global market decreased during the period. Moreover, the future sustainability of export dynamism should be assessed in terms of technological characteristics for goods classified as "rising stars". The breakdown of rising stars by technological characteristics of manufactured goods reveals that for Pakistan 99.5% are labour-intensive, for Bangladesh 100% are labour-intensive, and for Malaysia 35.8% are differentiated and 34.4% are science-based. These technological characteristics of rising stars exports highlight the vulnerability to international competitiveness of Pakistan and Bangladesh because of entry by other lower wage countries, such as China and Vietnam. On the other hand, the diverse technological characteristics of rising stars exports of other countries (like Malaysia) puts them at a distinct advantage in terms of export growth prospects.

5.2.3 Competitiveness: Sunrise and Sunset Exports

The summary data on classification of export dynamism of member countries is presented in Table A12.[56] There are two points worth noting regarding the construction of this Table. First, although 1994-95 exports data is reported in the Table the changes in relevant variables are estimated with respect to 1985-86 data. Secondly, for each member country, the table reports two sets of panel data – one inclusive of exports of crude oil (SITC Rev.2 code 333) and the other excluding crude oil exports. For the chosen periods, the oil-exporting countries faced substantial adverse international terms-of-trade movement. In current dollar terms, the price index for petroleum stood at 119 in 1985 and 75 in 1995.[57] Due to this adverse terms-of-trade movement, oil exports appears as a non-dynamic sector and depending on the movements of national shares in world oil market, this sector always appear in either falling star or retreat category. Quite separate from this consideration, it is of interest to study the export dynamism in the non-oil sector in member countries. Therefore, the following analysis will be based only on the second panel data in Table A12.

In overall terms, about 42 percent and 33 percent of member countries' total exports are classified as rising and falling stars, respectively. As may be expected, there is a wide variation in regional averages from this overall distribution of member countries' export dynamism. Except for Tunisia in the North-West Africa region, the bulk of other member countries' exports are classified as lost opportunity and retreat. In the West and Central Africa region, countries like Burkina Faso, Chad, and Mali exhibit wide-ranging and probably deep competitive basis of export dynamism as the bulk of their exports are classified as rising stars. This assessment is also true, but to a lesser extent, for countries like Gambia, Guinea-Bissau, and Mauritania. The competitive positioning of member countries' exports in the North-East and South Africa region is rather alarming as the bulk of their exports are classified as falling stars. However, for Mozambique, and to a lesser extent for Djibouti, the bulk of their exports are in the rising stars category.

The vulnerability to competitive positioning of countries in the Middle-East region can be gauged from the fact that it has second highest proportion of total exports classified as falling stars. Except for relatively small economies, Bahrain and Lebanon, there are no other countries in Middle-East region with total exports exceeding 50 percent in the rising stars category. Even relatively diversified economies, such as Egypt, Pakistan and Turkey, have major

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[56] Upon request, the detailed 3-digit SITC sectoral level classification of export dynamism for each member country is available from the author.

[57] See World Bank (2000; p.166-167).

proportions of their exports in the falling stars category indicating weakest market position or the undesirable category of lost opportunity.

In the South and South-East Asia region, only Bangladesh appears to have a favourable competitive positioning of its total exports. Considering the diversified and relatively advanced manufacturing sector in Indonesia and Malaysia, it is surprising that a large proportion of their total exports is classified as falling stars in the former case and both falling stars and lost opportunity in the latter case. The distribution of Maldives total exports indicates serious vulnerability to its competitive position.

In general, there are a number of policy implications of the above analysis. The period chosen to investigate export dynamism is significant. The first period (1985-86) roughly corresponds to the mid-period of import-substitution industrialization regime in vast majority of member countries, which was characterized by a high degree of anti-export bias. On the other hand, the second period (1994-95) roughly corresponds to the mid-period of implementing trade liberalization measures and adopting a relatively flexible management of exchange rate system. This period can be characterized by a relative reduction in anti-export bias and a possibly unstable macroeconomic environment. These issues are discussed in detail in Chapter Two. In the context of the above analysis, one immediate implication of the shift in trade policy regime should be to observe a relatively high proportion of export sectors appearing in the retreat category. Indeed, such is the case for the following countries: Algeria, Libya, Cameroon, Guinea, Senegal, Sierra Leone, Comoros, and Brunei Darussalam. These countries need to establish the extent to which, on the basis of recent trade data, their internal industrial restructuring process has been completed. An assessment of this type requires a more detailed country-level analysis of trade and manufacturing sectors.

It is also apparent that for many member countries the first-order impact of trade liberalization measures on export dynamism, i.e. major proportion of sectors classified as retreats, did not materialize by about mid-1990s. This is borne out by the fact that large proportions of exports sectors are classified as falling stars across many member countries. It is possible that many such falling stars sectors moved to the retreat category after 1994-95. Notwithstanding this possibility, it is of concern to investigate the reasons for protracted or extended period of adjustment emanating from trade liberalization.[58] The possible reasons

[58] Matusz and Tarr (1999) conclude after the review of 50 relevant studies that trade liberalization related adjustment costs are small in relation to the benefits, manufacturing employment in developing countries typically increased within one year after liberalization (i.e. adjustment period is about one year), and resource reallocation after liberalization operated via inter-industry shifts that minimized dislocations of labour.

may be related to either a relatively long lag-structure in the transmission of the change in the macroeconomic incentive structure to producers in the tradable sector or offsetting exchange rate, tariff and industrial policy measures that to an extent did not alter the overall incentive structure.

The upshot of the above discussion is that, in overall terms, there are about 53 percent of the export sectors across the entire membership that policy attention should have focussed after 1994-95 to engineer both sustainable export growth and build trade complementarities. The analysis presented in Chapter Four suggests that even for such potentially dynamic export sectors their underlying strengths are rather tenuous. The underlying structure of member countries' export sector is dominated by resource-intensive and labour-intensive factor intensity indicating a rather fragile basis for competitive positioning of export sectors. Moreover, given that there are a limited number of exports sectors where significant volume of intra-industry trade is observed, an examination of the extent to which *competitive* trade complementarities can be fostered in *dynamic* export sectors assumes greater imperative.

5.3 Potential Trade Complementarities in Dynamically Competitive Export Sectors

In this section, identification of *competitive* trade complementarities in *dynamic* export sectors is undertaken. It should be remembered that *dynamic* export sectors are those with increasing shares in world trade. Before estimating *dynamic* trade complementarities sectors within the export structure of member countries, it will be useful to develop an idea on the volume of trade complementarities or the intra-industry trade engaged by member countries with the rest of the world.

5.3.1 Analysis of the Trade Complementarities Sector

As discussed in Sub-section 4.3 of Chapter Four, in order to infer the relative orientation of trade complementarity sectors the intra-industry trade (IIT) index was cut-off at 50 percent. The analysis of the data revealed that there are 18 percent of the member countries' export sectors with IIT index exceeding 50 percent. The value and percentage share of such exports to total national exports is reported in Table A13, which shows two striking features.

First, as percent of their total exports, there are few MCs with significant volume of IIT. Malaysia's IIT is the highest amongst the member countries with about 53 percent of its total exports. The following countries exhibit significant share of IIT in their respective regional groupings: Tunisia at about 35 percent, Senegal at about 39 percent, Djibouti at about 30 percent, and Lebanon at about 55 percent. In a sense these member countries are natural candidates to lead efforts or launch policy initiatives for promotion of trade complementarities at the regional level. Further discussion on this issue will be made in the next section. Meanwhile in terms of regional shares, MCs in the

West and Central Africa region and North-East and South Africa region are at about the same level of regional average intra-industry trade that is estimated at about 5.8 percent and 5.2 percent, respectively. In the case of MCs in the North-West Africa region and Middle-East region, the level of regional average intra-industry trade is estimated at 10.9 percent for each region. These differences in averages suggest that the underlying production structure generate a relatively higher volume of IIT in the MENA (Middle-East and North Africa) region compared to other MCs in the African region. Finally, note that compared to the ballpark figure of 10 percent intra-trade amongst the entire membership, the intra-industry trade engaged by MCs with the rest of the world is estimated at about 21 percent.[59] However, if the IIT values of Malaysia and Indonesia are excluded on account of their relatively high regional integration in the context of ASEAN region, then the remaining intra-industry trade engaged by MCs with the rest of the world is estimated at 10.5 percent. If the Indonesia's average is set as the standard for assessing the degree of trade complementarities in various regional groupings amongst member countries then it seems that the numerous bilateral and regional integration initiatives in the African and Middle-East regions had a limited impact in raising trade complementarities or intra-industry type of trade.

Secondly, the absolute values of intra-industry trade at the regional level limits the potential gains to MCs from further building trade complementarities. For instance, the total value of IIT by the twelve MCs in the West and Central African region is slightly below the IIT value of Pakistan alone. Similarly, the total value of IIT of the four MCs in the North-West Africa region is about US$ 1.3 billion less than the value of IIT of the United Arab Emirates alone. These comparisons suggest that, at least initially, relatively higher gains from fostering trade complementarities can potentially accrue by investing in dynamic export sectors in the Middle-East region.

5.3.2 Trade Complementarities: Competitive and Dynamic Sectors

In Sub-section 3.2.3 of Chapter Three and Section 4.3 of Chapter Four, trade complementarity was defined as those export sectors with IIT values exceeding 50 percent. On the basis of this definition, a listing of trade complementarity sectors, consisting of various export sectors, is generated for each member country. The same framework presented in Section 5.2 above to

[59] Note that only those exports are counted whose IIT index > 50 percent. The ballpark figure for intra-trade captures both inter- and intra-industry trade amongst MCs. For instance, in the latter case, oil exports amongst MCs are excluded. Moreover, the estimated export value of IIT > 50% as percent of total exports excludes data for MCs in the CIS region and Yemen. However, it is believed that their exclusion will not seriously alter the estimated value of 21 percent for the remaining MCs.

assess export dynamism is applied to the various trade complementarity sectors. The result of this exercise is reported in Table A14. The reported data provides information on the competitive positioning of various sectors where, in percentage terms, significant degree of trade complementarity exists. Since the interest is in examining the potential of fostering *competitive* trade complementarities at the regional level, another summary table is developed on the basis of data reported in Table A14. For each regional group, the frequency of trade complementarity sectors along with information on *dynamic* position against such sectors is reported in Table A15. The criteria for selection of frequency number was that there must be at least two export sectors appearing in Table A14 in each regional group. These two tables form the core of discussion in this section.

The data reported in Table A15 provides information on frequency for various trade complementarity sectors at the regional level. This information can be used either to identify potential strategic intervention in order to strengthen competitive basis or to organize orderly industrial restructuring and trade retreat. Therefore, such a regional mapping of complementarity sectors provide the basis for discussion among trade negotiators to focus their efforts on selective trade liberalization and removal of non-tariff constraints in seeking to foster regional trade complementarities in competitive sectors. In order to properly design a selective preferential system additional information is required on planned investments and existing supply conditions in such sectors in order to ascertain their potential to increase output in response to trade opportunities created by a preferential system.

Quite obviously, it is not possible to comprehensively analyse the above ideas with respect to various complementarity sectors. However, to illustrate the usefulness of the data presented in Tables A14 and A15, a brief sector-level discussion is presented. For instance, in the North-West Africa region in Table A15, SITC Rev.2 code 553 pertaining to *Perfumery, cosmetics and toilet preparations* appears with a regional frequency of three and is also a dynamic export sector; i.e. the share of this sector in total world trade is increasing. Checking in Table A14, it is evident that only Libya does not appear to engage in significant intra-industry trade (IIT) in this sector. In both Algeria and Tunisia, sector-code 553 appears in the rising star category with an IIT index of about 96 percent and about 77 percent, respectively while in Morocco this sector appears in the lost opportunity category, with an IIT index of about 65 percent. The export value of sector-code 553 is about US$ 26 million with the share of Algeria, Morocco and Tunisia at 22 percent, 24 percent, and 54 percent, respectively.

Clearly, both Algeria and Tunisia have an interest in seeking to further improve the competitiveness of sector-code 553 while Morocco has an interest in knowing the reasons for losing its market share. From the point of view of

national authorities, a hands-off approach would be to undertake broad-based trade liberalization, i.e. to reduce tariffs and its dispersion, and allow the underlying sources of competitiveness, which could be related to scale economies or aspects of product differentiation, determine the eventual outcome. The more pro-active alternative would require greater involvement and coordination among authorities to possibly organize compensation by Algerian and Tunisian producers to induce orderly retreat in Morocco or side-negotiations whereby Moroccan producers in some other sectors obtain benefits provided by the other two countries. These are complex issues and its analysis is beyond the scope of present study. More importantly, it is also apparent that capacity of trade authorities in many member countries to undertake such wide-ranging and comprehensive sectoral negotiations may not exist. However, a relatively simple unilateral trade liberalization measure, discussed in the next section, could potentially bring greater deepening of competitive advantages irrespective of the level of cooperation of others.

Another dimension of issues related to building of trade complementarities can be illustrated with reference to an analysis of garments sector in the Middle-East region. The SITC Rev.2 codes 842-848 represent the garments sector and the relevant data has been extracted from Table A14 and reported in Table A16. There are three major reasons for being interested in garment sector in the Middle-East region. First, the various garment sub-sectors appear with regional frequency of six or five. Secondly, the various garment sub-sectors in the Middle-East region exhibit substantial intra-industry trade flows. In this regard, some of the major garment exporters in the Middle-East region, such as Egypt, Turkey and Pakistan, do not appear in the list. The reason is that garment exports in such countries constitute inter-industry variety of trade. Thirdly, many garment exporters with significant trade complementarities show export dynamism either in the rising star or lost opportunity category. In Table A16, of the total garment exports of US$ 1.1 billion in 1994-95, about 97.4 percent is classified as rising stars, about 2.5 percent is classified as lost opportunity, and about 0.1 percent is classified as falling stars. This implies that such garment exporters are *competitive* in a *dynamic* sector. But the competitive strength of such garment exporters in the Middle-East region is illusory and its potential undoing could well be its relatively high trade complementarity or intra-industry trade orientation.

The “new” or non-traditional export items or export diversification, such as the garment sector, in the Middle-East region is not only import intensive but resulted from an inefficient global market structure in the textiles & clothing sector. The management of trade in textiles & clothing sector by developed countries, under the Multifibre Arrangements (MFA), resulted in a particular form of “quota-hopping” market structure in many developing countries. The basic point is that under the WTO’s Agreement on Textiles & Clothing many seemingly competitive exporters in the clothing sector are

vulnerable to enhanced competition from other competitors after the gradual elimination of quota arrangements under the Multifibre Arrangement by the year 2005. Therefore, when there is a major shift in international trade regime then past performance in terms of export dynamism will not be a good indicator of its future prospects.

Many studies point out that in the post-MFA era there is expected to be substantial restructuring or shake-out in the textiles & clothing sector. Lall and Wignaraja (1998; p.36-38) point out in their analysis that in the post-MFA era constrains to open competition by large Asian textile producers will end and there is likely to be intense competition, especially in the mass-produced segments of the garment sector. In particular, Lall and Wignaraja emphasize that with the entry of China and Vietnam many existing textile exporters that primarily relied on low-skill labour intensive production in the textile & clothing sector will observe serious erosion of market shares and loss of competitiveness. Kirmani et al (1996) also point out that the combination of loss of preference margins and relative cost disadvantage is likely to lead to some displacement of Arab textiles imports in the European Union market.

Elsewhere in other member countries, Geest and Rahman (1997) note in the case of Bangladesh the so-called "export illusion" related to the dynamism in export performance displayed by both the ready made garments and silk textiles. These exports constitute more than 50 percent of total Bangladeshi exports; earnings from ready made garments export sector doubling in three years to $1,240 million in 1992-93. However, calculations reveal that value added per dollar export earning is less than 25 percent for the ready made garments sector and about 20 percent for the leather footwear sector. Similar competitive threats are also relevant to Tunisian exports of textiles & clothing, whose intra-industry trade index increased from 5 percent in 1970 to about 25 percent in the 1980s.[60] It appears that moderate labour costs, closeness to European markets, bilateral preferential agreements, tariff concession regimes, and investment incentives played the major role in the development of the Tunisian textile industry. However, Kirmani et al (1996) point out that Tunisian and Moroccan textile producers are mostly engaged in subcontracting or "outward processing trade" with their European Union partners. The relocation of such subcontracting related trade in textiles could be easily undertaken when better conditions offered elsewhere emerge. In this regard, textile exporters in Eastern Europe pose a serious challenge to Arab producers. This is because East European textile exporters offer superior locational advantages and preferential trade arrangements with respect to the European Union market, and relatively productive workforce and it is unlikely that Arab textile exporters will retain

[60] See WTO (1994a, p. 127).

subcontracting trade in textiles. The point is that anticipating the impact of such developments on the textile exporters in the Middle-East region could well mean that the appropriate response is to organize an orderly retreat in vulnerable sub-sectors and to invest in strengthening competitive advantages in other sub-sectors.

To sum up, the data presented in Tables A14 and A15 provides the link between the frequency of trade complementarity sectors at the regional level and their export dynamism at world scale. This data is the basic information required to examine the potential and to initiate the process of fostering of competitive trade complementarities at the regional level. A proper assessment of the potential to competitively structure trade complementarity sectors at the regional level requires a much richer understanding of market conditions in terms of strengths, weaknesses, opportunities, and threats in regional and extra-regional dimensions. It will be unrealistic to assume that there exists capacity in member countries to undertake wide-ranging and comprehensive sectoral analysis to initiate the process of deepening the competitive basis of *dynamic* trade complementarity sectors at the regional level. The question is that on the basis of available evidence is there a scope for limited and selective initiatives to foster trade complementarities at the regional level? This concern is addressed in the next section.

5.4 Strategic Regionalism - Initiative to Strengthen Complementarity-related Trade Flows

The evidence presented in Section 3.3 of Chapter Three amply demonstrates that organizing various types of “inward-looking” regional trade integration is not a sufficient condition for generating “additionality” in intra-trade at the regional level. In fact, the evidence seems to suggest that broad-based trade liberalization in member countries’ combined with “open regionalism” offers better prospects of increasing both intra-trade and extra-regional trade. Trade liberalization is really about allowing greater degree of foreign competition in the economy. In the regional context, a preferential trading arrangement or a free-trade area is like emulating market enlargement within which maximum degree of competition is permitted. The expected gains from market enlargement among similarly endowed countries accrue when producers are able to benefit from scale economies and to develop specialization in niche markets. That is, the expected gains are likely to be realized from increasing intra-industry trade and organizing sharing of production processes at the regional level. Such type of specialization forms the basis of deepening the producers’ competitiveness in regional arrangements. However, individual countries through selective trade liberalization can also achieve increasing this type of interdependence among producers. The idea of *strategic regionalism* involves a series of selective steps with the objective of deepening competitiveness in key complementarity sectors at the regional level.

In the context of those member countries that are associated with different regional preferential arrangements and there also exist significant volume of intra-industry trade can take the leadership role in organizing greater degree of interdependence among producers at the regional level.

It will be first useful to provide information on trends in interdependence among producers in world trade in manufactured goods. Yeats (1998b) estimate international trade related to global production sharing at about US$ 800 billion in manufactures trade, which corresponds to about 30 percent of world trade in manufactured products. This volume of global production sharing indicates increasing interdependence, as industries in one country become reliant on foreign suppliers for essential manufacturing inputs. Evidence indicates that the key components in international trade are parts of motor vehicles, parts of office machinery, parts of telecommunications equipment, and parts of switch-gear jointly accounting for about 70 percent of total world trade in the SITC 7 category. In 1995, OECD countries were the major exporters of components and parts with value exceeding US$440 billion or 30 about percent of global trade in SITC 7 category. In this category, export shipments from Singapore totaled about US$ 22 billion while Taiwan (China), Korea, Malaysia and Mexico each had exports in excess of US$ 10 billion. Yeats and Ng (2000; p.23) estimate imports of parts and components in the Middle East region at about US$ 20 billion or an average of 15 percent of its imports of manufactured goods. In particular, countries like Oman and Saudi Arabia appear to have sizeable domestic assembly operations as imports of such parts and components accounted for about 20 percent of total manufactured imports.

By participating in global production sharing arrangements, some developing countries can exploit their relatively lower labour costs of skilled workforce during different stages of production process. However, the important point to note is that developed countries special tariff provisions for offshore assembly reinforce such production sharing arrangements. For example, the US applies special tariff provisions whereby the duty is levied at the full imported value of the good less the value of the US produced components. Similarly, EU tariff schedules contain provisions known as “outward processing

Although it is practically difficult to reach a full tariff exemption on manufactures, an overall tariff-cutting formula based on tariffs and nontariff barrier reductions, and coupled with provisions such as duty-free re-entry of domestically produced commodities that have undergone processing in another Arab location, will usher in further intra-Arab trade expansion.

Zarrouk (1992; p.183)

relief arrangements" that allow re-imported products to be totally or partially exempted from duties. These tariff provisions are also applicable for offshore activities related to fitting, assembly, processing, or repairing goods.[61]

In the context of member countries that are associated with different regional arrangements an initiative can be launched to apply the above-type of special tariff relief provisions for complementarity sectors. Special tariff relief provisions for complementarity sectors characterized by high degree of intra-industry trade is likely to encourage producers to organize production sharing arrangements and thereby deepening their competitive position in the regional context. The information provided in Table A13 suggests that one or few countries in each region are primarily engaged in intra-industry trade. Such countries can take the lead by providing special tariff relief provisions to the domestic producers in selected complementarity sectors when the goods re-enter after undergoing processing in another location in the region. The basic information on potential complementarity sectors that could be subject to such special tariff relief provisions is presented in Table A15. It is in the interest of individual member countries to strengthen competitiveness in key complementarity sectors by allowing their producers to develop greater specialisation and to profit from relative cost advantage of resources or intermediate inputs in neighbouring locations.

It should be stressed that provision of special tariff relief in selected sectors alone will not be sufficient to generate major "additionality" in intra-industry trade. In the regional context, in order to foster trade complementarities there is a need to develop and adopt suitable strategies and joint programmes. The following are the key policy actions:

- Commitment to pursue stable and credible macroeconomic framework.
- Identification of non-tariff trade barriers and inter-state transportation barriers at the regional level. In the first instance, the goal could be to initiate harmonization of related regulations, at the level of least restrictiveness in the regional group, followed by gradual reduction and then eventual elimination of such barriers.
- Organization of regional economic cooperation along with regional financial institutions could develop a profile of investment programmes, joint ventures, and skill development in key complementarity sectors. Two key conditions of financing by

[61] For more details, see Yeats (1998b; p.15).

regional financial institutions in regional investment programmes could be

- Commitment by host countries in the region to provide special tariff relief provisions on MFN basis in key intra-industry trade sectors, and
- Commitment by concerned stakeholders to fund skill development and regional specialization training programmes of workforce.

- At the regional level, establish consultative groups covering aspects of R&D developments and adaptation of appropriate technology in key complementarity sectors.
- Also, at the regional level, designate focal institutions responsible for co-ordination in the development of institutional infrastructure related to collation and dissemination of market intelligence in key complementarity sectors.

To sum up, responding to economic challenges of globalization requires a series of policy commitments at the national level and *strategic regionalism* at the regional level. It is already clear that "big-bang" or "grand" approach to regional integration amongst the various regional groupings in member countries has so far not yielded tangible results. The analysis in this Chapter provides the necessary information to authorities in member countries to commit themselves to take initial effective steps towards regional cooperation. Authorities at the regional level can support the development of regional production sharing arrangements through provision of preferential import tariffs only on the foreign value added part of the total value of the imported good. At this stage, when many member countries are faced with macroeconomic instability, the potential loss in tariff revenue to national authorities arising from preferential tariffs will be limited because current intra-industry trade volumes are not substantial. Moreover, the potential tariff revenue loss could well be compensated by output and income generation at the sectoral level. However, the complexity of such special tariff relief arrangements precludes its widespread adoption at the regional level. Therefore, a selective approach combined with removal of other types of non-tariff barriers is more likely to assist in the development of regional specialization in key complementarity sectors – *strategic regionalism*. A market enlargement in such sectors can be also expected to become attractive for extra-regional foreign direct investment that itself will further strengthen the competitiveness of producers in key complementarity sectors in the region.

Chapter Six: Conclusions

One implication of globalization for developing countries is greater opportunity of market access. Trade liberalization, in the form of reduction of tariff and non-tariff barriers, was embraced by developing countries under compulsion of structural adjustment programmes and declining official development assistance. Reduced barriers to trade imply that producers have to organize all aspects of production competitively in order to respond effectively to changing demand conditions in both domestic and foreign markets. In this regard, both developed and developing countries have sought to respond to challenges of globalization by creating *alliances* (such as free-trade area) or *mergers* (such as common market) in order to emulate market enlargement. Among the many expected gains of market enlargement is that it allows producers to deepen competitiveness and to develop niche specialization in the internal market. Most IDB member countries are also part of this wave to create alliances between themselves at the regional level. Indeed, there is proliferation of bilateral and multilateral economic cooperation agreements amongst member countries (MCs) thereby raising concerns about complexity of implementation issues and doubts about their overall effectiveness.

While globalization is proceeding apace, many developing countries, including the MCs, are grappling with issues of governance and structural changes in their economies. In particular, there occurred across-the-board shift in economic development strategy. During 1970s and 80s, economic development was based on the import-substitution industrialization strategy that was replaced during 1990s by embracing market-related reforms and trade liberalization. In making such a transition many developing countries faced social and economic disorder, missed opportunities, and structural difficulties arising from improper sequencing of reforms.

Given the above setting, this study sought to develop a comprehensive understanding of competitiveness issues faced by producers in the tradable sector in MCs. In particular, this study undertakes assessment of the potential of trade complementarities at the regional level as a means for creating regional business synergy and opportunities for expanded trade. Identification of trade complementarities at the regional level can be conceived as a platform for deepening aspects of competitiveness, and developing regional specialization both in terms of trade and skill structure. It requires developing regional capacity among member countries to analyze and address sources of opportunities and vulnerabilities in response to changing technological and demand conditions.

In analyzing developments in the tradable sector in member countries, an important issue concerns the impact of recent trade liberalization and the reform of exchange rate regime – the overall macroeconomic incentive structure

– on the performance of the tradable sector. The available evidence in selected member countries suggests that in response to trade liberalization measures, expansion in output in manufacturing sub-sectors is not widespread. If the period of structural adjustment in the manufacturing sector persists over the medium-term then, despite the robust performance of the tradable sector during 1990s, the prospects for improved export performance will remain weak. This concern is further reinforced by evidence that trade liberalization and exchange rate policy regime in some MCs has not proceeded in tandem resulting in instability in export performance during the critical period of economic structural adjustment. Ensuring a sustainable and credible macroeconomic framework is fundamental to exporters' decisions concerning development of long term export business relationship and to invest in productivity improvement measures so as to meet competitive pressures.

As noted earlier, one way that MCs responded to challenges of globalization was to engage in a number of regional initiatives designed to foster intra-trade and to possibly increase competitiveness of producers in the internal market. Broadly, the findings of the relevant literature suggest that intra-trade performance at the level of various regional cooperation arrangements amongst MCs in sub-Saharan African region, North Africa region, and Middle-East region remained lackluster. Various studies attribute the following reasons for relatively poor intra-trade performance: high tariff and non-tariff barriers especially in manufactured goods, lack of high degree of product complementarity, and aspects of compensation schemes that either impedes or discourages greater trade integration. An interesting finding is that in the case of some preferential trade arrangements in the Middle-East region there was relatively less intra-trade compared to their intrinsic potential while some member countries outside such arrangements tended to trade more at the regional and the rest of the world. The literature generally advocates "open regionalism" by setting common external tariffs at the level of the lowest common denominator and reducing other non-tariff impediments at the regional level. Given that many member countries face considerable difficulties to organize effective regional trade arrangements, such as the preferential or free trade areas, the other viable option is to explore alternative forms of cooperation such as market enlargement in selected trade sectors at the regional level.

The main focus of the study is to explore trade complementarities amongst the member countries as the basis for fostering regional specialization in niche markets. This requires a detailed assessment of selected aspects of competitive conditions of the tradable sector in member countries at the regional level. Various measures of competitiveness were estimated at the 3-digit SITC Rev.2 1994-95 trade data of member countries. The entire exports of member countries were split into two: inter-industry and intra-industry trade. The inter-industry trade is concerned with determinants of trade in *dissimilar* goods with countries whose factor endowments are different in a particular

sector. Intra-industry trade, on the other hand, is concerned with exchange of *similar* goods with countries whose factor endowments in a particular sector are broadly comparable. This type of two-way sectoral trade is not primarily driven by factor endowments; in fact, the dominant consideration is scale economies effect of differentiated goods benefiting from market enlargement.

An important aspect of overall trade of member countries is the skill structure or factor content of goods exported by member countries. This assessment is crucial to understanding the basic sources of vulnerabilities to the competitiveness of exports sector in MCs. The data for forty-six member countries reveals that, excluding exports of crude oil, an overwhelmingly 84 percent of goods exported are accounted by resource- and labour-intensive factor content. This potentially makes the export structure of MCs highly vulnerable to international terms-of-trade shocks and loss of market shares arising from other low wage competitors elsewhere. While there are some regional variations, the overall conclusion is that export development strategy in member countries initially needs to focus on increasing the share of processed primary products and to bring about rapid skill accumulation of the workforce in order to generate higher value addition in the goods exported. The vulnerability of the export sector in member countries is also validated by the fact that overall there are 85 percent of the total number of sectors in which countries have comparative disadvantage or lack specialization in international terms. Moreover, overall there are only 18 percent of the total number of export sectors that can be considered as belonging to the trade complementarity sectors.

As noted earlier, it is also important to assess the impact of trade liberalization measures on the medium-term export prospects in member countries. For this purpose, a framework was set-up to capture dynamic aspects of export performance in member countries. Excluding exports of crude oil, about 42 percent and 33 percent of member countries' total exports are classified as *rising stars* and *falling* stars, respectively. This finding raises the concern that beyond 1994-95, and contingent upon appropriate macroeconomic incentive structure, about 47 percent of total exports, comprising of *falling stars* and *retreats*, could potentially experience a period of adjustment or contraction with adverse economic implications in member countries.

Given the tenuous basis of competitiveness of the overall exports, an assessment of competitive dimensions in trade complementarity sectors assumes even greater imperative. The relevant findings suggest that in terms of both shares and absolute market size, only selected countries in the Middle-East region have the greatest possibilities of forging *competitive* trade complementarities in *dynamic* sectors. However, this study generated relevant trade complementarity data set that could be useful to trade authorities in member countries to pursue *strategic regionalism*: That is, to commit to a series

of selective steps at the regional level with the objective of deepening competitiveness in key complementarity sectors. Strategic regionalism implies achieving market enlargement in *competitive* and *dynamic* trade complementarity sectors that allows producers to profit from relative cost advantage of resources or intermediate inputs and thereby develop regional specialization in niche markets. The key policy initiative to forge greater producers' interdependence at the regional level is the provision of preferential import tariffs only on the foreign value added part of the total value of the imported good. However, the complexity of administering such special tariff relief arrangements precludes its widespread adoption. In fact, this possibility bestows the use of special tariff relief arrangements with two main advantages. First, its limited use as a trade policy instrument helps to develop the needed focus - the strategic element - in seeking to forge trade complementarity in key sectors. Secondly, given that many member countries are faced with macroeconomic instability, the potential loss in tariff revenues to national authorities, arising from special tariff relief provisions, will be relatively small because current trade complementarity volumes are not substantial. Other related policy actions for regional organizations and financial institutions that are concomitant to special tariff relief provisions are discussed in Section 5.4 of Chapter Five.

Finally, the economic circumstances of many member countries lead to numerous situations where conflict of interests does not reinforce the political will that is necessary to bring to fruition trade and economic integration at the regional level. The study focuses on providing the necessary landscape that can form a *natural* basis for forging selective trade complementarities as a means for deepening competitiveness of the tradable sector in member countries. The basic idea is to bring about selective alliances among producers in order to develop regional capacity to address issues of vulnerabilities and opportunities to their international competitive positions in a global village. Authorities in member countries through policy support can assist producers to potentially achieve competitiveness and regional specialization in niche markets. Such policy support ranges from pursuing stable and credible macroeconomic policies, special tariff relief provisions on selected trade complementarity sectors, to skill development programmes of their workforce.

Technical Annex

A.1 Measuring Trade Complementarity and Intra-industry Trade at the National Level

The empirical measure of the comparative advantage, the so-called revealed comparative advantage (RCA) index, is computed as:

$$RCA = \left(x_{ij} / X_{wj}\right) / \left(x_i / X_w\right)$$

where x_{ij} is country i's exports of good j, X_{wj} is world exports of commodity j, x_i is country i's total exports and X_w is total world exports. If the computed value of RCA index is higher (lower) than unity, then the country is said to have a revealed comparative advantage (comparative disadvantage) in good j. Note that the concept of comparative advantage relates to pre-trade relative prices that are not observable. Therefore, inferring comparative advantage from observed data is called 'revealing' comparative advantage. Also, the estimated RCA indices should be interpreted with care since it assumes that trade in specified product categories is not distorted by export incentives and other forms of trade barriers. Nevertheless, the computed RCA indices do broadly capture product categories in which a country has obviously an advantage in international competition resulting from factor price differences.[62]

The intra-industry index (IIT), originally proposed by Grubel and Lloyd in their seminal 1975 study, is defined below:

$$IIT = 100\left[1 - \frac{\left(\left|e_j - i_j\right|\right)}{\left(e_j + i_j\right)}\right]$$

where *e* and *i* are exports and imports, respectively for industry or sector j. This index ranges from 100 (exports equal imports) indicating complete *intra*-industry trade in industry j to 0 (either exports or imports are zero) indicating complete *inter*-industry trade in industry j. The IIT index is a monotonically increasing function of the SITC aggregation. However, Gray (1978) demonstrates that even if calculations of IIT index is made at higher levels of disaggregated SITC data, this phenomenon of two-way trade remains present.

[62] Yeats (1990) tested for correlation between calculated values of RCAs from the export data and direct estimates of labour intensities from the production data. The results confirmed that, at three, four and five SITC-digit products and over three periods, indices for labour intensity and RCAs (greater than unity) were indeed correlated.

$$C_{ij} = 100 - \sum \left(\left| m_{ik} - x_{ij} \right| / 2 \right)$$

A.2 Measuring Trade Complementarity in the Context of Regional Integration

There also exists an alternative route to identify trade complementarities among group of countries that are considering establishing regional preferential trading arrangements.[63] A two-step procedure is required: firstly, a trade intensity index is estimated, followed by calculation of trade complementarity index. Countries that are considering entering into preferential trading arrangements should determine the importance of the value of their trade amongst themselves relative to their share in world trade. Such a determination of relative importance of the share of the direction of trade to a

$$TI_{ij} = \left[x_{ij} / X_{it} \right] \div \left[x_{wj} / X_{wt} \right]$$

potential partner country can be made by the trade intensity index (TI), which is defined below:

where x_{ij} and x_{wj} are the value of country i's exports and world exports to country j, X_{it} is i's total exports and X_{wt} are total world exports.[64] The index may range between zero and infinity. An index that is greater than unity implies that bilateral export flow to a partner country is larger than would be expected given the relative importance of the partner country in world trade. In contrast, an index below unity indicates that bilateral trade is lower than expected. The changes in the TI index, estimated over a long period of time, can identify whether bilateral trade relations are increasing, or decreasing, in relative importance.

The next step is to estimate the complementarity index that seeks to capture summary information on matching the commodity structure of both exports and imports amongst the partner countries. The trade complementarity index between two countries *k* and *j* is defined as:

where x_{ij} is the share of good *i* in the total exports of country *j* and m_{ik} is the share of good *i* in total imports of country *k*. The index is 100 when export-

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[63] This section draws many of the ideas from an excellent empirical study by Yeats and Ng (2000). From the perspective of negotiating new regional arrangements, Braga, Safadi and Yeats (1994) undertake detailed estimation of bilateral trade intensity index for countries in the Americas. Havrylyshyn (1997) undertakes detailed calculations of trade intensity index and trade complementarity index for Mediterranean countries.

[64] This definition of trade intensity index is reported in Yeats and Ng (2000; p. 43). However, this index is more rigorously defined in Foroutan (1998; p.12) both from the standpoints of individual country and group of countries.

import shares of good *i* are equal and is zero when no good exported by country *j* is imported by country *k*. The information obtained from the above two-step procedure would be helpful in identifying trade barriers at the bilateral level and to assess the prospects of success of regional preferential trading arrangements.

A.3 Assessment and Relevance of Measures of Trade Complementarity

From the standpoint of this study, the approach outlined in Section 3.2.1 is the preferred framework to study the potential of increasing trade complementarities among the IDB member countries. It will be pertinent to recall the discussion in Section 1.2 of Chapter One wherein an assessment was made that there are little medium-term prospects of the OIC Framework Agreement on the Trade Preferential System coming into force. Thus, the *economic* context of this study is not an evaluation of preferential trading arrangement among the member countries. Consequently, the alternative outlined in Section A.2 above is not relevant for this study. However, this approach of estimating summary trade intensity and trade complementarity indices could be used to study the potential of enhancing trade complementarities among member countries in various sub-regional economic cooperation arrangements. But there are some important differences between the two approaches that are briefly discussed below.

First, summary indices, by their very construction, conceal information about their individual components. Secondly, in estimating trade complementarity indices the entire structure of traded goods is treated with equal importance without relating to their international competitive position. Thirdly, unlike the analysis of the IIT indices, there are no clear theoretical underpinnings associated with either the trade intensity or the trade complementarity indices that would be helpful in developing sound and wide-ranging interpretations. Fourthly, the data requirements to estimate trade complementarity indices at the two-country level are enormous and their popular use is, therefore, precluded even in regional trade integration studies. Finally, as the study by Yeats and Ng (2000) for the Arab group of countries illustrates, various related indices can yield different and conflicting results.[65] Yeats and Ng study found that, for the Arab countries, the IIT type of exchange is essentially static at low levels or declining. On the basis of trade intensity index, it is found that the level of intra-trade for most of the Arab countries is consistently higher than what should be expected. And moving to the results of trade complementarity index, it is found that opportunities for increasing intra-

[65] Yeats and Ng (2000) consider the following sixteen Middle East countries in the sample: Bahrain, Cyprus, Egypt, Iran, Israel, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, Turkey, UAE and Yemen.

regional trade are reduced by low degree of product correspondence between export-import structure of the Arab countries.

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Annex: Synopsis on IDB's Trade Financing Operations

IDB, through its trade financing, project financing and trade promotion programmes, aims to increase intra-trade among its member countries. The Bank's trade financing programmme is implemented through four schemes namely the Import Trade Financing Operations (ITFO), Export Financing Scheme (EFS), the Islamic Banks Portfolio (IBP) and the Unit Investment Fund (UIF). This financing program enhances the capability of the Bank to promote intra trade among member countries.

The success of this financing programmme can be gauged by the amount of approvals made by the Bank to date. As at the end of 1420H (April 2000), the Bank has approved a total amount of US$14.22 billion under the four schemes, as follows:

i. Import Trade Financing Operations - US$12.04 billion

ii. Export Financing Scheme - US$ 560.04 million

iii. Islamic Banks' Portfolio - US$1.49 billion

iv. Unit Investment Fund - US$134.34 million

The Resolution of the 1997 Eighth Islamic Summit relating to the Preparation of the Ummah for the 21st Century envisaged a new dimension to the Bank's role in boosting intra trade among member countries. The Preparatory Meeting in Tehran in June 1998, which was a follow -up to the 1997 Eight Islamic Summit, set the quantitative target for intra trade among member countries to increase from 10 percent to 13 percent of their total trade over three years beginning from 1420H. IDB has been mandated to spearhead the various efforts to achieve this challenging target.

The Bank set the pace by allocating US$1 billion in 1420H (April 1999 to April 2000) for the purpose of financing trade of member countries. It also devised mechanisms under the Two Step Murabaha Financing (2SMF) and Syndication to mobilise additional resources from the market to complement its own resources. Some achievements have been made by IDB in meeting this quantitative target. During 1420H, the Bank approved US$1.10 billion for financing of trade under ITFO, EFS, IBP and UIF. Of this amount, nearly US$200 million were mobilized from different international banks.

Encouraging intra trade is also the cornerstone of IDB's project financing programme. In this regard, the Bank embarked on a policy, which gives preferential treatment to procurement of goods and services originating from member countries. During 1420H, out of US$993.1 million approved under various modes of financing, about US$484.5 million (or 52 percent) were earmarked for procurement of goods from member countries. Concerning

services, it is estimated that about US$9.1 million or (86 percent), out of total consultancy assignments of US$10.6 million, were awarded to firms from member countries.

Trade promotion is another important means through which IDB seeks to build greater trade ties among member countries. Under its Trade Cooperation and Promotion Programme, the Bank organizes, participates and facilitates participation in trade promotional activities as well as financing trade-related studies. Beside its participation in many exhibitions, the Bank is currently organizing together with the Jeddah Chamber of Commerce, the First Jeddah International Islamic Trade Fair, which will be held in Dhul Hajjah 1421 (March 2001).

Statistical Annex

Table A.1: Illustrative List of Cooperation Arrangements by IDB Member Countries

Country	Bilateral/Multilateral Arrangements	Year (if available)
Afghanistan	Economic Co-operation Organization	1992
	Bangkok Agreement	
Albania	Applied for WTO Membership	Dec-92
	Black Sea Economic Co-operation	6/25/1992
	EU - Trade and Economic Cooperation Agreement	12/1/1992
Algeria	Organization for African Unity	
	African Economic Community	1991
	EU/Mediterranean FTA (proposed)	
	EU - Trade and Economic Cooperation Agreement	1/7/1996
	Applied for WTO Membership	Sep-87
	Arab Maghreb Union	1989 (founder)
Azerbaijan	Azerbaijan/Uzbekistan Bilateral	1996
	Azerbaijan/Georgia Bilateral	1996
	Azerbaijan/Moldova Bilateral	1995
	Azerbaijan/Russia Bilateral	1992
	Black Sea Economic Co-operation	6/25/1992
	Azerbaijan/Turkmenistan Bilateral	1996
	Applied for WTO Membership	Jul-97
	Economic Co-operation Organization	1992
	Azerbaijan/Ukraine Bilateral	1995
	Azerbaijan/Kazakhstan Bilateral	1997
Bahrain	Gulf Cooperation Council	
	World Trade Organization	1/1/1995
	Greater Arab Free Trade Area	
Bangladesh	World Trade Organization	1/1/1995
	South Asian Association for Regional Cooperation	12/8/1985
	Bangkok Agreement	1976
Benin	Organization for African Unity	
	ACP/Lome Convention	
	West African Economic and Monetary Union	1/11/1994
	African Economic Community	1991
	Economic Community of West African States	5/28/1975
	World Trade Organization	2/22/1996
Bosnia & Herzegovina	Bosnia/Macedonia Bilateral	Jan-97
	Applied for WTO Membership	5/11/1999
Brunei Darussalam	Association of South-east Asian Nations	1/8/1984
	ASEAN Free Trade Area	
	World Trade Organization	1/1/1995
	Asia-Pacific Economic Cooperation	

Country	Bilateral/Multilateral Arrangements	Year (if available)
Burkina Faso	Organization for African Unity	
	Economic Community of West African States	5/28/1975
	ACP/Lome Convention	
	African Economic Community	1991
	West African Economic and Monetary Union	1/11/1994
	World Trade Organization	6/3/1995
Cameroon	Union Douaniere des Etats de Afrique Centrale	
	Central African Economic and Monetary Community	Mar-94
	World Trade Organization	12/13/1995
	Organization for African Unity	
	ACP/Lome Convention	
	Economic Community of Central African States	
	African Economic Community	1991
Chad	World Trade Organization	10/19/1996
	ACP/Lome Convention	
	African Economic Community	1991
	Union Douaniere des Etats de Afrique Centrale	
	Organization for African Unity	
	Economic Community of Central African States	
	Central African Economic and Monetary Community	Mar-94
Comoros	Cross-Border Initiative	Aug-93
	African Economic Community	1991
	ACP/Lome Convention	
	Common Market for Eastern and Southern Africa	Nov-94
	Organization for African Unity	
	Indian Ocean Commission	1986
Djibouti	African Economic Community	1991
	World Trade Organization	5/31/1995
	Kenya/Djibouti Bilateral	
	Common Market for Eastern and Southern Africa	
	Organization for African Unity	
	ACP/Lome Convention	
Egypt	Egypt/Tunisia Bilateral	1999
	EU/Mediterranean FTA (proposed)	
	Egypt/Morocco Bilateral	1999
	Greater Arab Free Trade Area	
	Egypt/Lebanon Bilateral	Jan. 1999
	Egypt/Syria FTA	
	Jordan/Egypt Bilateral	
	Common Market for Eastern and Southern Africa	May-98
	Organization for African Unity	
	World Trade Organization	6/30/1995
	Tripartite Agreement	4/1/1968
	Kenya/Egypt Bilateral	
	African Economic Community	1991
Gabon	Economic Community of Central African States	
	Central African Economic and Monetary Community	Mar-94

Country	Bilateral/Multilateral Arrangements	Year (if available)
	African Economic Community	1991
	World Trade Organization	1/1/1995
	Union Douaniere des Etats de Afrique Centrale	
	Organization for African Unity	
	ACP/Lome Convention	
Gambia, The	World Trade Organization	10/23/1996
	ACP/Lome Convention	
	African Economic Community	1991
	Organization for African Unity	
	Economic Community of West African States	5/28/1975
Guinea	World Trade Organization	10/25/1995
	African Economic Community	1991
	Organization for African Unity	
	Manu River Union	1979
	Guinea/Morocco Bilateral	4/12/1997
	ACP/Lome Convention	
	Guinea/Cote d'Ivoire Bilateral	12/20/1996
	Economic Community of West African States	5/28/1975
Guinea-Bissau	Organization for African Unity	
	World Trade Organization	5/31/1995
	Economic Community of West African States	5/28/1975
	West African Economic and Monetary Union	1/1/1997
	African Economic Community	1991
	ACP/Lome Convention	
Indonesia	World Trade Organization	1/1/1995
	ASEAN Free Trade Area	
	Asia-Pacific Economic Cooperation	
	Cairns Group	
	Bangkok Agreement	
	Indo-Lanka Free Trade Agreement	Dec-98
	Association of South-east Asian Nations	8/8/1967
Iran	Kenya/Iran Bilateral	
	Economic Co-operation Organization	
Jordan	Jordan/West Bank and Gaza Strip Bilateral	Apr-95
	World Trade Organization	4/11/2000
	Israel/Jordan FTA	4/19/1996
	Jordan/Tunisia Bilateral	
	EU/Mediterranean FTA (proposed)	
	EU - Europe Agreement "Association Agreement"	11/24/1997
	Jordan/Syria FTA	
	Jordan/Sudan Bilateral	
	Jordan/Morocco Bilateral	
	Greater Arab Free Trade Area	
	Jordan/Egypt Bilateral	
Kazakhstan	Applied for WTO Membership	Feb-96
	Economic Co-operation Organization	1992

Country	Bilateral/Multilateral Arrangements	Year (if available)
	Central Asian Union	1994
	Azerbaijan/Kazakhstan Bilateral	1997
	CIS Customs Union	1/20/1995
Kuwait	Lebanon/Kuwait FTA	1998
	Greater Arab Free Trade Area	
	World Trade Organization	1/1/1995
Kyrgyz Republic	Kyrgyz Republic/Ukraine Bilateral	1/19/1998
	World Trade Organization	12/20/1998
	Kyrgyz Republic/Moldova Bilateral	11/21/1996
	Kyrgyz Republic/Uzbekistan Bilateral	3/20/1998
	Central Asian Union	1994
	Kyrgyz Republic/Russia Bilateral	4/24/1993
	Economic Co-operation Organization	1992
	CIS Customs Union	10/8/1997
Lebanon	Lebanon/Kuwait FTA	1998
	Lebanon/Syria FTA	Jan-99
	Applied for WTO Membership	1/30/1999
	Egypt/Lebanon Bilateral	
	EU/Mediterranean FTA (proposed)	
Libya	Arab Maghreb Union	1989 (founder)
	African Economic Community	1991
	Organization for African Unity	
Malaysia	World Trade Organization	1/1/1995
	Bangkok Agreement	
	Association of South-east Asian Nations	8/8/1967
	Cairns Group	
	ASEAN Free Trade Area	
	Asia-Pacific Economic Cooperation	
Maldives	South Asian Association for Regional Cooperation	12/8/1985
	World Trade Organization	5/31/1995
Mali	Economic Community of West African States	5/28/1975
	Organization for African Unity	
	ACP/Lome Convention	
	West African Economic and Monetary Union	1/11/1994
	World Trade Organization	5/31/1995
	African Economic Community	1991
Mauritania	Organization for African Unity	
	Arab Maghreb Union	1989 (founder)
	World Trade Organization	5/31/1995
	ACP/Lome Convention	
	Economic Community of West African States	5/28/1975
	African Economic Community	1991
Morocco	EFTA/Morocco Bilateral	12/1/1999
	Jordan/Morocco Bilateral	

Country	Bilateral/Multilateral Arrangements	Year (if available)
	Guinea/Morocco Bilateral	4/12/1997
	Arab Maghreb Union	1989 (founder)
	Morocco/Tunisia Bilateral	Mar-99
	World Trade Organization	1/1/1995
	Egypt/Morocco Bilateral	1998
	EU - Trade and Economic Cooperation Agreement	Nov-99
	EU/Mediterranean FTA (proposed)	
Mozambique	World Trade Organization	8/26/1995
	Southern African Development Community	7/92 (founder)
	African Economic Community	1991
	Cross-Border Initiative	Nov-98
	Organization for African Unity	
	ACP/Lome Convention	
Niger	World Trade Organization	12/13/1996
	Economic Community of West African States	5/28/1975
	African Economic Community	1991
	Organization for African Unity	
	ACP/Lome Convention	
	West African Economic and Monetary Union	1/11/1994
Oman	Gulf Cooperation Council	
	Applied for WTO Membership	Jun-96
	Greater Arab Free Trade Area	
Pakistan	Economic Co-operation Organization	
	World Trade Organization	1/1/1995
	South Asian Association for Regional Cooperation	12/8/1985
	Kenya/Pakistan Bilateral	
Qatar	World Trade Organization	1/13/1996
	Greater Arab Free Trade Area	
	Gulf Cooperation Council	
Saudi Arabia	Greater Arab Free Trade Area	
	Argentina/Saudi Arabia Bilateral	
	Gulf Cooperation Council	
	Applied for WTO Membership	Jul-93
	Saudi Arabia/Syria FTA	
Senegal	World Trade Organization	1/1/1995
	West African Economic and Monetary Union	1/11/1994
	Organization for African Unity	
	Economic Community of West African States	5/28/1975
	African Economic Community	1991
	ACP/Lome Convention	
Sierra Leone	Economic Community of West African States	5/28/1975
	Manu River Union	
	African Economic Community	1991
	Organization for African Unity	
	World Trade Organization	7/23/1995

Country	Bilateral/Multilateral Arrangements	Year (if available)
	ACP/Lome Convention	
Somalia	Organization for African Unity	
	ACP/Lome Convention	
	African Economic Community	1991
Sudan	Common Market for Eastern and Southern Africa	
	Applied for WTO Membership	Oct-94
	Organization for African Unity	
	ACP/Lome Convention	
	Jordan/Sudan Bilateral	
	African Economic Community	1991
	Kenya/Sudan Bilateral	
Suriname	Caribbean Community and Common Market	7/4/1995
	ACP/Lome Convention	
	CARICOM/Columbia Agreement	7/24/1998
	CARICOM/Venezuela Agreement	1/1/1993
	Free Trade Area of the Americas	1995
	World Trade Organization	1/1/1995
Syrian Arab Republic	Greater Arab Free Trade Area	
	EU/Mediterranean FTA (proposed)	
	Jordan/Syria FTA	
	Egypt/Syria FTA	
	Saudi Arabia/Syria FTA	
	Lebanon/Syria FTA	Jan-99
Tajikistan	CIS Customs Union	Feb-99
	Economic Co-operation Organization	1992
	Applied for WTO Membership	1999
Togo	Organization for African Unity	
	Economic Community of West African States	5/28/1975
	ACP/Lome Convention	
	West African Economic and Monetary Union	1/11/1994
	African Economic Community	1991
	World Trade Organization	5/31/1995
Tunisia	EU - Europe Agreement "Association Agreement"	1998
	Jordan/Tunisia Bilateral	
	African Economic Community	1991
	EU/Mediterranean FTA (proposed)	
	World Trade Organization	3/29/1995
	Arab Maghreb Union	1989 (founder)
	Morocco/Tunisia Bilateral	Mar-99
	Organization for African Unity	
	Egypt/Tunisia Bilateral	Dec-97
Turkey	EU/Mediterranean FTA (proposed)	
	World Trade Organization	3/26/1995
	Czech Republic/Turkey Bilateral	10/3/1997
	Hungary/Turkey FTA	4/1/1998

Country	Bilateral/Multilateral Arrangements	Year (if available)
	Romania/Turkey FTA	2/1/1998
	Poland/Turkey Bilateral	10/4/1999
	Organization for Economic Cooperation and Development	1961
	Lithuania/Turkey FTA	3/1/1998
	Economic Co-operation Organization	
	Israel/Turkey FTA	5/1/1997
	Black Sea Economic Co-operation	6/25/1992
	Slovak Republic/Turkey Bilateral	10/20/1997
	Estonia/Turkey Bilateral	6/3/1997
	Slovenia/Turkey Bilateral	5/5/1998
	Bulgaria/Turkey Bilateral	7/11/1998
	Applied to European Union	4/14/1987
	EFTA/Turkey Bilateral	4/1/1992
	EU/Turkey Customs Union	1/1/1996
Turkmenistan	Azerbaijan/Turkmenistan Bilateral	1996
	Economic Co-operation Organization	1992
	EU - Trade and Economic Cooperation Agreement	1998
Uganda	ACP/Lome Convention	
	Organization for African Unity	
	African Economic Community	1991
	World Trade Organization	1/1/1995
	Commission for East African Co-operation	3/14/1996
	Kagera Basin Organization	1981
	Cross-Border Initiative	
	Common Market for Eastern and Southern Africa	Dec-94
United Arab Emirates	Greater Arab Free Trade Area	
	Gulf Cooperation Council	
	World Trade Organization	4/10/1996
West Bank and Gaza Strip	US/West Bank and Gaza Strip Bilateral	10/2/1996
	Jordan/West Bank and Gaza Strip Bilateral	Apr-95
Yemen, Republic of	Applied for WTO Membership	1999

Source: Compiled from various international sources such as the IMF, the World Bank, the WTO, and various sources mentioned in References.

Table A2: Growth of Output in Selected IDB Member Countries

	Growth of output		Agriculture		Industry		Manufacturing		Services	
	average annual % growth		average annual % growth		average annual % growth		average annual % growth		average annual % growth	
	1980-90	1990-97	1980-90	1990-97	1980-90	1990-97	1980-90	1990-97	1980-90	1990-97
ALBANIA	1.5	1.8	1.9	8.1	2.1	-9.7	-	-	-0.4	4.7
ALGERIA	2.7	0.8	4.6	2.5	2.3	-2.2	3.3	-10.2	3.6	3.8
AZERBAIJAN	-	-15.1	-	-4.6	-	-8.4	-	-	-	-6.6
BANGLADESH	4.3	4.7	2.7	1.2	4.9	7	3.1	7.5	5	5.1
BENIN	2.9	4.5	5.5	5.2	3	4.2	5.2	-	1.4	4.1
BURKINA FASO	3.6	3.3	3.1	3.6	3.7	2.2	2	2	4.6	2.8
CAMEROON	3.4	-0.1	2.1	4.5	5.9	-4.9	5	-2.3	2.5	-0.3
CHAD	3.7	4.6	2.3	5.4	8.1	0	7	-	7.7	-0.5
EGYPT	5.4	4	2.7	2.9	5.2	4.1	-	4.8	6.6	3.8
GABON	0.9	3.2	1.2	-2.3	1.5	2.7	1.8	0.6	0.1	4.6
GAMBIA	3.6	2.2	0.9	0.6	4.7	0.1	7.8	0.5	2.7	3.8
GUINEA	-	5	-	4.4	-	1.2	-	0.8	-	8.1
GUINEA-BISSAU	4	3.4	4.7	5.5	2.2	2.7	-	4.5	3.9	1.4
INDONESIA	6.1	7.5	3.4	2.8	6.9	9.9	12.6	10.8	7	7.2
IRAN	1.7	4	4.5	4.8	3.3	3.8	4.5	4.6	-1	6
JORDAN	2.5	6.3	6.8	-3.3	1.7	7.9	0.5	6.5	2	6.1
KAZAKHSTAN	-	-7.9	-	-14.4	-	-12.7	-	-	-	2.9
KUWAIT	1.3	-	14.7	-	1	-	2.3	-	2.1	-
KYRGYZ REP.	-	-9.5	-	-2.7	-	-15.6	-	-9.2	-	-8.7
MALAYSIA	5.3	8.6	3.8	2	7.2	10.8	8.9	13.1	4.2	8.8
MALI	2.8	3.3	3.3	3.4	4.3	7	6.8	5	1.9	1.9
MAURITANIA	1.8	4.2	1.7	4.8	4.9	3.7	-2.1	1.3	0.4	4.3
MOROCCO	4.2	1.9	6.7	-1.2	3	2.9	4.1	2.5	4.2	2.4
MOZAMBIQUE	-0.1	4.9	2.1	6.1	-8.3	9.1	-	-	19.5	2.2
NIGER	-0.1	1.5	1.7	2.2	-1.7	1.2	-2.7	1.5	-0.7	1
OMAN	8.4	5.9	7.9	-	10.3	-	20.6	-	5.9	-
PAKISTAN	6.3	4.2	4.3	3.7	7.3	5.2	7.7	5.1	6.8	4.7
SAUDI ARABIA	0	1.7	13.4	0.7	-2.3	1.5	7.5	2.7	1.3	2
SENEGAL	3.1	2.5	2.8	1.6	4.3	3.3	4.6	1.8	2.8	2.5
SIERRA LEONE	0.3	-4.4	3.1	1.6	1.7	-7.8	-	5	-2.8	-3.5
SUDAN	0.4	7.7	-0.6	16.3	2.5	4.7	3.4	1	1.7	3
SYRIA	1.5	6.3	-0.6	-	6.6	-	-	-	0.1	-
TAJIKISTAN	-	-16.4	-	-	-	-	-	-	-	-
TOGO	1.7	1.9	5.6	4.6	1.1	2.2	1.7	1.5	-0.3	-0.5

	Growth of output		Agriculture		Industry		Manufacturing		Services	
	average annual % growth		average annual % growth		average annual % growth		average annual % growth		average annual % growth	
	1980-90	1990-97	1980-90	1990-97	1980-90	1990-97	1980-90	1990-97	1980-90	1990-97
TUNISIA	3.3	4.3	2.8	1	3.1	4.4	3.7	5.5	3.5	5.2
TURKEY	5.4	4.1	1.3	1.1	7.8	5	7.9	5.9	4.4	4.1
TURKMENISTAN	-	9.6	-	-	-	-	-	-	-	-
UGANDA	2.9	7.4	2.1	3.8	5	13	3.7	13.9	2.8	8.5
U.A.EMIRATES	-3.5	-	9.6	-	-4.2	-	3.1	-	3.6	-
YEMEN REP.	-	3.7	-	4.8	-	6.4	-	1	-	0.4
Average	**2.8**	**2.3**	**4.0**	**2.4**	**3.3**	**1.9**	**5.0**	**3.1**	**3.2**	**2.8**
Average (excl. missing MCs in 1980)	**2.8**	**3.7**	**4.0**	**3.2**	**3.3**	**3.2**	**5.0**	**3.8**	**3.2**	**3.4**
Low Income	4.4	3.9	3	2.6	4.9	4.6	6	5.9	5.1	5.4
Middle Income	2.9	2.8	3.5	1.1	2.8	3.8	3.7	6.7	3.1	3.3
Lower middle	4.9	2.3	4.2	0.7	6	4.4	7.1	9.9	5.6	3
Upper middle	1.8	3.4	2.4	1.9	1.1	3.4	1.7	3.4	2	3.6

Source: World Development Indicators; various issues.

Table A3: Structure of Manufacturing in IDB Member Countries

	Value added in mfg. $ million		Food,bev.ages&toba.co % of total		Textiles & clothing % of total		Machinery&transport % of total		Chemicals % of total		Other mfg. % of total		Ratio of mfg. value added
	1980	1996	1980	1996	1980	1996	1980	1996	1980	1996	1980	1996	1996 over 1980
ALGERIA	3,257	3,478	27	13	18	14	10	15	3	5	43	54	1.1
AZERBAIJAN	-	652	-	-	-	-	-	-	-	-	-	-	
BANGLADESH	3,101	6,783	24	-	43	-	4	-	16	-	14	-	2.2
BENIN	112	183	59	-	14	-	-	-	6	-	21	-	1.6
BURKINA FASO	261	455	59	-	19	-	3	-	1	-	17	-	1.7
CAMEROON	593	903	56	31	9	8	4	1	3	3	29	56	1.5
CHAD	-	181	-	-	-	-	-	-	-	-	-	-	
EGYPT	2,678	15,354	19	-	30	-	11	-	9	-	31	-	5.7
GABON	195	262	24	-	4	-	9	-	4	-	58	-	1.3
GAMBIA	12	22	35	-	2	-	-	-	3	-	60	-	1.8
GUINEA	-	188	-	-	-	-	-	-	-	-	-	-	
GUINEA-BISSAU	-	19	-	-	-	-	-	-	-	-	-	-	
INDONESIA	10,133	58,244	32	23	14	19	13	15	11	9	30	34	5.7
IRAN	8,567	12,641	-	29	-	35	-	12	-	3	-	21	1.5
JORDAN	447	754	23	30	7	17	1	4	7	2	62	48	1.7
KUWAIT	1,581	2,913	7	7	5	7	4	7	7	3	76	76	1.8
KYRGYZ REP.	-	202	-	-	-	-	-	-	-	-	-	-	
LEBANON	-	2,018	-	-	-	-	-	-	-	-	-	-	
LIBYA	682	-	31	-	10	-	-	-	16	-	43	-	
MALAYSIA	5,054	34,030	24	8	7	5	20	40	5	9	43	38	6.7
MALI	106	180	29	-	51	-	8	-	-	-	11	-	1.7
MAURITANIA	-	117	-	-	-	-	-	-	-	-	-	-	
MOROCCO	3,167	6,252	-	25	-	19	-	8	-	15	-	22	2.0
MOZAMBIQUE	-	167	-	-	-	-	-	-	-	-	-	-	
NIGER	94	129	30	-	25	-	2	-	16	-	28	-	1.4
OMAN	39	-	-	-	-	-	-	-	-	-	-	-	
PAKISTAN	3,389	9,859	32	22	22	38	9	5	12	11	25	23	2.9
SAUDI ARABIA	7,740	12,737	-	-	-	-	-	-	-	-	-	-	1.6
SENEGAL	316	713	50	48	19	5	4	3	8	23	20	21	2.3
SIERRA LEONE	54	53	51	-	5	-	-	-	-	-	44	-	1.0
SUDAN	518	-	-	-	-	-	-	-	-	-	-	-	
TOGO	89	135	47	44	13	36	-	-	8	-	32	-	1.5
TUNISIA	1,030	3,593	18	35	19	12	7	-	15	20	42	26	3.5

	Value added in mfg. $ million		**Food,bev.ages&toba.co** % of total		**Textiles & clothing** % of total		**Machinery&transport** % of total		**Chemicals** % of total		**Other mfg.** % of total		Ratio of mfg. value added
	1980	1996	1980	1996	1980	1996	1980	1996	1980	1996	1980	1996	1996 over 1980
TURKEY	9,337	29,415	18	13	15	17	14	19	10	12	42	39	3.2
UGANDA	53	432	-	-	-	-	-	-	-	-	-	-	8.2
U.A.EMIRATES	1,130	-	12	-	2	-	2	-	7	-	77	-	
YEMEN REP.	-	546	-	-	-	-	-	-	-	-	-	-	
Low Income	64,515	107,331											1.7
Middle Income	419,041	1,193,688											2.8
Lower middle	214,829	708,160											3.3
Upper middle	-	486,771											

Source: World Development Indicators; various issues.

Table A4: Share and Growth of Merchandise Trade in IDB Member Countries

	Trade share of GDP (percentage)		Export volume average annual % growth		Import volume average annual % growth		Export value average annual % growth		Import value average annual % growth		Terms of trade 1995=100	
	1980	1996	1980-90	1990-96	1980-90	1990-96	1980-90	1990-96	1980-90	1990-96	1990	1996
ALBANIA	46	52	-5.9	-	7.2	-	-	-	-	-	-	-
ALGERIA	72	56	4.9	-0.7	-6.9	-1.8	-0.8	0	-2.3	-39.4	126	124
AZERBAIJAN	-	62										
BANGLADESH	24	38	10	9.6	6	8.4	12	10	10.4	11.1	108	99
BENIN	66	57	-6.2	-17.2	-6.6	20.8	-2.4	-14	-2.5	29.9	109	102
BURKINA FASO	43	41	7.7	-17	4.1	-2.1	13.4	-16	8.5	1.4	117	102
CAMEROON	54	32	10.5	6	-1.1	-9.2	9.9	6.7	3.3	-8.1	110	112
CHAD	65	72	2.5	4.7	2	-1.7	8.8	7.4	6.4	-0.7	98	112
EGYPT	73	46	-1.2	8.7	-6.2	7.1	-2.6	8.5	-1.7	9.3	116	103
GABON	96	96	0.7	1.5	-5.8	-2.8	-1.2	0.2	-0.9	2.6	163	127
GAMBIA	-	-	-2.9	-12	4.4	-3.7	-3.3	-11.3	9.2	-1.2	109	101
GUINEA	-	41	-	-	-	-	4.1	-	10	-	-	-
GUINEA-BISSAU	52	42	-	-	-	-	-4.6	0	-5.2	1.4	-	-
INDONESIA	54	51	7.1	8	0.7	3.4	2	6.7	4.6	4.3	118	104
IRAN	-	-	1.1	4.8	-7.9	0.3	-4.2	5.5	-3.1	5.4	145	125
JORDAN	124	125	6.8	2.5	-6.2	4.1	8.9	3.9	-2.6	5	100	101
KAZAKHSTAN	-	65										
KUWAIT	-	-	-1.1	13.5	-10.4	5.8	-5.4	18	-5.8	5.3	91	109
KYRGYZ REP.	-	86										
LEBANON	-	69	1.2	10.2	-8.2	5.9	4.5	13.5	-3.8	9.2	104	111
LIBYA	-	-	3.1	-6.2	-7	3.1	-2.8	-5.1	-2.1	8.8	146	127
MALAYSIA	113	183	10.8	5.2	7	5.3	10.6	6.5	11.3	6.5	102	102
MALI	49	56	7.3	4.7	2.9	11.2	13.4	6.2	7.2	13.2	101	102
MAURITANIA	104	115	-	14	-	3.8	8	11.2	-2.1	4	111	98
MOROCCO	45	55	5.4	0	5.5	-2	11.2	-0.3	8.7	3.7	131	104
MOZAMBIQUE	66	84	-2.8	2.8	3.9	-6	1.5	3.3	7.5	-5.3	102	103
NIGER	63	37	-5.1	1.2	-0.1	4.7	0	-0.8	3.1	6.4	119	100
OMAN	100	89	-	-	-	-	2.9	0.8	0.7	0.2	-	-
PAKISTAN	37	37	10	3.6	1.4	4.4	11.1	6.7	4.4	5.8	88	98
SAUDI ARABIA	101	72	2.8	3.5	-11.4	1.3	-2	5.1	-6.8	6.5	133	116
SENEGAL	72	67	0.3	6.4	1.2	5.3	4.4	8.3	4.1	6.4	96	102
SIERRA LEONE	73	43	1.6	-22.2	-3.2	1.8	2.5	-22.7	0.7	1.4	107	112

	Trade share of GDP (percentage)		Export volume average annual % growth		Import volume average annual % growth		Export value average annual % growth		Import value average annual % growth		Terms of trade 1995=100	
	1980	1996	1980-90	1990-96	1980-90	1990-96	1980-90	1990-96	1980-90	1990-96	1990	1996
SUDAN	-	-	-3.7	-0.6	-6.6	4.7	1	-4	-2.8	5.3	124	97
SYRIA	54	-	11.1	0.3	-13.2	0.3	8.8	1.9	-10.5	3.1	111	114
TAJIKISTAN	-	228										
TOGO	107	69	8.8	9.3	8.6	8.3	7	9.6	12.3	9.9	105	102
TUNISIA	86	86	11	1.9	4.7	1.1	10.5	3.2	8.3	4.1	114	104
TURKEY	17	49	-	0.6	-	1	14	1.3	9.3	1.9	-	-
UGANDA	45	34	-6.2	30	-3.4	24.7	-11.3	29.1	1.5	26.5	124	106
U.A.EMIRATES	112	139	10.6	1.2	1.4	8	3.4	3.4	5.9	13.2	131	117
YEMEN REP.	-	91	-	-	-	-	-	-	-	-	-	-
Low Income	30	42	-	-	-	-	-	-	-	-	-	-
Middle Income	43	52	-	-	-	-	-	-	-	-	-	-
Lower middle	-	55	-	-	-	-	-	-	-	-	-	-
Upper middle	46	47	-	-	-	-	-	-	-	-	-	-

Source: World Development Indicators; various issues.

Table A5: Structure of Merchandise Exports in IDB Member Countries

	Merchandise exports $ million		Food % of total		Agri. raw materials % of total		Fuels % of total		Ores & metals % of total		Manufactures % of total		High-technology exports R&D Exp. as %	Hi-tech exports	% of mfg.
	1980	1997	1980	1997	1980	1997	1980	1997	1980	1997	1980	1997	of GNP 1985-95	$ million, 1997	exports, 1997
ALBANIA	-	210	-	11	-	14	-	1	-	9	-	65	-	2	1
ALGERIA	15,624	13,894	1	0	0	0	98	96	0	1	0	3	-	87	22
BANGLADESH	740	3,887	12	10	19	2	0	0	0	0	68	87	-	7	0
BENIN	49	289	62	-	25	-	4	-	1	-	3	-	0.7	-	-
BURKINA FASO	90	190	41	-	48	-	0	-	0	-	11	-	-	-	-
CAMEROON	1,321	1,814	48	24	16	25	31	36	2	6	4	8	-	4	3
CHAD	72	134	4	-	81	-	0	-	0	-	15	-	-	-	-
EGYPT	3,046	3,908	7	8	16	4	64	43	2	5	11	40	0.5	112	7
GABON	2,189	3,130	1	0	7	13	88	83	12	2	5	2	0	20	32
GAMBIA	36	158	99	-	0	-	-	-	3	-	7	-	-	-	-
GUINEA	374	938	4	-	0	-	0	-	95	-	1	-	-	-	-
GUINEA-BISSAU	11	71	85	-	2	-	0	-	0	-	8	-	-	-	-
INDONESIA	21,909	53,220	8	11	14	5	72	25	4	5	2	42	0.1	4,474	20
IRAN	13,804	25,079	1	-	1	-	93	-	0	-	5	-	0.5	-	-
JORDAN	402	1,453	25	25	1	2	0	0	40	24	34	49	0.3	183	26
KUWAIT	20,435	14,122	1	0	0	0	89	85	0	0	10	14	-	76	4
KYRGYZ REP.	-	551	-	28	-	11	-	15	-	6	-	38	0	47	24
LEBANON	930	711	28	-	2	-	0	-	9	-	58	-	-	-	-
LIBYA	21,910	9,824	-	-	-	-	100	-	-	-	0	-	0.2	-	-
MALAYSIA	12,939	77,894	15	9	31	5	25	8	10	1	19	76	0.4	39,490	67
MALI	235	275	30	-	69	-	0	-	0	-	1	-	-	-	-
MAURITANIA	255	536	16	-	1	-	0	-	83	-	0	-	-	-	-
MOROCCO	2,403	4,674	28	31	3	3	5	2	41	15	24	49	-	622	27
MOZAMBIQUE	511	272	68	69	7	9	2	1	5	4	18	17	-	3	8
NIGER	580	128	11	-	1	-	1	-	85	-	2	-	-	-	-
OMAN	3,748	7,600	1	4	0	0	96	77	0	1	3	17	-	157	12
PAKISTAN	2,588	8,632	24	10	20	3	7	1	0	0	48	86	0.9	281	4
SAUDI ARABIA	109,113	61,603	0	1	0	0	99	90	0	0	1	9	-	1,506	29
SENEGAL	477	393	43	16	3	9	19	15	20	11	15	50	-	145	55
SIERRA LEONE	302	215	24	-	1	-	0	-	34	-	40	-	-	-	-
SUDAN	584	518	47	68	51	28	1	0	1	0	1	3	-	1	12
SYRIA	2,108	4,049	4	12	9	7	79	63	1	1	7	17	-	6	1
TAJIKISTAN	-	588	-	-	-	-	-	-	-	-	-	-	-	-	-

	Merchandise exports $ million		Food % of total		Agri. raw materials % of total		Fuels % of total		Ores & metals % of total		Manufactures % of total		High-technology exports R&D Exp. as %	Hi-tech exports	% of mfg.
	1980	1997	1980	1997	1980	1997	1980	1997	1980	1997	1980	1997	of GNP 1985-95	$ million, 1997	exports, 1997
TOGO	335	407	21	-	2	-	26	-	40	-	11	-	-	-	-
TUNISIA	2,234	5,559	7	11	1	1	52	9	4	1	36	78	0.3	487	11
TURKEY	2,910	26,245	51	20	14	1	1	1	7	3	27	75	0.6	1,787	9
TURKMENISTAN	-	549	-	-	-	-	-	-	-	-	-	-	-	-	-
UGANDA	465	618	96	-	2	-	1	-	1	-	1	-	-	-	-
U.A.EMIRATES	21,628	30,423	-	-	-	-	-	-	-	-	-	-	-	-	-
YEMEN REP.	23	2,479	45	3	4	1	0	95	0	1	47	1	-	0	0
Average (excl. MCs with missing data in 1980)			**28.2**	**16.6**	**13.3**	**5.9**	**31.0**	**36.5**	**14.7**	**4.1**	**15.5**	**36.2**			
Low Income	-	-	30	-	10	-	19	-	7	-	33	-			
Middle Income	-	1,135,665	-	13	-	3	-	16	-	5	-	58			
Lower middle	-	580,191	-	11	-	3	-	18	-	5	-	57			
Upper middle	222,723	553,160	20	14	9	3	38	22	9	5	21	54			

Source: World Development Indicators; various issues.

Table A6: Structure of Merchandise Imports in IDB Member Countries

	Merchandise imports $ million		Food % of total		Agri. raw materials % of total		Fuels % of total		Ores & metals % of total		Manufactures % of total	
	1980	1997	1980	1997	1980	1997	1980	1997	1980	1997	1980	1997
ALBANIA	-	950	-	27	-	1	-	3	-	1	-	67
ALGERIA	10,524	8,688	21	32	3	3	2	2	2	1	72	62
AZERBAIJAN	-	791	-	-	-	-	-	-	-	-	-	-
BANGLADESH	1,980	6,863	24	17	6	4	9	7	3	3	58	69
BENIN	302	962	26	-	1	-	8	-	1	-	62	-
BURKINA FASO	358	506	20	-	2	-	13	-	1	-	64	-
CAMEROON	1,538	1,296	9	14	0	2	12	16	1	1	78	67
CHAD	37	141	23	24	2	1	2	18	1	1	72	56
EGYPT	4,860	13,095	32	26	6	6	1	2	1	3	59	63
GABON	674	1,155	19	19	0	1	1	4	1	1	78	75
GAMBIA	169	330	26	-	1	-	9	-	0	-	61	-
GUINEA	299	813	12	-	1	-	19	-	4	-	62	-
GUINEA-BISSAU	55	116	20	-	0	-	6	-	2	-	69	-
INDONESIA	10,834	41,679	13	9	4	5	16	10	2	3	65	73
IRAN	9,330	14,705	21	-	4	-	1	-	2	-	72	-
JORDAN	2,394	3,888	18	21	2	2	17	13	1	3	61	61
KAZAKHSTAN	-	4,275	-	-	-	-	-	-	-	-	-	-
KUWAIT	6,554	8,102	15	16	1	1	1	1	1	2	81	81
KYRGYZ REP.	-	709	-	21	-	1	-	29	-	1	-	48
LEBANON	3,132	7,456	16	-	2	-	15	-	4	-	63	-
LIBYA	6,776	5,482	19	-	1	-	1	-	1	-	78	-
MALAYSIA	10,735	79,644	12	5	2	1	15	3	4	3	67	85
MALI	491	1,126	19	-	0	-	35	-	0	-	45	-
MAURITANIA	287	601	30	-	1	-	14	-	0	-	52	-
MOROCCO	4,182	7,877	20	17	6	5	24	17	4	4	47	58
MOZAMBIQUE	550	1,281	14	22	3	2	9	11	3	1	70	62
NIGER	608	566	14	-	0	-	26	-	3	-	55	-
OMAN	1,732	4,866	15	17	1	1	11	2	0	2	66	75
PAKISTAN	5,350	11,182	13	19	3	4	27	20	3	2	54	54
SAUDI ARABIA	29,957	40,837	14	18	1	1	1	0	1	4	82	76
SENEGAL	1,038	1,161	25	32	1	2	25	10	0	2	48	53
SIERRA LEONE	268	239	24	-	1	-	2	-	1	-	71	-
SUDAN	1,499	1,493	26	17	1	2	13	19	1	0	60	60
SYRIA	4,124	5,929	14	17	3	3	26	1	2	1	55	76
TAJIKISTAN	-	633	-	-	-	-	-	-	-	-	-	-
TOGO	550	1,056	17	-	1	-	23	-	0	-	59	-
TUNISIA	3,509	7,932	14	11	4	3	21	8	4	3	58	75
TURKEY	7,573	48,585	4	5	2	5	48	10	3	5	43	72
TURKMENISTAN	-	1,201	-	-	-	-	-	-	-	-	-	-
UGANDA	417	825	11	-	1	-	23	-	0	-	65	-
U.A.EMIRATES	8,098	31,050	11	-	1	-	11	-	2	-	74	-
YEMEN REP.	1,853	1,807	28	29	0	2	7	8	1	1	63	59
Average (excl. MCs with missing data in 1980)			**18.3**	**18.4**	**1.9**	**2.7**	**13.7**	**8.7**	**1.7**	**2.2**	**63.6**	**67.2**
Low Income	-	-	15	-	2	-	25	-	3	-	55	-
Middle Income	-	1,160,963	12	9	3	3	19	8	3	3	60	73
Lower middle	-	549,828	-	10	-	4	-	8	-	3	-	70
Upper middle	210,421	602,676	11	9	2	2	18	8	4	3	62	77

Source: World Development Indicators; various issues

Table A7: Tariff Barriers in Selected IDB Member Countries

	Import duties		All products			Primary products			Manufactured products		
	% of total imports		Mean tariff (%)	Std. deviation of tariff rates	Covered by nontariff barriers (%)	Mean tariff (%)	Std. deviation of tariff rates	Covered by nontariff barriers (%)	Mean tariff (%)	Std. deviation of tariff rates	Covered by nontariff barriers (%)
	1980	1997	1990-93	1990-93	1990-93	1990-93	1990-93	1990-93	1990-93	1990-93	1990-93
ALBANIA	-	10	-	-	-	-	-	-	-	-	-
ALGERIA	-	-	24.8	19.6	9.5	21.6	20.5	26.8	26.2	19.4	2.8
BAHRAIN											
BANGLADESH	16.4	-	84.1	26.1	-	79.6	37.4	-	85.6	22.3	-
BENIN	-	-	37.4	-	17	35	-	24.3	38.3	-	14.2
BURKINA FASO	20.7	-	-	-	-	-	-	-	-	-	-
CAMEROON	21.3	19.7	18.7	12	-	21.3	9.6	-	18	12.6	-
EGYPT	26.3	18.8	28.3	28.9	45.2	26.6	45	43.8	29.5	24.2	45.6
GABON	38.3	-	-	-	-	-	-	-	-	-	-
GAMBIA	21.8	-	-	-	-	-	-	-	-	-	-
GUINEA	-	-	8.9	-	38.2	9.2	-	46.9	8.8	-	35.1
INDONESIA	5.1	2.7	19.4	16.1	2.7	17.4	12.5	4.6	20.3	17.1	2
IRAN	20.9	11.1	20.7	-	99.3	16.8	-	99	22.2	-	99.4
JORDAN	21.2	12.4	13.8	-	12.9	7.2	-	37	16.2	-	3.6
KUWAIT	3	3.5	-	-	3.5	-	-	6.8	-	-	1.8
KYRGYZ REP.	-	2.2	-	-	-	-	-	-	-	-	-
LEBANON	-	14.9	-	-	-	-	-	-	-	-	-
LIBYA	-	-	18.3	-	10.3	14.2	-	15	19.7	-	8.4
MALAYSIA	9	3.4	14.3	14	2.1	11.9	13.2	1.2	15.2	14.3	2.4
MALI	8	0	3	2.4	-	3.9	2.1	-	2.8	2.5	-
MOROCCO	22.3	14.8	24.5	13.2	-	23.7	15.4	-	25.3	12.4	-
MOZAMBIQUE	-	-	5	0	-	5	0	-	5	0	-

	Import duties		All products			Primary products			Manufactured products		
	% of total imports		Mean tariff (%)	Std. deviation of tariff rates	Covered by nontariff barriers (%)	Mean tariff (%)	Std. deviation of tariff rates	Covered by nontariff barriers (%)	Mean tariff (%)	Std. deviation of tariff rates	Covered by nontariff barriers (%)
	1980	1997	1990-93	1990-93	1990-93	1990-93	1990-93	1990-93	1990-93	1990-93	1990-93
NIGER	17	-	-	-	-	-	-	-	-	-	-
OMAN	1.4	2.5	5.7	9.2	-	8.1	19.5	-	5.1	3.3	-
PAKISTAN	25.2	18.3	51	21.9	14.5	44.4	23.1	6.8	53	21.2	17.3
SAUDI ARABIA	-	-	12.1	3.3	3.9	12	3.6	4.4	12.2	3.2	3.4
SENEGAL	26.9	-	34.2	-	7.2	38.9	-	8.4	32.3	-	6.1
SIERRA LEONE	17.2	20.3	25.8	-	100	19.4	-	100	28	-	100
SUDAN	31.1	-	56.6	-	10	56.6	-	12	56.4	-	9.4
SYRIA	11.6	29.7	14.8	-	36.6	13.1	-	30.7	15.5	-	38.7
TOGO	15.2	-	-	-	-	-	-	-	-	-	-
TUNISIA	20.6	19.9	30	11.7	32.7	30.3	13	37.3	30.2	11.2	30.5
TURKEY	8.9	1.8	9.5	5.7	96.4	9.9	9.1	93.9	9.5	4.4	97.3
UGANDA	15.8	-	17.1	9.1	-	20.9	10.5	-	16.3	8.5	-
U.A.EMIRATES	-	-	4.5	-	1	3.2	-	2.9	4.9	-	0.3
YEMEN REP.	-	9.7	16.2	-	28.7	17.9	-	25.2	15.6	-	30.2

Source: World Development Indicators; various isssues.

Table A8: Evolution of Tariff Barriers in Selected IDB Member Countries

		All products			Primary products			Manufactured products		
		Mean tariff	Std. deviation of tariff rates	Weighted mean tariff	Mean tariff	Std. deviation of tariff rates	Weighted mean tariff	Mean tariff	Std. deviation of tariff rates	Weighted mean tariff
	Year	%	%	%	%	%	%	%	%	%
Albania	1997	15.9	8.3	13.6	14.5	6.9	13.2	16.3	8.6	13.8
Algeria	1998	24.2	16.7	17.2	21.8	18.1	14.7	24.9	16.2	17.7
Bangladesh	1989	114	84.9	114.2	85.1	58.7	76.1	123.2	89.8	125.5
	1993	4.1	10.3	2.6	0.5	3.7	0	11.6	14.6	8.3
Indonesia	1989	25.2	21.8	23.6	18.9	14.8	11.7	27.1	23.3	27.4
	1990	20.6	16.7	20.9	17.7	12.8	10.7	21.5	17.7	24.2
	1993	19.4	16.1	21.7	16.7	12.3	10	20.3	17	25.4
	1996	13	16.7	13.8	12.3	19.6	9.3	13.2	15.7	14.9
Kazakhstan	1996	9.4	10.9	7.1	9.9	8.7	7.1	9.2	11.7	7.1
Malaysia	1988	17	14.2	12.6	15.8	10.7	6.3	17.6	15.6	14.4
	1991	16.9	14.7	12.5	15.3	10.6	6	17.8	16.3	14.4
	1993	14.3	14.1	11.1	10.9	12.7	6	15.3	14.3	12.6
	1996	8.7	14.4	8.1	2.4	6.5	2.7	11.8	16.1	9.3
	1997	9.1	19.6	9.4	4.1	22.2	9.8	12	17.2	9.4

		All products			Primary products			Manufactured products		
		Mean tariff	Std. deviation of tariff rates	Weighted mean tariff	Mean tariff	Std. deviation of tariff rates	Weighted mean tariff	Mean tariff	Std. deviation of tariff rates	Weighted mean tariff
	Year	%	%	%	%	%	%	%	%	%
Mozambique	1997	15.6	14.3	14.1	16.9	15.1	12	15.3	14	14.8
Tunisia	1990	29.2	10.7	26.2	28.4	12.3	20.9	29.4	10.2	27.9
	1992	29.3	10.9	26.2	28.4	12.3	20.9	29.6	10.5	27.9
	1998	29.9	12.8	23.4	31	11.7	23.2	29.6	13	23.5
Turkey	1997	13.5	25.4	7.4	34.1	42.2	14.8	6	4.6	5.7

Source: World Development Indicators; various issues.

Table A9: Distribution of Factor Intensity of Merchandise Exports

	1994 - 95 $ '000	Factor Intensity Structure of Merchandise Exports (%) Resource intensive	Labour intensive	Scale intensive	Different-iated	Science based	Not Classified
North-West Africa Region							
Algeria	8975284	98.0	0.3	1.4	0.3	0.0	0.0
(excl. crude oil)	[4858177]	[96.3]	[0.5]	[2.6]	[0.5]	[0.1]	[0.0]
Libyan Arab Jamahiriya	9706254	96.5	0.2	3.2	0.1	0.0	0.0
(excl. crude oil)	[2130100]	[84.2]	[0.8]	[14.5]	[0.3]	[0.2]	[0.1]
Morocco	4376792	50.1	24.3	21.3	3.0	1.2	0.0
Tunisia	5029597	26.4	49.5	14.4	8.1	1.6	0.0
(excl. crude oil)	[4664594]	[20.7]	[53.3]	[15.5]	[8.7]	[1.7]	[0.0]
Average (excl. crude oil)		**50.1**	**24.3**	**21.3**	**3.0**	**1.2**	**0.0**
West and Central Africa Region							
Burkina Faso	442866	79.4	1.8	0.3	0.6	0.6	17.4
Cameroon	1517470	95.4	1.7	1.9	0.8	0.2	0.0
(excl. crude oil)	[1078347]	[93.5]	[2.4]	[2.6]	[1.1]	[0.3]	[0.0]
Chad	193515	96.1	0.1	0.1	0.1	3.3	0.3
Gabon	2551611	98.9	0.3	0.5	0.2	0.1	0.0
(excl. crude oil)	[425033]	[93.4]	[1.7]	[2.9]	[1.1]	[0.8]	[0.0]
Gambia	33128	56.8	16.5	2.1	1.5	0.6	22.4
Guinea	476316	99.0	0.1	0.1	0.3	0.1	0.3
(excl. crude oil)	[474385]	[99.0]	[0.1]	[0.1]	[0.3]	[0.1]	[0.4]
Guinea-Bissau	32628	94.6	1.6	2.3	1.1	0.2	0.1
(excl. crude oil)	[30982]	[94.3]	[1.7]	[2.4]	[1.2]	[0.2]	[0.1]
Mali	366889	86.2	2.0	0.9	3.3	6.2	1.5
Mauritania	531806	98.9	0.3	0.1	0.4	0.2	0.1
Niger	422767	31.4	12.0	50.5	4.7	0.8	0.7
(excl. crude oil)	[368951]	[21.4]	[13.7]	[57.9]	[5.4]	[0.9]	[0.8]
Senegal	487630	59.2	2.5	32.6	2.5	2.6	0.6
Sierra Leone	96805	80.4	6.3	5.0	5.1	2.2	1.1
Average (excl. crude oil)		**79.6**	**4.2**	**5.8**	**1.9**	**2.3**	**6.2**
North-East and South Africa Region							
Comoros	11400	73.9	1.5	21.3	1.4	1.0	0.9
Djibouti	100736	31.5	11.3	16.8	8.9	3.4	28.1
Mozambique	169174	87.5	4.2	3.6	2.3	0.7	1.7
Somalia	37612	81.2	1.2	4.8	4.4	1.1	7.3

	1994 - 95 $ '000	Factor Intensity Structure of Merchandise Exports (%) Resource intensive	Labour intensive	Scale intensive	Different-iated	Science based	Not Classified
Sudan	540010	96.8	0.3	0.2	0.2	0.0	2.4
Uganda	518232	96.5	0.9	1.2	0.2	0.2	0.9
Average (excl. crude oil)		**77.9**	**3.2**	**8.0**	**2.9**	**1.1**	**6.9**
Middle-East Region							
Bahrain	1477773	68.9	8.4	17.8	2.2	2.6	0.1
Egypt	3458393	61.2	27.2	9.1	0.9	1.5	0.1
(excl. crude oil)	[2702323]	[50.4]	[34.9]	[11.6]	[1.1]	[1.9]	[0.1]
Iran, Islamic Rep. of	18892557	91.8	5.4	2.1	0.2	0.3	0.2
(excl. crude oil)	[3702399]	[58.1]	[27.5]	[10.6]	[1.2]	[1.4]	[1.2]
Jordan	1411155	51.2	6.6	22.8	2.5	15.5	1.4
Kuwait	12454518	95.2	0.6	2.9	0.7	0.6	0.0
(excl. crude oil)	[748018]	[20.8]	[9.5]	[48.5]	[11.1]	[10.0]	[0.1]
Lebanon	698072	47.0	29.7	10.8	9.9	2.1	0.6
Oman	5667891	84.3	2.2	10.0	1.7	0.9	0.9
(excl. crude oil)	[1310598]	[32.0]	[9.4]	[43.4]	[7.5]	[3.7]	[4.0]
Pakistan	7727050	18.6	78.8	0.4	0.1	1.8	0.3
Qatar	3482896	85.4	2.0	11.6	0.5	0.4	0.1
(excl. crude oil)	[1295995]	[60.9]	[5.5]	[31.2]	[1.3]	[1.0]	[0.2]
Saudi Arabia	45610118	96.7	0.6	2.1	0.4	0.2	0.0
(excl. crude oil)	[11458165]	[87.0]	[2.3]	[8.3]	[1.7]	[0.7]	[0.0]
Syrian Arab Republic	3755934	82.1	16.4	0.6	0.7	0.1	0.0
(excl. crude oil)	[1767334]	[62.0]	[34.8]	[1.3]	[1.6]	[0.3]	[0.0]
Turkey	19852412	30.1	42.4	19.0	7.2	1.3	0.1
United Arab Emirates	22611756	76.1	7.7	6.9	4.1	2.6	2.6
(excl. crude oil)	[11696576]	[53.7]	[14.9]	[13.4]	[7.9]	[5.1]	[5.0]
Yemen	1243815	98.6	0.2	0.3	0.6	0.4	0.0
(excl. crude oil)	[136997]	[86.9]	[1.7]	[3.2]	[5.0]	[3.2]	[0.0]
Average (excl. crude oil)		**43.2**	**33.2**	**14.1**	**4.4**	**4.7**	**0.5**
South and South-East Asia Region							
Bangladesh	2945318	20.9	74.0	2.7	1.5	0.2	0.8
Brunei Darussalam	2370659	98.7	1.3	0.0	0.0	0.0	0.0
(excl. crude oil)	[1188866]	[98.0]	[2.6]	[0.0]	[0.0]	[0.0]	[0.0]
Indonesia	42735770	63.4	24.1	4.1	5.3	2.8	0.2
(excl. crude oil)	[37627135]	[58.5]	[27.4]	[4.7]	[6.0]	[3.2]	[0.3]
Malaysia	66310489	29.5	9.4	4.4	20.6	35.1	1.1
(excl. crude oil)	[63697814]	[26.6]	[9.8]	[4.5]	[21.4]	[36.5]	[1.1]
Maldives	47834	66.0	30.6	0.6	1.6	0.5	0.6
Average (excl. crude oil)		**43.5**	**52.3**	**1.6**	**1.5**	**0.3**	**0.7**

		Factor Intensity Structure of Merchandise Exports (%)					
	1994 - 95 $ '000	**Resource intensive**	**Labour intensive**	**Scale intensive**	**Different-iated**	**Science based**	**Not Classified**
CIS Region							
Azerbaijan	646275	82.1	3.4	4.5	9.0	1.0	0.1
Kazakhstan	4102889	63.9	2.0	30.4	3.1	0.3	0.2
(excl. crude oil)	[3449036]	[57.1]	[2.4]	[36.2]	[3.7]	[0.3]	[0.3]
Kyrgyzstan	376136	65.4	13.8	11.7	7.3	1.0	0.8
Tajikistan	615653	86.0	8.6	3.6	1.4	0.3	0.1
Turkmenistan	1974541	95.9	2.8	0.7	0.3	0.2	0.1
Average (excl. crude oil)		**82.3**	**7.2**	**5.1**	**4.5**	**0.6**	**0.2**
Overall Average		**74**	**12**	**8**	**3**	**2**	**2**
[excl. crude oil]		**69**	**15**	**8**	**3**	**2**	**3**

Table A9.1: Technological Classification of Merchandise Export SITC Rev.2 Codes

Resource Intensive			Labour intensive	Scale intensive	Different-iated	Science based	Not Classified
1	223	511	651	522	711	541	911
11	232	512	652	523	712	751	931
12	233	513	653	524	713	752	941
14	244	514	654	531	714	759	951
22	245	515	655	532	716	764	961
23	246	516	656	533	718	776	971
24	247	582	657	551	721	792	
25	248	583	658	553	722	871	
34	251	584	659	554	723	872	
35	261	611	666	562	724	873	
36	263	612	676	572	725	874	
37	264	613	691	585	726	893	
41	265	633	692	591	727		
42	266	634	693	592	728		
43	267	635	694	598	736		
44	268	641	695	621	737		
45	269	642	696	625	741		
46	271	661	697	628	742		
47	273	667	699	662	743		
48	274	681	821	663	744		
54	277	682	831	664	745		
56	278	683	842	665	749		
57	281	684	843	666	761		
58	282	685	844	671	762		
61	286	686	845	672	763		
62	287	687	846	673	771		
71	288	688	847	674	772		
72	289	689	848	675	773		
73	291		851	677	775		
74	292		892	678	778		
75	322		894	679	812		
81	323		895	774	881		
91	333		896	781	882		
98	334		897	782	883		
111	335		898	783	884		
112	341		899	784	885		
121	351			785			
122	411			786			
211	423			791			
212	424			793			
222	431			892			

Source: Based on combining classification of Krause (1984) & Lall (1998).

Table A9.2: Nomenclature of SITC Rev. 2 Codes

Codes		Description
1	001	Live animals
11	011	Edible meat, frsh,frozen
12	012	Edible meat salted/brine/dried/smoked
14	014	Edible meat prep/preserved
22	022	Milk and cream
23	023	Butter
24	024	Cheese and curd
25	025	Eggs frsh/ dried/preserved
34	034	Fish fresh/chilled/frozen
35	035	Fish dried/salted/brine/smoked
36	036	Crustaceans frsh/frozn/saltd/brine/dried
37	037	Fish, crustaceans prepred/presrvd,nes
41	041	Wheat, unmilled
42	042	Rice
43	043	Barley, unmilled
44	044	Maize (corn), unmilled
45	045	Cereals, unmilled
46	046	Meal, flour of wheat/meslin
47	047	Other cereal meals/flours
48	048	Cereal/flour/fruits/veg. preparations
54	054	Vegetables, frsh/chilled/frozen
56	056	Vegetables, prepared/preserved, n.e.s.
57	057	Fruit, nuts fresh/dried
58	058	Fruit, preserved/preparations
61	061	Sugar and honey
62	062	Sugar confectionery/preparations
71	071	Coffee, and substitutes
72	072	Cocoa
73	073	Chocolate and food preparations
74	074	Tea and maté
75	075	Spices
81	081	Feeding stuff for animals
91	091	Margarine and shortening
98	098	Edible products/preparations, nes
111	111	Non-alcoholic beverages, nes
112	112	Alcoholic beverages
121	121	Tobacco, unmanufactured; tobacco refuse
122	122	Tobacco, manufactured
211	211	Hides, skins raw
212	212	Fur skins, raw
222	222	Oil-seeds whole/broken (excl. flours/meals)
223	223	Oil-seeds whol/brken (non-defatted flrs/mels)
232	232	Natural rubber latex and similar gums
233	233	Synthetic rubber latex
244	244	Cork, natural, raw and waste
245	245	Fuel wood and charcoal
246	246	Pulpwood
247	247	Other wood, rough/squared
248	248	Wood, simply worked/sleepers
251	251	Pulp and waste paper
261	261	Silk
263	263	Cotton
264	264	Jute, raw or processed
265	265	Vegetable textile fibres
266	266	Synthetic fibres for spinning
267	267	Oth man-made fibres for spinning
268	268	Wool
269	269	Old clothing; rags
271	271	Fertilizers, crude
273	273	Stone, sand/gravel
274	274	Sulphur, unroasted iron pyrites
277	277	Natural abrasives, (incl. Indust. diamonds)
278	278	Other crude minerals
281	281	Iron ore and concentrates
282	282	Scrap metal of iron or steel
286	286	Ores/concentrates of uranium/thorium
287	287	Ores/concentrates of base metals, nes
288	288	Non-ferrous base metal scrap, nes
289	289	Ores/concentrates of precious metals; scrap
291	291	Crude animal materials, nes
292	292	Crude vegetable materials, nes
322	322	Coal, lignite
323	323	Briquettes; coke; semi-coke
333	333	Crude petroleum oils
334	334	Petroleum products, refined
335	335	Residual petroleum products, nes
341	341	Gas, natural and manufactured
351	351	Electric current
411	411	Animal oils and fats
423	423	Fixed vegetable oils, soft/crude/refined
424	424	Oth fixd vegtble oils, fluid/solid/crude/refined
431	431	Animal, vegetable oils, processed
511	511	Hydrocarbons, nes and derivatives
512	512	Alcohols,phenols,phenol-alcohols,and derivatives
513	513	Carboxylic acids, and derivatives
514	514	Nitrogen-function compounds
515	515	Organo-inorganic and heterocyclic compounds
516	516	Other organic chemicals
522	522	Inorganic chemical elments,oxides/halogen salts
523	523	Other inorganic chemicals
524	524	Radioactive and associated materials
531	531	Synthetic organic dyestuffs
532	532	Dyeing and tanning extracts;synthetic tanning
533	533	Pigments,paints,varnishes,related materials
541	541	Medicinal and pharmaceutical products
551	551	Essential oils, perfume and flavour materials
553	553	Perfumery, cosmetics and toilet preparations
554	554	Soap, cleansing and polishing preparations
562	562	Fertilizers, manufactured
572	572	Explosives and pyrotechnic products
582	582	Condensation, poly-cond., polyaddition products
583	583	Polymerization and copolymerization products
584	584	Regenerated cellulose;cellulose nitrate,esters
585	585	Other artificial resins and plastic materials
591	591	Disinfectants, insecticides, fungicides
592	592	Starches, inulin and wheat gluten
598	598	Miscellaneous chemical products, nes
611	611	Leather
612	612	Manufactures of leather, nes
613	613	Fur skins; dressed, cuttings
621	621	Materials of rubber
625	625	Rubber tyres; cases
628	628	Articles of rubber, nes
633	633	Cork manufactures
634	634	Veneers, plywood, reconstituted wood
635	635	Wood manufactures, nes
641	641	Paper and paperboard
642	642	Paper and paperboard, cut/shape
651	651	Textile yarn
652	652	Cotton fabrics, woven

Codes	Description
653	653 Fabrics;woven,man-made fibres
654	654 Textile fabrics;woven, oth than cotton fibres
655	655 Knitted or crocheted fabrics
656	656 Tulle, lace, embroidery
657	657 Special textile fabrics and related products
658	658 Made-up articles, chiefly of textile materials
659	659 Floor coverings
661	661 Lime, cement, fabricated construction matls.
662	662 Clay and refractory construction materials
663	663 Mineral manufactures, nes
664	664 Glass
665	665 Glassware
666	666 Pottery
667	667 Pearls, precious/semi-precious stones
671	671 Pig iron, iron or steel
672	672 Ingots; oth primary forms, of iron/steel
673	673 Iron/steel bars;rods/angles/shapes
674	674 Plates and sheets, of iron or steel
675	675 Hoop/strip, of iron or steel
676	676 Rails track construction material
677	677 Iron/steel wire, coated or not
678	678 Tubes/pipes/fittings; of iron or steel
679	679 Iron/steel castings/forgings/stampings;rough
681	681 Silver, platinum and others
682	682 Copper
683	683 Nickel
684	684 Aluminium
685	685 Lead
686	686 Zinc
687	687 Tin
688	688 Uranium, thorium and alloys
689	689 Miscell. non-ferrous base metals
691	691 Structures and parts; of iron/steel/aluminium
692	692 Metal containers for storage/transport
693	693 Wire products and fencing grills
694	694 Nails/screws/nuts/bolts of iron/steel/copper
695	695 Tools for hand-use or machines
696	696 Cutlery
697	697 Household equipment of base metal, nes
699	699 Manufactures of base metal, nes
711	711 Steam/other vapour generating boilers; parts
712	712 Steam engines and power units
713	713 Internal combustion piston engines, and parts
714	714 Engines and motors, non-electric
716	716 Rotating electric plant and parts
718	718 Other power generating machinery and parts
721	721 Agricultural machinery and parts
722	722 Tractors fitted or not with power take-offs
723	723 Civil engineering/contractors plant/parts
724	724 Textile/leather machinery; parts
725	725 Paper & pulp mill machinery
726	726 Printing/bookbinding machinery; parts
727	727 Food processing machines; parts
728	728 Specialized machinery and equipment
736	736 Machine tools for metal/carbides; parts
737	737 Metalworking machinery, and parts
741	741 Heating and cooling equipment, and parts
742	742 Pumps for liquids, liquid elevators, and parts
743	743 Pumps, compressors, fans and blowers
744	744 Mechanical handling equipment, and parts
745	745 Oth non-elect.machinery/tools/ apparatus; parts
749	749 Non-electric accessories of machinery
751	751 Office machines
752	752 Automatic data processing machines
759	759 Parts of and accessories suitable for 751, 752
761	761 Television receivers

Codes	Description
762	762 Radio-broadcast receivers
763	763 Gramophones, dictating and sound recorders
764	764 Telecommunications equipment, and parts
771	771 Electric power machinery, and parts thereof
772	772 Elect. apparatus: switches, relays, fuses, plugs
773	773 Equipment for distributing electricity
774	774 Medical electric/radiological apparatus
775	775 Household, electrical/non-electrical equipment
776	776 Thermionic, cold and photo-cathode valves, tubes
778	778 Electrical machinery and apparatus, n.e.s.
781	781 Passenger and goods motor cars
782	782 Motor vehicles for transport of goods materials
783	783 Road motor vehicles, n.e.s.
784	784 Parts and accessories of 722, 781, 782, 783
785	785 Motorcycles, motor scooters and invalid carriages
786	786 Trailers and other vehicles, not motorized
791	791 Railway vehicles and associated equipment
792	792 Aircraft and associated equipment, and parts
793	793 Ships, boats and floating structures
812	812 Sanitary, plumbing, heating and lighting fixtures
821	821 Furniture and parts thereof
831	831 Travel goods, handbags, briefcases, purses
842	842 Outergarments, men's, of textile fabrics
843	843 Outergarments, women's, of textile fabrics
844	844 Undergarments of textile fabrics
845	845 Outergarments and other articles, knitted
846	846 Undergarments, knitted or crocheted
847	847 Clothing accessories of textile fabrics
848	848 Non-textile apparel and clothing accessories
851	851 Footwear
871	871 Optical instruments and apparatus
872	872 Medical instruments and appliances
873	873 Meters and counters, n.e.s.
874	874 Measuring, checking, analysing instruments
881	881 Photographic apparatus and equipment, nes
882	882 Photographic and cinematographic supplies
883	883 Cinematograph films
884	884 Optical goods, n.e.s.
885	885 Watches and clocks
892	892 Printed matter
893	893 Articles of materials described in division 58
894	894 Baby carriages and toys
895	895 Office and stationery supplies, n.e.s.
896	896 Works of art, collectors' pieces and antiques
897	897 Jewellery, goldsmiths & precious materials
898	898 Musical instruments, parts and accessories
899	899 Other miscellaneous manufactured articles
911	911 Postal packages not classified to kind
931	931 Special transactions and commodities
941	941 Animals, live, n.e.s., including zoo-animals
951	951 Armoured fighting vehicles and ammunition
961	961 Coins (other than gold), not being legal tender
971	971 Gold, non-monetary

Table A10: Summary Distribution of Revealed Comparative Advantage Ratio (RCA), Intra-Industry Trade Index (IIT) and Rank Correlation Between RCA and IIT

	RCA - 1994-95		IIT - 1994-95		Rank Correlation RCA/IIT (1994-95)	
	N1>1	N2<1	N1>50%	N2<50%	Correl.	n
North-West Africa Region						
Algeria	10	159	17	152	0.20	169
Libyan Arab Jamahiriya	10	161	20	150	-0.03	170
Morocco	49	169	44	173	0.02	217
Tunisia	45	179	54	170	-0.05	224
Distribution (%)	**15**	**85**	**17**	**83**		
West and Central Africa Region						
Burkina Faso	13	112	20	97	0.05	117
Cameroon	16	167	27	152	-0.001	179
Chad	11	94	17	83	0.25	100
Gabon	6	150	6	150	0.17	156
Gambia	29	74	11	90	-0.02	101
Guinea	13	138	8	137	0.10	145
Guinea-Bissau	19	123	21	113	-0.03	134
Mali	19	147	22	136	0.02	158
Mauritania	6	122	14	109	0.17	123
Niger	30	146	38	128	0.06	166
Senegal	31	177	31	173	0.11	204
Sierra Leone	34	154	67	115	0.11	182
Distribution (%)	**12**	**88**	**16**	**84**		
North-East and South Africa Region						
Comoros	15	69	15	67	0.10	82
Djibouti	45	140	43	130	0.01	173
Mozambique	29	132	19	136	0.00	155
Somalia	14	104	31	78	-0.03	109
Sudan	16	102	5	108	0.23	113
Uganda	22	142	10	149	0.18	159
Distribution (%)	**17**	**83**	**16**	**84**		

	RCA - 1994-95		IIT - 1994-95		Rank Correlation RCA/IIT (1994-95)	
	N1>1	N2<1	N1>50%	N2<50%	Correl.	n
Middle-East Region						
Bahrain	20	182	30	171	-0.04	201
Egypt	41	172	41	172	0.01	213
Iran, Islamic Rep. of	16	212	36	184	-0.02	220
Jordan	38	180	41	177	0.11	218
Kuwait	5	186	12	176	0.10	188
Lebanon	63	160	41	181	0.11	222
Oman	13	169	33	148	0.09	181
Pakistan	36	162	28	169	0.02	197
Qatar	13	165	9	163	-0.02	172
Saudi Arabia	9	224	27	206	0.14	233
Syrian Arab Republic	31	176	22	178	0.07	200
Turkey	68	167	66	166	0.01	232
United Arab Emirates	32	203	68	166	0.09	234
Yemen	9	134	13	128	0.17	141
Distribution (%)	**14**	**86**	**16**	**84**		
South and South-East Asia Region						
Bangladesh	24	117	16	124	0.04	140
Brunei Darussalam	4	14	2	16	-0.13	18
Indonesia	53	179	65	167	0.05	232
Malaysia	36	200	97	139	0.04	236
Maldives	19	122	10	127	0.22	137
Distribution (%)	**18**	**82**	**25**	**75**		
CIS Region						
Azerbaijan	33	153	51	128	-0.08	179
Kazakhstan	44	183	61	165	0.15	226
Kyrgyzstan	50	136	75	103	-0.12	178
Tajikistan	22	142	35	115	-0.03	150
Turkmenistan	14	146	20	136	0.09	156
Distribution (%)	**18**	**82**	**27**	**73**		
Overall Distribution (%)	**15**	**85**	**18**	**82**		

Note: N1 and N2 refer to number of products conditional on above statements while n in the last column refer to the common products in the RCA and the IIT listings.

Table A11: Export Competitiveness of Selected IDB Member Countries

	Nominal export growth (in percentage) *1983-84 to 1988-89*				Nominal export growth (in percentage) *1988-89 to 1993-94*			
	Annual average	From world demand	From market share	From export diversification	Annual average	From world demand	From market share	From export diversification
North-West Africa Region								
ALGERIA	-6.5	-1.8	-5.2	0.5	2.2	5.5	-2.8	-0.2
LIBYA	-8.2	0.5	-8.9	0.2	2.9	5.4	-2.6	0.2
MOROCCO	13.2	14.1	-1.1	0.3	7.1	6.4	0	0.6
TUNISIA	10.9	-0.7	9.3	2.1	9.8	5.8	3.4	0.3
West and Central Africa Region								
BENIN	-4.8	-3.4	-4.9	3.6	10.6	4.9	7.3	-1.7
BURKINA FASO	6.8	10.4	-4	0.7	-2.5	5.4	-7.6	0.1
CAMEROON	-3.4	-3.1	-1	0.7	-0.4	4.2	-4.2	-0.2
CHAD	-13	5.2	-18.6	1.7	-2.3	5.5	-11.3	4.3
GABON	-5.8	-3.5	-2.6	0.3	11.2	4.1	6.9	-0.2
GAMBIA	24.4	13.6	9.1	0.4	2.4	8.8	-8	2.3
GUINEA	3.1	13	-9.5	0.8	31.2	6	24.8	-0.8
GUINEA-BISSAU	5.1	11.3	-6.1	0.6	3.6	4.5	-2	1.1
MALI	7.2	11.7	-5.6	1.6	7.6	4.3	1.5	1.7
MAURITANIA	10.4	-1.6	12	0.2	-2	6.1	-7.6	0
NIGER	8.6	-2.2	8.9	2	-17.2	3.1	-20.4	0.9
SENEGAL	9.1	9.4	-1.4	1.1	-8.3	3.4	-11.5	0.2
SIERRA LEONE	8.2	3.1	4.2	0.7	0.1	3.1	-4.1	1.2
TOGO	7.5	9.6	-3.9	2.1	-9.4	4.6	-13.3	-0.1
North-East and South Africa Region								
MOZAMBIQUE	14.8	5.1	2.7	6.4	-13	4	-14.4	-2.3
SUDAN	-2.5	6.7	-9.6	1.1	-5.4	2.9	-9.6	1.8
UGANDA	-4.3	9.4	-12.6	0.1	-2.6	3.8	-7.9	1.9
Middle-East Region								
EGYPT	-3.6	-0.7	-4.6	1.8	7.5	5.2	-1.7	4
IRAN	-10.9	-2.7	-8.8	0.4	10	4.6	4.3	0.8
JORDAN	7.8	3.4	5.5	-1.2	-2.8	5.3	-8.4	0.8
KUWAIT	-1	-3.5	2.3	0.3	1.7	5.5	-3.5	-0.1
LEBANON	1.2	15	-13.5	1.8	1.2	6.6	-6.6	1.7
OMAN	-3.1	3.5	-6.9	0.7	6.3	8	-2.4	0.9
PAKISTAN	18.3	7.5	11.5	-1.3	8.4	6.4	1.2	0.7
SAUDI ARABIA	-8.4	4	-13	1.2	8.9	6.3	2.5	0
SYRIA	-2.6	-0.4	-3.2	1	23	6.2	16.2	-0.4
TURKEY	19.9	-0.1	15.6	3.8	7.4	5.9	-1.2	2.7
U.A.EMIRATES	-4.4	-1.7	-4	1.3	8.5	5.4	1.4	1.5
YEMEN REP.	85.4	7.1	3	67.9	9.7	7.7	26.8	-19.7
South and South-East Asia Region								
BANGLADESH	14.5	8	6.2	-0.2	16.4	7	8.8	0
INDONESIA	1.1	-4.7	1	5	12.1	4.3	0.3	7.1
MALAYSIA	10.2	0.8	5.4	3.7	17	8.7	1.9	5.6
Others								
ALBANIA	6.4	6.5	-3	3	-4.5	5.8	-18.3	10.4

Source: World Development Indicators; various issues.

Table 12: Summary of Export Dynamism of IDB Member Countries

	National Exports 1994 - 95 $ '000	Export Dynamism Classification				National Exports 1994 - 95 (ex.333) $ '000	Export Dynamism Classification (excl. crude oil)			
		Rising Stars	Falling Stars	Lost Opportunity	Retreat		Rising Stars	Falling Stars	Lost Opportunity	Retreat
North-West Africa Region										
Algeria	8975284	74309	198095	57965	8644915	4858177	74309	198095	57965	4527808
(percentage distribution)	100	1	2	1	96	100	2	4	1	93
Libyan Arab Jamahiriya	9706254	222896	539486	17306	8926467	2130100	222896	539486	17306	1350313
(percentage distribution)	100	2	6	0	92	100	10	25	1	63
Morocco	4376792	1143173	812585	823297	1597737	4376789	1143173	812582	823297	1597737
(percentage distribution)	100	26	19	19	37	100	26	19	19	37
Tunisia	5029597	3054638	828925	144075	1001959	4664594	3054638	828925	144075	636956
(percentage distribution)	100	61	16	3	20		65	18	3	14
Total	28087927	4495016	2379091	1042643	20171078	16029660	4495016	2379088	1042643	8112814
(percentage)	100	16	8	4	72	100	28	15	7	51
West and Central Africa Region										
Burkina Faso	442866	387127	54214	211	1130	442866	387127	54214	211	1130
(percentage distribution)	100	87	12	0	0	100	87	12	0	0
Cameroon	1517470	238504	137385	194849	946732	1078347	238504	137385	194849	507609
(percentage distribution)	100	16	9	13	62	100	22	13	18	47
Chad	193515	143974	48733	588	219	193504	143974	48722	588	219
(percentage distribution)	100	74	25	0	0	100	74	25	0	0
Gabon	2551611	9998	2446883	13898	80832	425033	9998	320305	13898	80832
(percentage distribution)	100	0	96	1	3	100	2	75	3	19
Gambia	33128	18341	12172	2145	452	33128	18341	12172	2145	452
(percentage distribution)	100	55	37	6	1	100	55	37	6	1

	National Exports	Export Dynamism Classification				National Exports	Export Dynamism Classification (excl. crude oil)			
	1994 - 95	Rising	Falling	Lost	Retreat	1994 - 95 (ex.333)	Rising	Falling	Lost	Retreat
	$ '000	Stars	Stars	Opportunity		$ '000	Stars	Stars	Opportunity	
Guinea	476316	97593	43328	1485	333910	474385	97593	41397	1485	333910
(percentage distribution)	100	20	9	0	70	100	21	9	0	70
Guinea-Bissau	32628	19077	13168	242	140	30982	19077	11522	242	140
(percentage distribution)	100	58	40	1	0	100	62	37	1	0
Mali	366889	336409	20071	5327	5082	366889	336409	20071	5327	5082
(percentage distribution)	100	92	5	1	1	100	92	5	1	1
Mauritania	531806	280518	250540	56	692	531806	280518	250540	56	692
(percentage distribution)	100	53	47	0	0	100	53	47	0	0
Niger	422767	79516	341196	905	1148	368951	79516	287380	905	1148
(percentage distribution)	100	19	81	0	0	100	22	78	0	0
Senegal	487630	49910	167503	51490	218722	487626	49910	167499	51490	218722
(percentage distribution)	100	10	34	11	45	100	10	34	11	45
Sierra Leone	96805	16621	13585	22334	44257	96805	16621	13585	22334	44257
(percentage distribution)	100	17	14	23	46	100	17	14	23	46
Total	7153431	1677588	3548778	293530	1633316	4530322	1677588	1364792	293530	1194193
(percentage)	100	23	50	4	23	100	37	30	6	26
North-East and South Africa Region										
Comoros	11400	692	874	2462	7372	11400	692	874	2462	7372
(percentage distribution)	100	6	8	22	65	100	6	8	22	65
Djibouti	100736	56398	35260	607	8471	100736	56398	35260	607	8471
(percentage distribution)	100	56	35	1	8	100	56	35	1	8
Mozambique	169174	108891	21244	10159	28880	169174	108891	21244	10159	28880
(percentage distribution)	100	64	13	6	17	100	64	13	6	17
Somalia	37612	6792	25651	922	4247	37612	6792	25651	922	4247

	National Exports	Export Dynamism Classification				National Exports	Export Dynamism Classification (excl. crude oil)			
	1994 - 95	Rising	Falling	Lost	Retreat	1994 - 95 (ex.333)	Rising	Falling	Lost	Retreat
	$ '000	Stars	Stars	Opportunity		$ '000	Stars	Stars	Opportunity	
(percentage distribution)	100	18	68	2	11	100	18	68	2	11
Sudan	540010	62915	293468	121666	61961	540010	62915	293468	121666	61961
(percentage distribution)	100	12	54	23	11	100	12	54	23	11
Uganda	518232	49979	458730	7078	2445	518232	49979	458730	7078	2445
(percentage distribution)	100	10	89	1	0	100	10	89	1	0
Total	1377164	285667	835227	142894	113376	1377164	285667	835227	142894	113376
(percentage)	100	21	61	10	8	100	21	61	10	8
Middle-East Region										
Bahrain	1477773	1103959	349536	13420	10858	1477773	1103959	349536	13420	10858
(percentage distribution)	100	75	24	1	1	100	75	24	1	1
Egypt	3458393	710229	1135871	436390	1175903	2702323	710229	1135871	436390	419833
(percentage distribution)	100	21	33	13	34	100	26	42	16	16
Iran, Islamic Rep. of	18892557	715448	18162795	8121	6193	3702399	715448	2972637	8121	6193
(percentage distribution)	100	4	96	0	0	100	19	80	0	0
Jordan	1411155	364332	542354	306970	197499	1411155	364332	542354	306970	197499
(percentage distribution)	100	26	38	22	14	100	26	38	22	14
Kuwait	12454518	228162	12207290	12364	6702	748018	228162	500790	12364	6702
(percentage distribution)	100	2	98	0	0	100	31	67	2	1
Lebanon	698072	417760	254077	11645	14590	698072	417760	254077	11645	14590
(percentage distribution)	100	60	36	2	2	100	60	36	2	2

	National Exports 1994 - 95 $ '000	Export Dynamism Classification				National Exports 1994 - 95 (ex.333) $ '000	Export Dynamism Classification (excl. crude oil)			
		Rising Stars	Falling Stars	Lost Opportunity	Retreat		Rising Stars	Falling Stars	Lost Opportunity	Retreat
Oman	5667891	461632	4958984	133651	108292	1310598	461632	601691	133651	108292
(percentage distribution)	100	8	87	2	2	100	35	46	10	8
Pakistan	7727050	2160775	3071481	1715213	779581	7686691	2160775	3031122	1715213	779581
(percentage distribution)	100	28	40	22	10	100	28	39	22	10
Qatar	3482896	399113	891245	1661	2190877	1295995	399113	891245	1661	3976
(percentage distribution)	100	11	26	0	63	100	31	69	0	0
Saudi Arabia	45610118	2936895	42606623	23036	43564	11458165	2936895	8454670	23036	43564
(percentage distribution)	100	6	93	0	0	100	26	74	0	0
Syrian Arab Republic	3755934	659453	2461850	330605	304026	1767334	659453	473250	330605	304026
(percentage distribution)	100	18	66	9	8	100	37	27	19	17
Turkey	19852412	9100432	4236295	2816793	3698892	19851862	9100432	4235745	2816793	3698892
(percentage distribution)	100	46	21	14	19	100	46	21	14	19
United Arab Emirates	22611756	5528145	17047388	13602	22621	11696576	5528145	6132208	13602	22621
(percentage distribution)	100	24	75	0	0	100	47	52	0	0
Total	147100525	24786335	107925789	5823471	8559598	65806961	24786335	29575196	5823471	5616627
(percentage)	100	17	73	4	6	100	38	45	9	9
South and South-East Asia Region										
Bangladesh	2945318	1902628	173997	604784	263885	2945318	1902628	173997	604784	263885
(percentage distribution)	100	65	6	21	9	100	65	6	21	9
Brunei Darussalam	2370659	29237	80664	1588	2259170	1188866	29237	80664	1588	1077377
(percentage distribution)	100	1	3	0	95	100	2	7	0	91
Indonesia	42735770	17968790	13335095	1192168	10239717	37627135	17968790	13335095	1192168	5131082
(percentage distribution)	100	42	31	3	24	100	48	35	3	14

	National Exports	Export Dynamism Classification				National Exports	Export Dynamism Classification (excl. crude oil)			
	1994 - 95	**Rising**	**Falling**	**Lost**	**Retreat**	**1994 - 95 (ex.333)**	**Rising**	**Falling**	**Lost**	**Retreat**
	$ '000	**Stars**	**Stars**	**Opportunity**		$ '000	**Stars**	**Stars**	**Opportunity**	
Malaysia	66310489	30691776	16478839	11822631	7317243	63697814	30691776	16478839	11822631	4704568
(percentage distribution)	100	46	25	18	11	100	48	26	19	7
Maldives	47834	11099	24505	12151	79	47834	11099	24505	12151	79
(percentage distribution)	100	23	51	25	0	100	23	51	25	0
Total	114410070	50603530	30093100	13633322	20080094	105506967	50603530	30093100	13633322	11176991
(percentage)	100	44	26	12	18	100	48	29	13	11
Overall Total	**298129117**	**81848136**	**144781985**	**20935860**	**50557462**	**193251074**	**81848136**	**64247403**	**20935860**	**26214001**
(percentage distribution)	**100**	**27**	**49**	**7**	**17**	**100**	**42**	**33**	**11**	**14**

Table A13: Distribution of Potential Trade Complementarities (1994-95 and $ '000)

	IIT > 50%	Total Exports	%age Share
North-West Africa Region			
Algeria	219395	8975284	2.4
Libyan Arab Jamahiriya	247583	9706254	2.6
Morocco	840875	4376792	19.2
Tunisia	1751292	5029597	34.8
Total	3059145	28087927	10.9
West and Central Africa Region			
Burkina Faso	7280	442866	1.6
Cameroon	94702	1517470	6.2
Chad	2812	193515	1.5
Gabon	35038	2551611	1.4
Gambia	7796	33128	23.5
Guinea	960	476316	0.2
Guinea-Bissau	1178	32628	3.6
Mali	25835	366889	7.0
Mauritania	3802	531806	0.7
Niger	31472	422767	7.4
Senegal	189658	487630	38.9
Sierra Leone	14859	96805	15.3
Total	415392	7153431	5.8
North-East and South Africa Region			
Comoros	319	11400	2.8
Djibouti	29746	100736	29.5
Mozambique	21704	169174	12.8
Somalia	5525	37612	14.7
Sudan	9035	540010	1.7

	IIT > 50%	Total Exports	%age Share
Uganda	5512	518232	1.1
Total	71841	1377164	5.2
Middle-East Region			
Bahrain	368382	1477773	24.9
Egypt	1001652	3458393	29.0
Iran, Islamic Rep. of	349115	18892557	1.8
Jordan	541379	1411155	38.4
Kuwait	146979	12454518	1.2
Lebanon	386363	698072	55.3
Oman	840972	5667891	14.8
Pakistan	422755	7727050	5.5
Qatar	73252	3482896	2.1
Saudi Arabia	949313	45610118	2.1
Syrian Arab Republic	369275	3755934	9.8
Turkey	6156720	19852412	31.0
United Arab Emirates	4399293	22611756	19.5
Total	16005450	147100525	10.9
South and South-East Asia Region			
Bangladesh	237279	2945318	8.1
Brunei Darussalam	30670	2370659	1.3
Indonesia	7674845	42735770	18.0
Malaysia	34985727	66310489	52.8
Maldives	10898	47834	22.8
Total	42939419	114410070	37.5
Overall Total	62491247	298129117	21.0

Table A14: National Product Competitiveness and Trade Complementatrity Potential

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
Algeria							
652	Cotton fabrics, woven			9097			96.20
035	Fish dried/salted/brine/smoked			23			95.83
553	Perfumery, cosmetics and toilet preparations		5704				95.49
672	Ingots; oth primary forms, of iron/steel				30050		93.53
058	Fruit, preserved/preparations			4554			93.26
522	Inorganic chemical elments,oxides/halogen salts					35598	92.41
056	Vegetables, prepared/preserved, n.e.s.					1121	91.77
512	Alcohols,phenols,phenol-alcohols,and derivatives				17179		87.92
112	Alcoholic beverages				6156		80.26
847	Clothing accessories of textile fabrics		1399				66.89
057	Fruit, nuts fresh/dried			45434			63.94
671	Pig iron, iron or steel					14724	63.67
611	Leather		7674				63.61
211	Hides, skins raw			1745			57.93
533	Pigments,paints,varnishes,related materials		10831				55.16
511	Hydrocarbons, nes and derivatives					28106	51.52
Total		219395	25608	60853	53385	79549	
Bahrain							
046	Meal, flour of wheat/meslin			8087			96.38
266	Synthetic fibres for spinning			45			95.35
277	Natural abrasives, (incl. Indust. diamonds)			34			93.15
424	Oth fixd vegtble oils, fluid/solid/crude/refined			43832			86.75
289	Ores/concentrates of precious metals; scrap					25	86.36
846	Undergarments, knitted or crocheted		350				84.49
893	Articles of materials described in division 58		29706				82.20
693	Wire products and fencing grills			3548			81.84
845	Outergarments and other articles, knitted		2720				78.33
844	Undergarments of textile fabrics		25989				77.80
034	Fish fresh/chilled/frozen		1800				74.72
843	Outergarments, women's, of textile fabrics		48325				73.85
691	Structures and parts; of iron/steel/aluminium			9281			73.45
288	Non-ferrous base metal scrap, nes					5561	67.42
233	Synthetic rubber latex			29			59.79
874	Measuring, checking, analysing instruments					2903	59.16
671	Pig iron, iron or steel			139773			58.23
667	Pearls, precious/semi-precious stones				1098		57.31
793	Ships, boats and floating structures			9205			56.72
842	Outergarments, men's, of textile fabrics		4664				56.45
812	Sanitary, plumbing, heating and lighting fixtures		9956				56.20
679	Iron/steel castings/forgings/stampings;rough		27				55.67
694	Nails/screws/nuts/bolts of iron/steel/copper		1773				55.58
341	Gas, natural and manufactured					21	55.26
269	Old clothing; rags		116				54.21
666	Pottery			1631			54.03
531	Synthetic organic dyestuffs		8173				53.96
699	Manufactures of base metal, nes		9703				52.59
718	Other power generating machinery and parts					7	51.85
	Total	368382	143302	215465	1098	8517	
Bangladesh							
245	Fuel wood and charcoal		1				100.00
894	Baby carriages and toys		28056				96.86
847	Clothing accessories of textile fabrics		2718				92.44
562	Fertilizers, manufactured			70191			86.88
884	Optical goods, n.e.s.			425			85.29
898	Musical instruments, parts and accessories		489				73.59

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
728	Specialized machinery and equipment		15824				72.58
657	Special textile fabrics and related products		60480				69.28
848	Non-textile apparel and clothing accessories			1346			68.85
291	Crude animal materials, nes					1236	67.95
662	Clay and refractory construction materials		1882				66.36
585	Other artificial resins and plastic materials			451			59.97
054	Vegetables, frsh/chilled/frozen				11689		58.19
696	Cutlery			226			57.58
883	Cinematograph films			15			56.60
651	Textile yarn					42250	54.42
	Total	237279	109450	72654	11689	43486	

Brunei Darussalam

846	Undergarments, knitted or crocheted		8712				64.79
843	Outergarments, women's, of textile fabrics				1453		64.02
844	Undergarments of textile fabrics		752				43.91
842	Outergarments, men's, of textile fabrics		370				37.64
845	Outergarments and other articles, knitted		19383				30.67
	Total	30670	29217	0	1453	0	

Burkina Faso

666	Pottery			70			94.74
273	Stone, sand/gravel		127				86.10
612	Manufactures of leather, nes				47		85.37
911	Postal packages not classified to kind			57			84.85
851	Footwear			798			73.65
554	Soap, cleansing and polishing preparations		399				73.21
635	Wood manufactures, nes		633				67.02
075	Spices			24			66.67
697	Household equipment of base metal, nes			378			64.95
634	Veneers, plywood, reconstituted wood		276				63.37
431	Animal, vegetable oils, processed		41				63.33
658	Made-up articles, chiefly of textile materials		411				62.60
847	Clothing accessories of textile fabrics		80				62.50
831	Travel goods, handbags, briefcases, purses		37				54.81
714	Engines and motors, non-electric			691			53.03
899	Other miscellaneous manufactured articles		2060				52.17
898	Musical instruments, parts and accessories		425				51.61
792	Aircraft and associated equipment, and parts			626			51.37
737	Metalworking machinery, and parts			83			50.46
885	Watches and clocks			17			49.28
	Total	7280	4489	2744	47	0	

Cameroon

277	Natural abrasives, (incl. Indust. diamonds)					2	100.00
292	Crude vegetable materials, nes					4307	98.88
112	Alcoholic beverages				4916		98.26
554	Soap, cleansing and polishing preparations				3985		97.91
054	Vegetables, frsh/chilled/frozen				2897		85.90
686	Zinc					38	81.72
661	Lime, cement, fabricated construction matls.		14636				77.20
899	Other miscellaneous manufactured articles				3136		76.83
341	Gas, natural and manufactured			186			76.00
075	Spices					41	73.87
778	Electrical machinery and apparatus, n.e.s.				7197		73.32
122	Tobacco, manufactured		2746				72.09
081	Feeding stuff for animals					2338	68.39
635	Wood manufactures, nes				550		66.23
714	Engines and motors, non-electric					163	65.73
642	Paper and paperboard, cut/shape		3479				65.40

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
074	Tea and maté					26	64.20
665	Glassware		7447				63.66
851	Footwear					892	63.13
062	Sugar confectionery/preparations				1143		63.03
098	Edible products/preparations, nes		7859				62.86
673	Iron/steel bars;rods/angles/shapes			3993			58.39
699	Manufactures of base metal, nes		7839				55.77
652	Cotton fabrics, woven					9528	53.01
553	Perfumery, cosmetics and toilet preparations				3117		52.41
001	Live animals			119			49.37
786	Trailers and other vehicles, not motorized				2122		49.09
	Total	94702	44006	4298	29063	17335	

Chad

896	Works of art, collectors' pieces and antiques					4	100.00
641	Paper and paperboard		962				92.54
774	Medical electric/radiological apparatus			42			86.60
121	Tobacco, unmanufactured; tobacco refuse			308			82.22
611	Leather		3				80.00
054	Vegetables, frsh/chilled/frozen		280				76.92
248	Wood, simply worked/sleepers		345				75.58
035	Fish dried/salted/brine/smoked			21			75.00
677	Iron/steel wire, coated or not			10			71.43
034	Fish fresh/chilled/frozen		36				69.09
071	Coffee, and substitutes			49			66.22
511	Hydrocarbons, nes and derivatives			8			64.00
666	Pottery			5			62.50
532	Dyeing and tanning extracts;synthetic tanning					11	59.46
931	Special transactions and commodities				542		56.78
057	Fruit, nuts fresh/dried			180			53.10
001	Live animals			6			50.00
	Total	2812	1626	629	542	15	

Comoros

057	Fruit, nuts fresh/dried					27	80.60
522	Inorganic chemical elments,oxides/halogen salts			15			68.18
251	Pulp and waste paper			2			66.67
291	Crude animal materials, nes					24	66.67
655	Knitted or crocheted fabrics		5				66.67
871	Optical instruments and apparatus		1				66.67
846	Undergarments, knitted or crocheted		33				66.00
896	Works of art, collectors' pieces and antiques			25			64.10
292	Crude vegetable materials, nes			36			61.54
714	Engines and motors, non-electric					7	60.87
884	Optical goods, n.e.s.			2			57.14
931	Special transactions and commodities				93		54.07
001	Live animals			35			51.06
883	Cinematograph films			1			50.00
071	Coffee, and substitutes					13	49.06
	Total	319	39	116	93	71	

Djibouti

791	Railway vehicles and associated equipment				2		100.00
793	Ships, boats and floating structures			241			98.74
625	Rubber tyres; cases		1803				98.74
657	Special textile fabrics and related products		281				97.40
583	Polymerization and copolymerization products		283				96.75
233	Synthetic rubber latex			48			94.12
778	Electrical machinery and apparatus, n.e.s.		3591				93.77
785	Motorcycles, motor scooters and invalid carriages		754				93.66
692	Metal containers for storage/transport		500				93.50
694	Nails/screws/nuts/bolts of iron/steel/copper		255				93.07
523	Other inorganic chemicals			62			92.54
781	Passenger and goods motor cars			3430			91.59
531	Synthetic organic dyestuffs		45				90.24
724	Textile/leather machinery; parts			840			89.69

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
591	Disinfectants, insecticides, fungicides			796			86.69
532	Dyeing and tanning extracts;synthetic tanning			3			85.71
278	Other crude minerals			91			82.35
911	Postal packages not classified to kind			25			81.97
674	Plates and sheets, of iron or steel			2472			80.46
667	Pearls, precious/semi-precious stones				15		80.00
522	Inorganic chemical elments,oxides/halogen salts			249			79.81
071	Coffee, and substitutes			5552			71.84
728	Specialized machinery and equipment		355				67.81
725	Paper & pulp mill machinery			2			66.67
663	Mineral manufactures, nes		211				66.14
612	Manufactures of leather, nes		79				66.10
592	Starches, inulin and wheat gluten		60				65.93
677	Iron/steel wire, coated or not			228			62.65
554	Soap, cleansing and polishing preparations		1968				61.76
763	Gramophones, dictating and sound recorders			87			61.70
598	Miscellaneous chemical products, nes		470				61.44
666	Pottery			242			60.58
884	Optical goods, n.e.s.			37			60.16
034	Fish fresh/chilled/frozen		275				60.05
659	Floor coverings					82	57.75
322	Coal, lignite			628			56.78
273	Stone, sand/gravel		60				55.42
516	Other organic chemicals			26			53.06
074	Tea and maté			2133			51.36
641	Paper and paperboard		251				51.28
511	Hydrocarbons, nes and derivatives			13			50.98
792	Aircraft and associated equipment, and parts			1201			50.16
	Total	29746	11241	18406	17	82	

Egypt

073	Chocolate and food preparations		823				99.16
341	Gas, natural and manufactured			3779			98.41
292	Crude vegetable materials, nes					24671	98.33
054	Vegetables, frsh/chilled/frozen		114165				97.64
812	Sanitary, plumbing, heating and lighting fixtures		12878				95.37
665	Glassware		16349				93.22
075	Spices			8801			92.98
821	Furniture and parts thereof		14059				91.06
057	Fruit, nuts fresh/dried					24229	90.25
896	Works of art, collectors' pieces and antiques					197	89.95
847	Clothing accessories of textile fabrics				843		86.85
697	Household equipment of base metal, nes			12976			83.49
612	Manufactures of leather, nes				1782		83.23
058	Fruit, preserved/preparations			3422			81.32
273	Stone, sand/gravel		9980				76.72
666	Pottery			2697			74.66
223	Oil-seeds whol/brken (non-defatted flrs/mels)			1622			74.51
551	Essential oils, perfume and flavour materials				9902		74.13
897	Jewellery, goldsmiths & precious materials		736				70.87
112	Alcoholic beverages				277		66.67
036	Crustaceans frsh/frozn/saltd/brine/dried		984				64.56
554	Soap, cleansing and polishing preparations		13648				63.51
045	Cereals, unmilled			67			62.62
522	Inorganic chemical elments,oxides/halogen salts			11083			62.36
111	Non-alcoholic beverages, nes		2774				61.27
651	Textile yarn					354726	60.40
892	Printed matter				9486		60.00
635	Wood manufactures, nes		1539				58.79
048	Cereal/flour/fruits/veg. preparations		6194				58.09
335	Residual petroleum products, nes			20117			57.44
553	Perfumery, cosmetics and toilet preparations		10668				56.36
269	Old clothing; rags				1618		54.95
893	Articles of materials described in division 58		18592				54.75
291	Crude animal materials, nes			3168			54.61

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
673	Iron/steel bars;rods/angles/shapes			63591			54.12
684	Aluminium				182376		52.98
845	Outergarments and other articles, knitted				6113		52.75
671	Pig iron, iron or steel			21632			49.57
265	Vegetable textile fibres			9088			49.09
	Total	1001652	223389	162043	212397	403823	
Gabon							
689	Miscell. non-ferrous base metals			1			100.00
424	Oth fixd vegtble oils, fluid/solid/crude/refined					1297	93.99
896	Works of art, collectors' pieces and antiques					87	90.57
842	Outergarments, men's, of textile fabrics		1128				85.68
845	Outergarments and other articles, knitted		1288				84.76
334	Petroleum products, refined			30706			83.13
666	Pottery			531			48.38
	Total	35038	2416	31238		1384	
Gambia							
654	Textile fabrics;woven, oth than cotton fibres			391			98.70
899	Other miscellaneous manufactured articles		1708				86.20
892	Printed matter		1707				77.86
292	Crude vegetable materials, nes			163			74.26
034	Fish fresh/chilled/frozen		185				69.03
653	Fabrics;woven,man-made fibres		1110				62.96
035	Fish dried/salted/brine/smoked					351	59.88
054	Vegetables, frsh/chilled/frozen		1042				59.20
057	Fruit, nuts fresh/dried			593			57.80
062	Sugar confectionery/preparations		434				57.70
874	Measuring, checking, analysing instruments			112			50.00
	Total	7796	6186	1259		351	
Guinea							
248	Wood, simply worked/sleepers		219				86.73
551	Essential oils, perfume and flavour materials		90				74.69
075	Spices					12	66.67
611	Leather		20				66.67
951	Armoured fighting vehicles and ammunition			1			66.67
222	Oil-seeds whole/broken (excl. flours/meals)			477			65.63
961	Coins (other than gold), not being legal tender			85			61.82
233	Synthetic rubber latex			56			56.41
	Total	960	329	619		12	
Guinea-Bissau							
062	Sugar confectionery/preparations		110				96.92
714	Engines and motors, non-electric			67			95.71
674	Plates and sheets, of iron or steel			297			91.80
664	Glass		46				91.09
656	Tulle, lace, embroidery		4				85.71
273	Stone, sand/gravel		7				82.35
073	Chocolate and food preparations		42				81.69
071	Coffee, and substitutes			51			76.69
896	Works of art, collectors' pieces and antiques			5			75.00
651	Textile yarn			80			73.73
122	Tobacco, manufactured		155				66.95
072	Cocoa			2			66.67
292	Crude vegetable materials, nes			6			60.00
522	Inorganic chemical elments,oxides/halogen salts			101			54.68
056	Vegetables, prepared/preserved, n.e.s.			7			53.85
749	Non-electric accessories of machinery				64		52.03
248	Wood, simply worked/sleepers				62		50.60
233	Synthetic rubber latex			1			50.00
657	Special textile fabrics and related products		41				50.00
711	Steam/other vapour generating boilers; parts			1			50.00
663	Mineral manufactures, nes		29				49.15
	Total	1178	434	618	126		

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
Indonesia							
057	Fruit, nuts fresh/dried			81544			99.89
054	Vegetables, frsh/chilled/frozen				111645		99.10
011	Edible meat, frsh,frozen			27771			98.56
664	Glass		71842				96.82
656	Tulle, lace, embroidery		54833				95.07
012	Edible meat salted/brine/dried/smoked					134	95.04
073	Chocolate and food preparations		7057				94.59
554	Soap, cleansing and polishing preparations		91054				94.30
684	Aluminium				302534		93.69
778	Electrical machinery and apparatus, n.e.s.		352299				93.01
047	Other cereal meals/flours			2514			91.94
323	Briquettes; coke; semi-coke			10455			91.42
613	Fur skins; dressed, cuttings			448			90.86
692	Metal containers for storage/transport		48053				90.03
752	Automatic data processing machines		133078				89.57
334	Petroleum products, refined			1099876			86.35
895	Office and stationery supplies, n.e.s.		30023				84.93
273	Stone, sand/gravel		80914				82.90
111	Non-alcoholic beverages, nes		8072				81.10
893	Articles of materials described in division 58		163341				80.80
048	Cereal/flour/fruits/veg. preparations		39010				80.42
751	Office machines			73038			78.20
884	Optical goods, n.e.s.			13161			77.41
291	Crude animal materials, nes					7449	77.25
812	Sanitary, plumbing, heating and lighting fixtures		30180				76.80
621	Materials of rubber		21796				76.59
881	Photographic apparatus and equipment, nes			120613			76.36
899	Other miscellaneous manufactured articles		120997				75.31
014	Edible meat prep/preserved		1474				74.48
786	Trailers and other vehicles, not motorized		35059				73.68
642	Paper and paperboard, cut/shape		130212				70.43
514	Nitrogen-function compounds		146881				69.95
591	Disinfectants, insecticides, fungicides			12136			69.87
121	Tobacco, unmanufactured; tobacco refuse					57359	69.44
292	Crude vegetable materials, nes					66649	68.32
288	Non-ferrous base metal scrap, nes					4344	67.92
941	Animals, live, n.e.s., including zoo-animals		4034				67.67
785	Motorcycles, motor scooters and invalid carriages		245048				67.54
775	Household, electrical/non-electrical equipment		31998				65.30
532	Dyeing and tanning extracts;synthetic tanning			7393			65.27
898	Musical instruments, parts and accessories				97580		64.61
562	Fertilizers, manufactured			226996			63.02
091	Margarine and shortening		3983				62.82
764	Telecommunications equipment, and parts		394529				60.90
251	Pulp and waste paper			325514			60.63
691	Structures and parts; of iron/steel/aluminium			60760			58.73
651	Textile yarn			745966			57.33
612	Manufactures of leather, nes		48835				57.27
661	Lime, cement, fabricated construction matls.				35462		56.88
652	Cotton fabrics, woven			321096			56.10
098	Edible products/preparations, nes		22781				54.98
628	Articles of rubber, nes		20542				54.70
267	Oth man-made fibres for spinning			57437			52.31
663	Mineral manufactures, nes		32558				51.69
776	Thermionic, cold and photo-cathode valves, tubes				126333		51.64
641	Paper and paperboard		633948				51.39
694	Nails/screws/nuts/bolts of iron/steel/copper		20102				51.02
081	Feeding stuff for animals			149571			50.87
671	Pig iron, iron or steel			56609			50.72
122	Tobacco, manufactured		99237				49.76
056	Vegetables, prepared/preserved, n.e.s.			45370			49.40
625	Rubber tyres; cases		142689				49.13
657	Special textile fabrics and related products		99728				48.94
699	Manufactures of base metal, nes		59697				48.74
896	Works of art, collectors' pieces and antiques					1204	48.51
	Total	7674845	3425884	3438268	673554	137139	

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
Iran, Islamic Rep. of							
022	Milk and cream			1964			98.87
512	Alcohols,phenols,phenol-alcohols,and derivatives		32078				95.65
684	Aluminium		45804				94.43
843	Outergarments, women's, of textile fabrics		2363				94.14
831	Travel goods, handbags, briefcases, purses		819				93.33
658	Made-up articles, chiefly of textile materials		9868				91.32
697	Household equipment of base metal, nes			4680			91.21
034	Fish fresh/chilled/frozen		5330				89.46
278	Other crude minerals			9023			88.29
025	Eggs frsh/ dried/preserved			1624			86.71
786	Trailers and other vehicles, not motorized		3351				84.39
335	Residual petroleum products, nes			7473			82.04
112	Alcoholic beverages				494		80.98
268	Wool			41123			78.96
655	Knitted or crocheted fabrics		985				77.80
014	Edible meat prep/preserved		59				75.79
851	Footwear					2262	75.72
883	Cinematograph films			80			74.77
292	Crude vegetable materials, nes			18792			73.68
844	Undergarments of textile fabrics		2046				73.16
846	Undergarments, knitted or crocheted		1930				66.20
821	Furniture and parts thereof		4786				65.90
894	Baby carriages and toys		1569				64.66
522	Inorganic chemical elments,oxides/halogen salts			49373			63.64
848	Non-textile apparel and clothing accessories			1034			60.54
911	Postal packages not classified to kind			2147			58.61
666	Pottery			2069			58.55
062	Sugar confectionery/preparations		1480				57.42
098	Edible products/preparations, nes		3574				57.37
048	Cereal/flour/fruits/veg. preparations		14085				55.86
667	Pearls, precious/semi-precious stones		237				52.67
845	Outergarments and other articles, knitted		8843				50.13
897	Jewellery, goldsmiths & precious materials		872				50.07
842	Outergarments, men's, of textile fabrics		1237				50.02
652	Cotton fabrics, woven			61195			49.90
288	Non-ferrous base metal scrap, nes			4466			49.37
	Total	349115	141316	205043	494	2262	
Jordan							
244	Cork, natural, raw and waste			2			100.00
523	Other inorganic chemicals			19594			99.61
892	Printed matter		11085				99.28
541	Medicinal and pharmaceutical products				127580		94.69
844	Undergarments of textile fabrics		3851				94.42
048	Cereal/flour/fruits/veg. preparations		3677				92.56
783	Road motor vehicles, n.e.s.		27850				92.38
893	Articles of materials described in division 58				19350		91.74
659	Floor coverings			5181			91.52
524	Radioactive and associated materials			304			87.61
792	Aircraft and associated equipment, and parts			67441			86.62
582	Condensation, poly-cond., polyaddition products		8440				84.96
642	Paper and paperboard, cut/shape				9384		84.04
112	Alcoholic beverages		2923				82.73
057	Fruit, nuts fresh/dried					25527	81.91
931	Special transactions and commodities		12686				81.56
843	Outergarments, women's, of textile fabrics				11082		79.04
533	Pigments,paints,varnishes,related materials		7989				75.81
851	Footwear			4165			73.73
691	Structures and parts; of iron/steel/aluminium			10628			73.26
633	Cork manufactures		29				72.50
883	Cinematograph films			136			71.96
592	Starches, inulin and wheat gluten		2369				70.42
896	Works of art, collectors' pieces and antiques					82	66.94
897	Jewellery, goldsmiths & precious materials		4060				65.75

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
001	Live animals			19927			63.23
553	Perfumery, cosmetics and toilet preparations		3913				60.86
657	Special textile fabrics and related products		4745				59.50
847	Clothing accessories of textile fabrics				663		59.09
776	Thermionic, cold and photo-cathode valves, tubes		821				58.90
741	Heating and cooling equipment, and parts		11137				58.46
871	Optical instruments and apparatus		300				57.92
791	Railway vehicles and associated equipment		303				56.58
585	Other artificial resins and plastic materials			205			56.14
054	Vegetables, frsh/chilled/frozen				69107		55.58
591	Disinfectants, insecticides, fungicides			25167			54.90
773	Equipment for distributing electricity		6127				54.60
071	Coffee, and substitutes			3900			51.64
658	Made-up articles, chiefly of textile materials		2370				51.03
611	Leather		2275				49.49
842	Outergarments, men's, of textile fabrics				5004		48.67
	Total	541379	116950	156650	242170	25609	

Kuwait

786	Trailers and other vehicles, not motorized		3471				94.00
664	Glass		23016				90.86
665	Glassware		12288				83.24
036	Crustaceans frsh/frozn/saltd/brine/dried				3110		73.63
783	Road motor vehicles, n.e.s.		19162				66.73
335	Residual petroleum products, nes			35403			64.10
691	Structures and parts; of iron/steel/aluminium			17813			62.88
584	Regenerated cellulose;cellulose nitrate,esters			7103			56.74
722	Tractors fitted or not with power take-offs			3133			56.59
883	Cinematograph films			730			54.50
773	Equipment for distributing electricity		21725				50.66
685	Lead					25	49.50
	Total	146979	79662	64182	3110	25	

Lebanon

232	Natural rubber latex and similar gums			366			98.92
786	Trailers and other vehicles, not motorized		2735				98.83
111	Non-alcoholic beverages, nes		4089				96.90
642	Paper and paperboard, cut/shape		16801				94.20
057	Fruit, nuts fresh/dried			45821			93.06
223	Oil-seeds whol/brken (non-defatted flrs/mels)					680	86.46
075	Spices			1626			86.01
667	Pearls, precious/semi-precious stones		29209				84.40
896	Works of art, collectors' pieces and antiques					1447	83.04
062	Sugar confectionery/preparations		4318				82.63
611	Leather		5649				81.04
842	Outergarments, men's, of textile fabrics		19205				79.59
271	Fertilizers, crude			3291			77.37
045	Cereals, unmilled			247			75.25
058	Fruit, preserved/preparations			4489			72.17
892	Printed matter		28636				71.37
941	Animals, live, n.e.s., including zoo-animals		131				70.05
846	Undergarments, knitted or crocheted		9722				68.71
056	Vegetables, prepared/preserved, n.e.s.			7799			67.69
054	Vegetables, frsh/chilled/frozen		41097				66.68
246	Pulpwood					4	66.67
844	Undergarments of textile fabrics		4719				65.64
691	Structures and parts; of iron/steel/aluminium			4311			65.44
411	Animal oils and fats			248			65.22
687	Tin					29	62.37
971	Gold, non-monetary				162		61.54
773	Equipment for distributing electricity		17688				61.11
584	Regenerated cellulose;cellulose nitrate,esters			435			60.92
727	Food processing machines; parts			3333			59.69
572	Explosives and pyrotechnic products			376			58.84
885	Watches and clocks			7230			58.39
287	Ores/concentrates of base metals, nes			133			57.83
694	Nails/screws/nuts/bolts of iron/steel/copper				1303		57.54

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
686	Zinc			211			57.18
522	Inorganic chemical elments,oxides/halogen salts			1596			56.18
679	Iron/steel castings/forgings/stampings;rough		452				54.69
897	Jewellery, goldsmiths & precious materials		72786				51.13
562	Fertilizers, manufactured			23514			50.98
831	Travel goods, handbags, briefcases, purses				1732		50.70
689	Miscell. non-ferrous base metals			145			50.52
212	Fur skins, raw			3			50.00
843	Outergarments, women's, of textile fabrics		18595				48.85
	Total	386363	275832	105174	3197	2160	

Libyan Arab Jamahiriya

322	Coal, lignite			49			98.99
911	Postal packages not classified to kind			51			98.08
514	Nitrogen-function compounds				4578		96.98
674	Plates and sheets, of iron or steel			20494			92.16
045	Cereals, unmilled			226			89.50
672	Ingots; oth primary forms, of iron/steel		32575				88.68
613	Fur skins; dressed, cuttings			35			85.25
583	Polymerization and copolymerization products				9240		83.39
686	Zinc			680			81.93
681	Silver, platinum and others			99			76.74
652	Cotton fabrics, woven			7473			71.83
673	Iron/steel bars;rods/angles/shapes			54569			71.09
676	Rails track construction material			51			67.11
034	Fish fresh/chilled/frozen		3433				63.72
722	Tractors fitted or not with power take-offs			2189			57.73
263	Cotton		151				56.13
282	Scrap metal of iron or steel					57	54.81
611	Leather				1202		53.87
267	Oth man-made fibres for spinning			19			52.05
562	Fertilizers, manufactured					110412	50.28
	Total	247583	36159	85935	15020	110469	

Malaysia

628	Articles of rubber, nes		101987				99.72
681	Silver, platinum and others			15765			99.64
048	Cereal/flour/fruits/veg. preparations		180152				99.35
642	Paper and paperboard, cut/shape		160496				99.11
898	Musical instruments, parts and accessories		257151				98.25
677	Iron/steel wire, coated or not			41707			98.04
692	Metal containers for storage/transport		51647				97.65
122	Tobacco, manufactured		48528				96.65
693	Wire products and fencing grills			43649			96.54
764	Telecommunications equipment, and parts		3480068				96.47
662	Clay and refractory construction materials		64470				95.64
598	Miscellaneous chemical products, nes		391033				94.61
658	Made-up articles, chiefly of textile materials		30931				94.53
665	Glassware		56774				94.47
895	Office and stationery supplies, n.e.s.		84896				94.20
697	Household equipment of base metal, nes			36585			93.33
776	Thermionic, cold and photo-cathode valves, tubes				11376050		93.08
651	Textile yarn			420739			92.94
663	Mineral manufactures, nes		201389				91.61
223	Oil-seeds whol/brken (non-defatted flrs/mels)					7640	91.53
516	Other organic chemicals			66093			91.49
288	Non-ferrous base metal scrap, nes					55222	91.22
612	Manufactures of leather, nes				9118		90.91
591	Disinfectants, insecticides, fungicides			47583			90.39
785	Motorcycles, motor scooters and invalid carriages		132090				90.34
691	Structures and parts; of iron/steel/aluminium			93043			89.76
881	Photographic apparatus and equipment, nes			370649			89.54
653	Fabrics;woven,man-made fibres		251746				89.54
741	Heating and cooling equipment, and parts		941725				89.29
812	Sanitary, plumbing, heating and lighting fixtures		54221				88.31
871	Optical instruments and apparatus		62067				88.19
885	Watches and clocks			233802			87.78

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
775	Household, electrical/non-electrical equipment		217764				87.77
771	Electric power machinery, and parts thereof		523855				86.85
671	Pig iron, iron or steel			114158			86.83
899	Other miscellaneous manufactured articles		56669				85.62
075	Spices					46884	85.41
896	Works of art, collectors' pieces and antiques			3478			85.29
273	Stone, sand/gravel				30711		84.26
058	Fruit, preserved/preparations					45104	83.86
554	Soap, cleansing and polishing preparations		133871				82.99
057	Fruit, nuts fresh/dried					95715	81.17
893	Articles of materials described in division 58		398773				80.64
625	Rubber tyres; cases		65598				79.35
423	Fixed vegetable oils, soft/crude/refined			92901			78.93
266	Synthetic fibres for spinning			48217			78.81
212	Fur skins, raw			13			78.79
334	Petroleum products, refined			814311			78.47
289	Ores/concentrates of precious metals; scrap					1096	77.65
831	Travel goods, handbags, briefcases, purses		42165				77.56
792	Aircraft and associated equipment, and parts			1422954			76.60
773	Equipment for distributing electricity		311784				76.04
073	Chocolate and food preparations		24374				75.80
056	Vegetables, prepared/preserved, n.e.s.			21409			75.12
694	Nails/screws/nuts/bolts of iron/steel/copper		103989				74.64
261	Silk			371			73.47
081	Feeding stuff for animals					126949	73.26
533	Pigments,paints,varnishes,related materials		127536				72.80
098	Edible products/preparations, nes				74763		72.52
655	Knitted or crocheted fabrics		128166				71.84
014	Edible meat prep/preserved		7696				70.89
716	Rotating electric plant and parts		410862				70.46
884	Optical goods, n.e.s.			36338			70.41
211	Hides, skins raw			1768			70.24
291	Crude animal materials, nes			4431			69.55
652	Cotton fabrics, woven			134748			69.07
062	Sugar confectionery/preparations		27734				68.69
667	Pearls, precious/semi-precious stones		96879				68.57
931	Special transactions and commodities		657637				65.91
512	Alcohols,phenols,phenol-alcohols,and derivatives		294717				65.36
699	Manufactures of base metal, nes		283029				65.27
036	Crustaceans frsh/frozn/saltd/brine/dried		151207				65.27
892	Printed matter		73345				64.55
727	Food processing machines; parts			30220			61.44
265	Vegetable textile fibres			376			60.55
112	Alcoholic beverages		42236				60.03
786	Trailers and other vehicles, not motorized		69588				59.91
743	Pumps, compressors, fans and blowers		216042				59.75
269	Old clothing; rags		13119				59.74
287	Ores/concentrates of base metals, nes					81621	59.55
759	Parts of and accessories suitable for 751, 752		4205390				59.12
659	Floor coverings			12525			59.12
751	Office machines			217530			58.91
872	Medical instruments and appliances		146620				58.47
583	Polymerization and copolymerization products		354175				58.18
772	Elect. apparatus: switches, relays, fuses, plugs		1044288				57.27
847	Clothing accessories of textile fabrics		52193				55.99
292	Crude vegetable materials, nes			32346			55.83
682	Copper		292036				55.09
894	Baby carriages and toys		400349				54.97
778	Electrical machinery and apparatus, n.e.s.		639910				54.93
335	Residual petroleum products, nes			18334			53.51
851	Footwear			111524			51.12
713	Internal combustion piston engines, and parts		156939				50.47
696	Cutlery			5623			50.29
678	Tubes/pipes/fittings; of iron or steel			120967			49.21
562	Fertilizers, manufactured			98791			48.97
	Total	34985727	18321906	4712948	11490642	460231	

Maldives

512	Alcohols,phenols,phenol-alcohols,and derivatives		13				100.00
941	Animals, live, n.e.s., including zoo-animals		4				100.00

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
269	Old clothing; rags		3				85.71
845	Outergarments and other articles, knitted				1046		83.84
036	Crustaceans frsh/frozn/saltd/brine/dried		472				74.21
844	Undergarments of textile fabrics		2073				73.02
842	Outergarments, men's, of textile fabrics		3201				61.91
883	Cinematograph films			4			61.54
897	Jewellery, goldsmiths & precious materials				103		53.37
846	Undergarments, knitted or crocheted		3979				51.20
	Total	10898	9745	4	1149		

Mali

762	Radio-broadcast receivers			2780			96.09
711	Steam/other vapour generating boilers; parts			339			94.88
291	Crude animal materials, nes			36			91.14
072	Cocoa			21			89.47
232	Natural rubber latex and similar gums			40			84.06
233	Synthetic rubber latex					21	84.00
054	Vegetables, frsh/chilled/frozen		3733				80.07
884	Optical goods, n.e.s.			38			77.55
292	Crude vegetable materials, nes					1038	71.85
751	Office machines			1070			70.60
763	Gramophones, dictating and sound recorders			1906			65.82
112	Alcoholic beverages				390		65.22
635	Wood manufactures, nes		497				61.36
759	Parts of and accessories suitable for 751, 752		6386				59.49
764	Telecommunications equipment, and parts		4094				59.11
682	Copper		96				57.66
843	Outergarments, women's, of textile fabrics		1661				57.41
062	Sugar confectionery/preparations				85		57.24
848	Non-textile apparel and clothing accessories			492			57.04
663	Mineral manufactures, nes		975				52.72
621	Materials of rubber		103				52.28
075	Spices					34	48.92
	Total	25835	17545	6722	475	1093	

Mauritania

714	Engines and motors, non-electric			1327			94.39
897	Jewellery, goldsmiths & precious materials		101				94.24
884	Optical goods, n.e.s.					9	94.12
611	Leather		138				93.88
081	Feeding stuff for animals			1458			93.27
222	Oil-seeds whole/broken (excl. flours/meals)			122			82.13
776	Thermionic, cold and photo-cathode valves, tubes		91				73.98
634	Veneers, plywood, reconstituted wood		68				64.76
512	Alcohols,phenols,phenol-alcohols,and derivatives		72				64.15
273	Stone, sand/gravel		20				62.07
845	Outergarments and other articles, knitted		173				57.67
431	Animal, vegetable oils, processed		8				57.14
844	Undergarments of textile fabrics		206				54.64
232	Natural rubber latex and similar gums			9			50.00
	Total	3802	877	2916		9	

Morocco

689	Miscell. non-ferrous base metals			94			100.00
045	Cereals, unmilled					274	98.56
773	Equipment for distributing electricity		66177				97.60
612	Manufactures of leather, nes				9288		96.08
246	Pulpwood					9	94.74
661	Lime, cement, fabricated construction matls.		12181				91.77
334	Petroleum products, refined					93952	90.86
035	Fish dried/salted/brine/smoked					1384	90.19
656	Tulle, lace, embroidery				7705		90.16
663	Mineral manufactures, nes		7947				89.66
812	Sanitary, plumbing, heating and lighting fixtures				12147		89.58
551	Essential oils, perfume and flavour materials				19070		88.53

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
635	Wood manufactures, nes		6987				86.88
625	Rubber tyres; cases		21306				85.51
098	Edible products/preparations, nes		14474				80.47
075	Spices			13841			78.75
653	Fabrics;woven,man-made fibres				30155		78.43
697	Household equipment of base metal, nes					6744	76.99
666	Pottery			3957			76.97
211	Hides, skins raw			3678			75.45
611	Leather		35438				73.55
278	Other crude minerals					28505	73.23
884	Optical goods, n.e.s.			1397			71.77
572	Explosives and pyrotechnic products			3038			70.86
062	Sugar confectionery/preparations				871		70.73
775	Household, electrical/non-electrical equipment		10925				68.03
651	Textile yarn					56535	67.37
112	Alcoholic beverages				9173		65.41
776	Thermionic, cold and photo-cathode valves, tubes		18330				65.14
553	Perfumery, cosmetics and toilet preparations				6152		64.66
885	Watches and clocks			1417			64.26
784	Parts and accessories of 722, 781, 782, 783					18889	63.13
251	Pulp and waste paper			60801			59.02
642	Paper and paperboard, cut/shape		8263				56.89
896	Works of art, collectors' pieces and antiques			132			56.29
054	Vegetables, frsh/chilled/frozen				158988		55.96
292	Crude vegetable materials, nes			72966			55.95
024	Cheese and curd			1529			55.49
899	Other miscellaneous manufactured articles				7998		53.74
047	Other cereal meals/flours			15			52.63
111	Non-alcoholic beverages, nes				386		49.87
512	Alcohols,phenols,phenol-alcohols,and derivatives				1668		49.72
895	Office and stationery supplies, n.e.s.				3388		49.56
897	Jewellery, goldsmiths & precious materials		2701				49.53
	Total	840875	204729	162865	266989	206292	

Mozambique

058	Fruit, preserved/preparations					362	98.60
657	Special textile fabrics and related products		1853				94.87
245	Fuel wood and charcoal				8		93.33
792	Aircraft and associated equipment, and parts			306			89.74
625	Rubber tyres; cases		2583				89.72
844	Undergarments of textile fabrics		400				88.01
278	Other crude minerals					1138	85.60
061	Sugar and honey				9253		85.18
121	Tobacco, unmanufactured; tobacco refuse			1079			84.48
725	Paper & pulp mill machinery					17	79.07
075	Spices			7			77.78
651	Textile yarn			849			75.43
885	Watches and clocks			20			71.43
034	Fish fresh/chilled/frozen		750				71.36
611	Leather				48		70.07
634	Veneers, plywood, reconstituted wood		1082				66.50
081	Feeding stuff for animals			1484			66.31
894	Baby carriages and toys		81				53.11
845	Outergarments and other articles, knitted		384				48.82
	Total	21704	7133	3745	9309	1517	

Niger

843	Outergarments, women's, of textile fabrics		683				99.85
931	Special transactions and commodities		2465				98.17
248	Wood, simply worked/sleepers		203				95.53
661	Lime, cement, fabricated construction matls.		298				95.51
745	Oth non-elect.machinery/tools/ apparatus; parts			1028			94.31
842	Outergarments, men's, of textile fabrics		279				93.31
423	Fixed vegetable oils, soft/crude/refined			845			93.01
634	Veneers, plywood, reconstituted wood		37				91.36
273	Stone, sand/gravel		44				89.80
674	Plates and sheets, of iron or steel			1078			89.05

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
677	Iron/steel wire, coated or not			165			83.76
612	Manufactures of leather, nes		54				83.72
635	Wood manufactures, nes		927				82.66
727	Food processing machines; parts					491	82.11
721	Agricultural machinery and parts					263	82.06
682	Copper		117				81.53
714	Engines and motors, non-electric			369			79.27
074	Tea and maté			299			78.95
736	Machine tools for metal/carbides; parts			979			77.63
531	Synthetic organic dyestuffs		380				75.70
664	Glass		113				74.34
782	Motor vehicles for transport of goods materials			5019			73.26
899	Other miscellaneous manufactured articles		302				72.95
641	Paper and paperboard		1585				71.67
048	Cereal/flour/fruits/veg. preparations		1284				68.70
562	Fertilizers, manufactured			889			66.22
882	Photographic and cinematographic supplies			1670			59.84
075	Spices					60	57.14
514	Nitrogen-function compounds		169				56.62
691	Structures and parts; of iron/steel/aluminium			620			56.39
071	Coffee, and substitutes			293			56.37
657	Special textile fabrics and related products		2346				53.15
057	Fruit, nuts fresh/dried			277			52.27
054	Vegetables, frsh/chilled/frozen		2843				51.03
726	Printing/bookbinding machinery; parts		573				49.61
651	Textile yarn			1030			49.19
821	Furniture and parts thereof		794				48.94
582	Condensation, poly-cond., polyaddition products		601				48.86
	Total	31472	16097	14561		814	

Oman

611	Leather		581				98.96
035	Fish dried/salted/brine/smoked			1784			96.85
792	Aircraft and associated equipment, and parts					30082	93.71
783	Road motor vehicles, n.e.s.		48209				93.53
334	Petroleum products, refined			40103			92.00
273	Stone, sand/gravel		4793				88.56
694	Nails/screws/nuts/bolts of iron/steel/copper		2158				86.70
781	Passenger and goods motor cars			332197			84.56
842	Outergarments, men's, of textile fabrics				2516		84.30
424	Oth fixd vegtble oils, fluid/solid/crude/refined			19385			84.08
291	Crude animal materials, nes					22	81.48
845	Outergarments and other articles, knitted		25360				81.30
784	Parts and accessories of 722, 781, 782, 783			107874			77.41
951	Armoured fighting vehicles and ammunition			82			77.00
122	Tobacco, manufactured		111580				72.22
062	Sugar confectionery/preparations		994				71.43
778	Electrical machinery and apparatus, n.e.s.		8724				71.01
882	Photographic and cinematographic supplies			6633			70.27
613	Fur skins; dressed, cuttings			15			69.57
263	Cotton		276				65.37
554	Soap, cleansing and polishing preparations		6542				63.82
001	Live animals			16648			62.97
881	Photographic apparatus and equipment, nes			3123			61.95
663	Mineral manufactures, nes		1419				61.35
691	Structures and parts; of iron/steel/aluminium			9118			59.67
684	Aluminium		16150				59.39
625	Rubber tyres; cases		18508				59.26
761	Television receivers		7668				55.24
524	Radioactive and associated materials			59			54.13
821	Furniture and parts thereof		12711				53.60
048	Cereal/flour/fruits/veg. preparations				5247		52.38
676	Rails track construction material			1			50.00
251	Pulp and waste paper			410			48.52
	Total	840972	265673	537432	7763	30104	

Pakistan

899	Other miscellaneous manufactured articles		44858				99.15
057	Fruit, nuts fresh/dried					40028	99.11

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
081	Feeding stuff for animals					2025	97.78
663	Mineral manufactures, nes				10320		97.07
011	Edible meat, frsh,frozen			355			96.95
896	Works of art, collectors' pieces and antiques			30			94.74
335	Residual petroleum products, nes			6882			94.04
592	Starches, inulin and wheat gluten		4494				90.91
058	Fruit, preserved/preparations			3018			90.77
292	Crude vegetable materials, nes					43939	88.62
268	Wool					13682	88.45
073	Chocolate and food preparations				1726		88.02
287	Ores/concentrates of base metals, nes			2661			87.46
263	Cotton				153767		82.12
014	Edible meat prep/preserved		27				81.82
931	Special transactions and commodities				19076		80.54
821	Furniture and parts thereof		6593				77.10
657	Special textile fabrics and related products		37642				75.68
635	Wood manufactures, nes		1298				69.32
693	Wire products and fencing grills			2689			66.03
075	Spices					10331	64.85
895	Office and stationery supplies, n.e.s.		2025				64.13
892	Printed matter				6104		61.41
289	Ores/concentrates of precious metals; scrap					6	57.14
553	Perfumery, cosmetics and toilet preparations				2245		56.71
098	Edible products/preparations, nes		2991				56.49
654	Textile fabrics;woven, oth than cotton fibres					707	52.55
898	Musical instruments, parts and accessories		3236				50.30
	Total	422755	103164	15635	193238	110718	

Qatar

873	Meters and counters, n.e.s.		591				95.32
722	Tractors fitted or not with power take-offs			349			71.30
843	Outergarments, women's, of textile fabrics		30587				70.34
075	Spices			1878			68.24
667	Pearls, precious/semi-precious stones				46		67.15
554	Soap, cleansing and polishing preparations		4239				58.18
792	Aircraft and associated equipment, and parts			4659			56.14
846	Undergarments, knitted or crocheted		219				53.22
776	Thermionic, cold and photo-cathode valves, tubes				1		50.00
842	Outergarments, men's, of textile fabrics		30683				48.15
	Total	73252	66319	6886	47		

Saudi Arabia

291	Crude animal materials, nes			1609			98.16
693	Wire products and fencing grills			39728			95.07
554	Soap, cleansing and polishing preparations		80955				94.68
642	Paper and paperboard, cut/shape		93482				87.35
773	Equipment for distributing electricity		83892				86.43
692	Metal containers for storage/transport		27670				85.25
691	Structures and parts; of iron/steel/aluminium			75780			83.91
251	Pulp and waste paper			9639			79.99
273	Stone, sand/gravel		9149				78.76
351	Electric current			5			76.92
278	Other crude minerals			10960			73.27
685	Lead			1314			69.27
335	Residual petroleum products, nes			3081			68.86
282	Scrap metal of iron or steel					1098	68.56
014	Edible meat prep/preserved		6045				67.65
111	Non-alcoholic beverages, nes				16276		59.81
022	Milk and cream			56982			59.45
673	Iron/steel bars;rods/angles/shapes			84564			58.71
211	Hides, skins raw			2402			57.28
025	Eggs frsh/ dried/preserved			9355			56.14
271	Fertilizers, crude			8028			55.12
533	Pigments,paints,varnishes,related materials		30996				54.41
585	Other artificial resins and plastic materials			559			53.01
665	Glassware		20400				51.44
722	Tractors fitted or not with power take-offs			1751			50.40
036	Crustaceans frsh/frozn/saltd/brine/dried		1418				49.31
522	Inorganic chemical elments,oxides/halogen salts			272175			48.78
	Total	949313	354007	577932	16276	1098	

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
Senegal							
245	Fuel wood and charcoal		4				100.00
334	Petroleum products, refined					75644	99.55
712	Steam engines and power units			360			98.88
001	Live animals					74	98.67
659	Floor coverings			418			98.17
642	Paper and paperboard, cut/shape				8135		95.22
692	Metal containers for storage/transport				4517		94.02
512	Alcohols,phenols,phenol-alcohols,and derivatives				1693		85.14
899	Other miscellaneous manufactured articles				1123		84.60
122	Tobacco, manufactured				693		80.52
073	Chocolate and food preparations		236				78.54
553	Perfumery, cosmetics and toilet preparations		5344				78.53
893	Articles of materials described in division 58		5587				77.26
671	Pig iron, iron or steel			19			76.00
714	Engines and motors, non-electric			3661			74.24
423	Fixed vegetable oils, soft/crude/refined					64097	73.64
591	Disinfectants, insecticides, fungicides			4020			68.64
516	Other organic chemicals			597			68.58
057	Fruit, nuts fresh/dried					1254	68.56
874	Measuring, checking, analysing instruments					1663	66.99
721	Agricultural machinery and parts					749	66.17
611	Leather				81		65.00
881	Photographic apparatus and equipment, nes			1017			64.31
687	Tin			34			64.00
661	Lime, cement, fabricated construction matls.				1235		60.33
763	Gramophones, dictating and sound recorders					179	54.91
515	Organo-inorganic and heterocyclic compounds			974			51.34
898	Musical instruments, parts and accessories				190		51.28
851	Footwear					925	49.64
651	Textile yarn					1005	49.59
792	Aircraft and associated equipment, and parts			4130			49.49
	Total	189658	11171	15230	17667	145590	
Sierra Leone							
793	Ships, boats and floating structures			204			99.51
523	Other inorganic chemicals			126			99.21
759	Parts of and accessories suitable for 751, 752		389				99.09
736	Machine tools for metal/carbides; parts			88			98.88
881	Photographic apparatus and equipment, nes			87			98.86
894	Baby carriages and toys		351				98.04
682	Copper		199				95.90
278	Other crude minerals			163			95.85
612	Manufactures of leather, nes		21				95.45
611	Leather		77				95.24
846	Undergarments, knitted or crocheted		85				94.97
662	Clay and refractory construction materials		160				94.67
897	Jewellery, goldsmiths & precious materials		85				94.41
628	Articles of rubber, nes		198				93.26
075	Spices					47	93.07
685	Lead			11			90.00
251	Pulp and waste paper			103			89.25
653	Fabrics;woven,man-made fibres		299				89.12
677	Iron/steel wire, coated or not			48			88.89
634	Veneers, plywood, reconstituted wood		61				88.07
654	Textile fabrics;woven, oth than cotton fibres			152			87.36
874	Measuring, checking, analysing instruments			446			85.28
931	Special transactions and commodities				257		85.24
665	Glassware		478				84.82
812	Sanitary, plumbing, heating and lighting fixtures		295				84.77
057	Fruit, nuts fresh/dried					98	83.33
895	Office and stationery supplies, n.e.s.		195				80.37
035	Fish dried/salted/brine/smoked					8	80.00
871	Optical instruments and apparatus		20				80.00
651	Textile yarn			253			79.52
749	Non-electric accessories of machinery		223				78.38
851	Footwear			578			77.15
247	Other wood, rough/squared			8			76.92

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
712	Steam engines and power units			10			75.00
842	Outergarments, men's, of textile fabrics		390				71.92
674	Plates and sheets, of iron or steel			504			71.79
673	Iron/steel bars;rods/angles/shapes			447			71.52
641	Paper and paperboard		434				71.32
737	Metalworking machinery, and parts			16			71.11
893	Articles of materials described in division 58		400				70.42
695	Tools for hand-use or machines			233			70.18
081	Feeding stuff for animals			790			68.88
531	Synthetic organic dyestuffs		45				68.70
513	Carboxylic acids, and derivatives		272				67.96
762	Radio-broadcast receivers			45			67.67
248	Wood, simply worked/sleepers				194		66.67
831	Travel goods, handbags, briefcases, purses		27				66.67
533	Pigments,paints,varnishes,related materials		329				64.26
273	Stone, sand/gravel		8				64.00
699	Manufactures of base metal, nes		305				63.74
635	Wood manufactures, nes		156				62.15
062	Sugar confectionery/preparations		289				61.29
532	Dyeing and tanning extracts;synthetic tanning			15			61.22
657	Special textile fabrics and related products		122				59.51
778	Electrical machinery and apparatus, n.e.s.		443				58.95
658	Made-up articles, chiefly of textile materials		167				57.89
911	Postal packages not classified to kind			12			57.14
659	Floor coverings			31			56.36
848	Non-textile apparel and clothing accessories			175			55.97
642	Paper and paperboard, cut/shape		282				54.97
515	Organo-inorganic and heterocyclic compounds			273			53.62
821	Furniture and parts thereof		947				52.84
074	Tea and maté			812			52.50
873	Meters and counters, n.e.s.		75				50.51
892	Printed matter		295				50.30
512	Alcohols,phenols,phenol-alcohols,and derivatives		164				50.23
845	Outergarments and other articles, knitted		339				49.33
	Total	14859	8625	5630	451	153	

Somalia

514	Nitrogen-function compounds		1				100.00
881	Photographic apparatus and equipment, nes			1			100.00
792	Aircraft and associated equipment, and parts			330			98.62
931	Special transactions and commodities				692		96.85
035	Fish dried/salted/brine/smoked					11	95.24
741	Heating and cooling equipment, and parts		43				94.51
551	Essential oils, perfume and flavour materials		6				90.91
678	Tubes/pipes/fittings; of iron or steel			18			90.00
628	Articles of rubber, nes		11				88.00
663	Mineral manufactures, nes		14				88.00
023	Butter			3			85.71
641	Paper and paperboard		32				83.12
894	Baby carriages and toys		12				82.76
674	Plates and sheets, of iron or steel			121			79.60
612	Manufactures of leather, nes		3				75.00
292	Crude vegetable materials, nes					1098	69.36
598	Miscellaneous chemical products, nes		48				69.06
773	Equipment for distributing electricity		13				68.42
024	Cheese and curd			6			66.67
037	Fish, crustaceans prepred/presrvd,nes			1			66.67
223	Oil-seeds whol/brken (non-defatted flrs/mels)			2			66.67
662	Clay and refractory construction materials		2				66.67
666	Pottery			2			66.67
247	Other wood, rough/squared			8			64.00
682	Copper		11				62.50
011	Edible meat, frsh,frozen					19	59.38
763	Gramophones, dictating and sound recorders			17			58.33
071	Coffee, and substitutes			79			57.66
081	Feeding stuff for animals			2			57.14
782	Motor vehicles for transport of goods materials			1426			55.89
744	Mechanical handling equipment, and parts		1493				55.54
	Total	5525	1689	2016	692	1128	

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
Sudan							
651	Textile yarn					678	99.34
896	Works of art, collectors' pieces and antiques					1	66.67
057	Fruit, nuts fresh/dried					1479	60.73
335	Residual petroleum products, nes			858			53.26
074	Tea and maté			5099			53.15
691	Structures and parts; of iron/steel/aluminium			920			42.75
	Total	9035		6877		2158	
Syrian Arab Republic							
892	Printed matter		4562				99.97
821	Furniture and parts thereof		7980				97.07
335	Residual petroleum products, nes					1931	96.90
697	Household equipment of base metal, nes			10957			95.46
057	Fruit, nuts fresh/dried			140816			94.96
896	Works of art, collectors' pieces and antiques					7	92.31
001	Live animals			62093			90.43
048	Cereal/flour/fruits/veg. preparations		1867				88.09
036	Crustaceans frsh/frozn/saltd/brine/dried		95				86.90
292	Crude vegetable materials, nes			12562			86.66
273	Stone, sand/gravel				700		84.20
047	Other cereal meals/flours			91			81.05
899	Other miscellaneous manufactured articles		6036				71.68
554	Soap, cleansing and polishing preparations				6797		71.15
268	Wool					1794	69.13
642	Paper and paperboard, cut/shape		6753				65.53
635	Wood manufactures, nes				1561		63.43
894	Baby carriages and toys		1308				63.01
653	Fabrics;woven,man-made fibres		41724				61.94
658	Made-up articles, chiefly of textile materials		22718				61.43
652	Cotton fabrics, woven					5294	59.48
269	Old clothing; rags		836				56.60
075	Spices			30793			48.22
	Total	369275	93879	257312	9058	9026	
Tunisia							
895	Office and stationery supplies, n.e.s.		8821				99.64
667	Pearls, precious/semi-precious stones				5098		97.32
885	Watches and clocks			9785			96.60
847	Clothing accessories of textile fabrics				24376		95.91
771	Electric power machinery, and parts thereof		44137				95.19
025	Eggs frsh/ dried/preserved			3978			92.68
554	Soap, cleansing and polishing preparations		8557				91.80
122	Tobacco, manufactured		31478				91.49
699	Manufactures of base metal, nes		87151				88.82
775	Household, electrical/non-electrical equipment		10995				88.02
062	Sugar confectionery/preparations		2321				87.79
035	Fish dried/salted/brine/smoked			614			87.40
662	Clay and refractory construction materials		12018				86.24
642	Paper and paperboard, cut/shape		17603				84.29
894	Baby carriages and toys		9069				82.83
772	Elect. apparatus: switches, relays, fuses, plugs		80344				81.13
677	Iron/steel wire, coated or not			3882			80.79
678	Tubes/pipes/fittings; of iron or steel			38129			80.14
848	Non-textile apparel and clothing accessories			19032			79.84
897	Jewellery, goldsmiths & precious materials		963				79.72
821	Furniture and parts thereof		6827				79.16
553	Perfumery, cosmetics and toilet preparations		14064				76.73
844	Undergarments of textile fabrics		143078				74.41
625	Rubber tyres; cases		25203				74.30
773	Equipment for distributing electricity		134873				72.50
056	Vegetables, prepared/preserved, n.e.s.					972	71.26
223	Oil-seeds whol/brken (non-defatted flrs/mels)					53	69.28
001	Live animals			12616			67.98
783	Road motor vehicles, n.e.s.		2803				67.32
778	Electrical machinery and apparatus, n.e.s.		38839				65.42
663	Mineral manufactures, nes		4975				65.40

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
786	Trailers and other vehicles, not motorized				3962		61.85
246	Pulpwood			8			61.54
696	Cutlery			1776			60.85
014	Edible meat prep/preserved		54				60.00
075	Spices			7512			59.01
048	Cereal/flour/fruits/veg. preparations				15290		58.15
718	Other power generating machinery and parts			820			57.56
292	Crude vegetable materials, nes			3668			55.95
522	Inorganic chemical elments,oxides/halogen salts					185835	53.99
846	Undergarments, knitted or crocheted		226153				53.71
572	Explosives and pyrotechnic products			6338			53.66
423	Fixed vegetable oils, soft/crude/refined			265957			53.62
058	Fruit, preserved/preparations					835	53.41
278	Other crude minerals			7963			53.39
112	Alcoholic beverages		19453				53.28
884	Optical goods, n.e.s.			8603			52.71
551	Essential oils, perfume and flavour materials				3755		52.61
665	Glassware		5268				51.56
684	Aluminium				8897		51.27
334	Petroleum products, refined			83303			51.07
764	Telecommunications equipment, and parts		31776				50.24
523	Other inorganic chemicals			61412			49.45
	Total	1751292	966823	535396	61378	187695	

Turkey

654	Textile fabrics;woven, oth than cotton fibres			55240			99.44
001	Live animals					175999	98.24
672	Ingots; oth primary forms, of iron/steel				541583		97.85
898	Musical instruments, parts and accessories		75586				97.85
292	Crude vegetable materials, nes					47057	97.69
691	Structures and parts; of iron/steel/aluminium			56275			96.70
821	Furniture and parts thereof				65574		95.94
771	Electric power machinery, and parts thereof		76353				95.27
657	Special textile fabrics and related products		96304				95.17
532	Dyeing and tanning extracts;synthetic tanning			8737			94.35
651	Textile yarn					551729	94.33
523	Other inorganic chemicals			110856			94.16
783	Road motor vehicles, n.e.s.		130843				93.73
266	Synthetic fibres for spinning					89130	93.41
061	Sugar and honey				90846		93.17
666	Pottery					9230	90.89
621	Materials of rubber		23339				88.20
248	Wood, simply worked/sleepers				24468		87.89
034	Fish fresh/chilled/frozen				20744		87.64
812	Sanitary, plumbing, heating and lighting fixtures		95108				87.48
334	Petroleum products, refined					245375	87.39
652	Cotton fabrics, woven			356914			85.47
653	Fabrics;woven,man-made fibres		437042				84.88
011	Edible meat, frsh,frozen					32251	84.72
246	Pulpwood					52	84.44
655	Knitted or crocheted fabrics				112488		81.52
678	Tubes/pipes/fittings; of iron or steel			199745			81.51
074	Tea and maté			4503			81.28
664	Glass				94748		80.05
634	Veneers, plywood, reconstituted wood				13082		78.44
035	Fish dried/salted/brine/smoked					839	78.23
677	Iron/steel wire, coated or not			12296			77.53
692	Metal containers for storage/transport				17291		75.38
781	Passenger and goods motor cars			160986			73.92
662	Clay and refractory construction materials		121228				73.43
775	Household, electrical/non-electrical equipment		194986				72.87
693	Wire products and fencing grills			40266			72.81
893	Articles of materials described in division 58		98450				68.54
941	Animals, live, n.e.s., including zoo-animals		1671				68.01
682	Copper				118485		67.80
025	Eggs frsh/ dried/preserved					7759	67.73
727	Food processing machines; parts			28236			67.48
122	Tobacco, manufactured		82669				64.64
288	Non-ferrous base metal scrap, nes			16484			64.09
642	Paper and paperboard, cut/shape				37044		62.10

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
024	Cheese and curd					10102	60.02
554	Soap, cleansing and polishing preparations		148477				59.74
423	Fixed vegetable oils, soft/crude/refined			116917			58.54
773	Equipment for distributing electricity		263355				58.36
273	Stone, sand/gravel				14719		57.30
612	Manufactures of leather, nes				4581		57.03
696	Cutlery					5015	56.74
785	Motorcycles, motor scooters and invalid carriages		12357				56.44
714	Engines and motors, non-electric			26820			56.39
671	Pig iron, iron or steel					67099	55.30
684	Aluminium				97933		55.28
721	Agricultural machinery and parts					9196	54.06
014	Edible meat prep/preserved				846		53.00
098	Edible products/preparations, nes		54071				52.98
635	Wood manufactures, nes				39328		52.86
041	Wheat, unmilled			55550			51.59
121	Tobacco, unmanufactured; tobacco refuse					319855	51.33
553	Perfumery, cosmetics and toilet preparations		13656				51.07
713	Internal combustion piston engines, and parts		98522				51.02
679	Iron/steel castings/forgings/stampings;rough		18430				50.44
	Total	6156720	2042447	1249825	1293760	1570688	

Uganda

292	Crude vegetable materials, nes			2048			94.24
682	Copper		878				88.51
251	Pulp and waste paper			86			78.54
584	Regenerated cellulose;cellulose nitrate,esters			35			76.09
667	Pearls, precious/semi-precious stones		46				70.42
042	Rice			1669			70.01
532	Dyeing and tanning extracts;synthetic tanning			75			68.49
516	Other organic chemicals			235			59.19
884	Optical goods, n.e.s.			45			54.55
689	Miscell. non-ferrous base metals			25			52.94
075	Spices			370			45.74
	Total	5512	924	4588			

United Arab Emirates

512	Alcohols,phenols,phenol-alcohols,and derivatives		27416				99.75
685	Lead			3560			99.51
531	Synthetic organic dyestuffs		12072				99.48
776	Thermionic, cold and photo-cathode valves, tubes		30849				98.47
611	Leather		6189				98.44
783	Road motor vehicles, n.e.s.		133339				97.06
845	Outergarments and other articles, knitted		160138				96.04
896	Works of art, collectors' pieces and antiques			4278			95.02
056	Vegetables, prepared/preserved, n.e.s.			29018			94.26
846	Undergarments, knitted or crocheted		199432				91.72
681	Silver, platinum and others			155887			91.15
233	Synthetic rubber latex			3570			88.39
122	Tobacco, manufactured		281452				87.64
661	Lime, cement, fabricated construction matls.		184194				87.49
642	Paper and paperboard, cut/shape		81574				85.75
893	Articles of materials described in division 58		197079				85.72
522	Inorganic chemical elments,oxides/halogen salts			31199			85.48
014	Edible meat prep/preserved		10690				85.45
424	Oth fixd vegtble oils, fluid/solid/crude/refined			63716			84.85
843	Outergarments, women's, of textile fabrics		201518				84.58
687	Tin			7882			83.55
662	Clay and refractory construction materials		46604				83.47
121	Tobacco, unmanufactured; tobacco refuse			2908			82.07
057	Fruit, nuts fresh/dried			113009			81.61
931	Special transactions and commodities		207314				80.13
844	Undergarments of textile fabrics		131360				78.01
265	Vegetable textile fibres			147			77.78
663	Mineral manufactures, nes		27306				77.08
692	Metal containers for storage/transport		62656				75.36
058	Fruit, preserved/preparations			19065			74.64
037	Fish, crustaceans prepred/presrvd,nes			5661			72.98
686	Zinc			4665			72.45

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
261	Silk			746			69.85
054	Vegetables, frsh/chilled/frozen		85050				69.01
511	Hydrocarbons, nes and derivatives			34481			68.41
691	Structures and parts; of iron/steel/aluminium			76979			66.25
036	Crustaceans frsh/frozn/saltd/brine/dried		19839				65.26
786	Trailers and other vehicles, not motorized		15685				64.33
048	Cereal/flour/fruits/veg. preparations		36258				64.26
714	Engines and motors, non-electric			122820			62.86
694	Nails/screws/nuts/bolts of iron/steel/copper		17426				62.79
222	Oil-seeds whole/broken (excl. flours/meals)			2603			62.19
598	Miscellaneous chemical products, nes		58068				60.30
278	Other crude minerals			9145			59.85
533	Pigments,paints,varnishes,related materials		46164				59.82
892	Printed matter		23029				59.78
554	Soap, cleansing and polishing preparations		42037				59.08
264	Jute, raw or processed			5			58.82
793	Ships, boats and floating structures			87077			58.80
075	Spices			21906			58.79
098	Edible products/preparations, nes		29575				57.88
335	Residual petroleum products, nes			57053			56.49
723	Civil engineering/contractors plant/parts			130009			55.60
091	Margarine and shortening		8500				55.24
411	Animal oils and fats			798			54.25
583	Polymerization and copolymerization products		94955				54.16
263	Cotton		5104				54.05
842	Outergarments, men's, of textile fabrics		98197				53.86
652	Cotton fabrics, woven			90424			53.44
043	Barley, unmilled			1138			51.48
584	Regenerated cellulose;cellulose nitrate,esters			2493			50.82
073	Chocolate and food preparations		12932				50.44
718	Other power generating machinery and parts			3527			50.27
781	Passenger and goods motor cars			391033			50.26
251	Pulp and waste paper			20162			49.84
046	Meal, flour of wheat/meslin					6014	48.97
897	Jewellery, goldsmiths & precious materials		241918				48.69
541	Medicinal and pharmaceutical products		60396				48.57
		Total 4399293	2896315	1496964		6014	

Table 15: Potential Trade Complementarity Sectors at the Regional Level Amongst the IDB Membership

North-West Africa Region (=Algeria, Libya, Morocco & Tunisia

List of Sectors for Strategic Trade Intervention		Regional Frequency	International Dynamism
035	Fish dried/salted/brine/smoked	3	fall
112	Alcoholic beverages	3	rise
553	Perfumery, cosmetics and toilet preparations	3	rise
045	Cereals, unmilled	2	fall
056	Vegetables, prepared/preserved, n.e.s.	2	fall
058	Fruit, preserved/preparations	2	fall
062	Sugar confectionery/preparations	2	rise
075	Spices	2	fall
211	Hides, skins raw	2	fall
246	Pulpwood	2	fall
278	Other crude minerals	2	fall
292	Crude vegetable materials, nes	2	fall
334	Petroleum products, refined	2	fall
512	Alcohols,phenols,phenol-alcohols,and derivatives	2	rise
522	Inorganic chemical elments,oxides/halogen salts	2	fall
551	Essential oils, perfume and flavour materials	2	rise
572	Explosives and pyrotechnic products	2	fall
611	Leather	2	rise
625	Rubber tyres; cases	2	rise
642	Paper and paperboard, cut/shape	2	rise
652	Cotton fabrics, woven	2	fall
663	Mineral manufactures, nes	2	rise
672	Ingots; oth primary forms, of iron/steel	2	rise
773	Equipment for distributing electricity	2	rise
775	Household, electrical/non-electrical equipment	2	rise
847	Clothing accessories of textile fabrics	2	rise
884	Optical goods, n.e.s.	2	fall
885	Watches and clocks	2	fall
895	Office and stationery supplies, n.e.s.	2	rise
897	Jewellery, goldsmiths & precious materials	2	rise

West and Central Africa Region (= Burkina Faso, Cameroon, Chad, Gabon, Gambia, Guinea, Guinnea-Bissau, Mali, Mauritania, Niger, Senegal, & Sierra Leone

075	Spices	6	fall
714	Engines and motors, non-electric	6	fall
054	Vegetables, frsh/chilled/frozen	5	rise
057	Fruit, nuts fresh/dried	5	fall
062	Sugar confectionery/preparations	5	rise
248	Wood, simply worked/sleepers	5	rise
273	Stone, sand/gravel	5	rise
611	Leather	5	rise
635	Wood manufactures, nes	5	rise
899	Other miscellaneous manufactured articles	5	rise
292	Crude vegetable materials, nes	4	fall
634	Veneers, plywood, reconstituted wood	4	rise
651	Textile yarn	4	fall
851	Footwear	4	fall
001	Live animals	3	fall
035	Fish dried/salted/brine/smoked	3	fall
071	Coffee, and substitutes	3	fall

List of Sectors for Strategic Trade Intervention	Regional Frequency	International Dynamism
074 Tea and maté	3	fall
081 Feeding stuff for animals	3	fall
122 Tobacco, manufactured	3	rise
233 Synthetic rubber latex	3	fall
512 Alcohols,phenols,phenol-alcohols,and derivatives	3	rise
612 Manufactures of leather, nes	3	rise
641 Paper and paperboard	3	rise
642 Paper and paperboard, cut/shape	3	rise
657 Special textile fabrics and related products	3	rise
661 Lime, cement, fabricated construction matls.	3	rise
666 Pottery	3	fall
674 Plates and sheets, of iron or steel	3	fall
677 Iron/steel wire, coated or not	3	fall
682 Copper	3	rise
842 Outergarments, men's, of textile fabrics	3	rise
845 Outergarments and other articles, knitted	3	rise
874 Measuring, checking, analysing instruments	3	fall
896 Works of art, collectors' pieces and antiques	3	fall
931 Special transactions and commodities	3	rise
034 Fish fresh/chilled/frozen	2	rise
072 Cocoa	2	fall
073 Chocolate and food preparations	2	rise
112 Alcoholic beverages	2	rise
222 Oil-seeds whole/broken (excl. flours/meals)	2	fall
232 Natural rubber latex and similar gums	2	fall
334 Petroleum products, refined	2	fall
423 Fixed vegetable oils, soft/crude/refined	2	fall
431 Animal, vegetable oils, processed	2	rise
515 Organo-inorganic and heterocyclic compounds	2	fall
531 Synthetic organic dyestuffs	2	rise
532 Dyeing and tanning extracts;synthetic tanning	2	fall
553 Perfumery, cosmetics and toilet preparations	2	rise
554 Soap, cleansing and polishing preparations	2	rise
653 Fabrics;woven,man-made fibres	2	rise
654 Textile fabrics;woven, oth than cotton fibres	2	fall
658 Made-up articles, chiefly of textile materials	2	rise
659 Floor coverings	2	fall
663 Mineral manufactures, nes	2	rise
664 Glass	2	rise
665 Glassware	2	rise
673 Iron/steel bars;rods/angles/shapes	2	fall
699 Manufactures of base metal, nes	2	rise
711 Steam/other vapour generating boilers; parts	2	fall
712 Steam engines and power units	2	fall
721 Agricultural machinery and parts	2	fall
736 Machine tools for metal/carbides; parts	2	fall
737 Metalworking machinery, and parts	2	fall
749 Non-electric accessories of machinery	2	rise
759 Parts of and accessories suitable for 751, 752	2	rise
762 Radio-broadcast receivers	2	fall
763 Gramophones, dictating and sound recorders	2	fall
778 Electrical machinery and apparatus, n.e.s.	2	rise
792 Aircraft and associated equipment, and parts	2	fall
821 Furniture and parts thereof	2	rise
831 Travel goods, handbags, briefcases, purses	2	rise
843 Outergarments, women's, of textile fabrics	2	rise
848 Non-textile apparel and clothing accessories	2	fall
881 Photographic apparatus and equipment, nes	2	fall
884 Optical goods, n.e.s.	2	fall

List of Sectors for Strategic Trade Intervention	Regional Frequency	International Dynamism
892 Printed matter	2	rise
893 Articles of materials described in division 58	2	rise
897 Jewellery, goldsmiths & precious materials	2	rise
898 Musical instruments, parts and accessories	2	rise
911 Postal packages not classified to kind	2	fall
North-East and South Africa Region (= Djibouti, Somalia, Sudan, Uganda, Comoros, & Mozambique)		
071 Coffee, and substitutes	3	fall
292 Crude vegetable materials, nes	3	fall
792 Aircraft and associated equipment, and parts	3	fall
884 Optical goods, n.e.s.	3	fall
034 Fish fresh/chilled/frozen	2	rise
057 Fruit, nuts fresh/dried	2	fall
074 Tea and maté	2	fall
075 Spices	2	fall
081 Feeding stuff for animals	2	fall
251 Pulp and waste paper	2	fall
278 Other crude minerals	2	fall
516 Other organic chemicals	2	fall
522 Inorganic chemical elments,oxides/halogen salts	2	fall
532 Dyeing and tanning extracts;synthetic tanning	2	fall
598 Miscellaneous chemical products, nes	2	rise
612 Manufactures of leather, nes	2	rise
625 Rubber tyres; cases	2	rise
641 Paper and paperboard	2	rise
651 Textile yarn	2	fall
657 Special textile fabrics and related products	2	rise
663 Mineral manufactures, nes	2	rise
666 Pottery	2	fall
667 Pearls, precious/semi-precious stones	2	rise
674 Plates and sheets, of iron or steel	2	fall
682 Copper	2	rise
725 Paper & pulp mill machinery	2	fall
763 Gramophones, dictating and sound recorders	2	fall
894 Baby carriages and toys	2	rise
896 Works of art, collectors' pieces and antiques	2	fall
931 Special transactions and commodities	2	rise
Middle-East Region (= Jordan, Lebanon, Syria, Saudi Arabia, Bahrain, Kuwait, Oman, Qatar, UAE, Turkey, Iran & Pakistan		
691 Structures and parts; of iron/steel/aluminium	8	fall
335 Residual petroleum products, nes	7	fall
554 Soap, cleansing and polishing preparations	7	rise
842 Outergarments, men's, of textile fabrics	7	rise
048 Cereal/flour/fruits/veg. preparations	6	rise
057 Fruit, nuts fresh/dried	6	fall
075 Spices	6	fall
642 Paper and paperboard, cut/shape	6	rise
821 Furniture and parts thereof	6	rise
843 Outergarments, women's, of textile fabrics	6	rise
892 Printed matter	6	rise
896 Works of art, collectors' pieces and antiques	6	fall

List of Sectors for Strategic Trade Intervention	Regional Frequency	International Dynamism
014 Edible meat prep/preserved	5	rise
036 Crustaceans frsh/frozn/saltd/brine/dried	5	rise
273 Stone, sand/gravel	5	rise
292 Crude vegetable materials, nes	5	fall
522 Inorganic chemical elments,oxides/halogen salts	5	fall
773 Equipment for distributing electricity	5	rise
783 Road motor vehicles, n.e.s.	5	rise
844 Undergarments of textile fabrics	5	rise
845 Outergarments and other articles, knitted	5	rise
846 Undergarments, knitted or crocheted	5	rise
893 Articles of materials described in division 58	5	rise
897 Jewellery, goldsmiths & precious materials	5	rise
001 Live animals	4	fall
058 Fruit, preserved/preparations	4	fall
098 Edible products/preparations, nes	4	rise
553 Perfumery, cosmetics and toilet preparations	4	rise
611 Leather	4	rise
635 Wood manufactures, nes	4	rise
652 Cotton fabrics, woven	4	fall
666 Pottery	4	fall
667 Pearls, precious/semi-precious stones	4	rise
684 Aluminium	4	rise
693 Wire products and fencing grills	4	fall
694 Nails/screws/nuts/bolts of iron/steel/copper	4	rise
786 Trailers and other vehicles, not motorized	4	rise
025 Eggs frsh/ dried/preserved	3	fall
034 Fish fresh/chilled/frozen	3	rise
054 Vegetables, frsh/chilled/frozen	3	rise
062 Sugar confectionery/preparations	3	rise
073 Chocolate and food preparations	3	rise
111 Non-alcoholic beverages, nes	3	rise
112 Alcoholic beverages	3	rise
122 Tobacco, manufactured	3	rise
251 Pulp and waste paper	3	fall
263 Cotton	3	rise
268 Wool	3	fall
269 Old clothing; rags	3	rise
278 Other crude minerals	3	fall
288 Non-ferrous base metal scrap, nes	3	fall
291 Crude animal materials, nes	3	fall
424 Oth fixd vegtble oils, fluid/solid/crude/refined	3	fall
533 Pigments,paints,varnishes,related materials	3	rise
584 Regenerated cellulose;cellulose nitrate,esters	3	fall
657 Special textile fabrics and related products	3	rise
658 Made-up articles, chiefly of textile materials	3	rise
663 Mineral manufactures, nes	3	rise
665 Glassware	3	rise
671 Pig iron, iron or steel	3	fall
679 Iron/steel castings/forgings/stampings;rough	3	rise
685 Lead	3	fall
692 Metal containers for storage/transport	3	rise
697 Household equipment of base metal, nes	3	fall
722 Tractors fitted or not with power take-offs	3	fall
776 Thermionic, cold and photo-cathode valves, tubes	3	rise
781 Passenger and goods motor cars	3	fall
812 Sanitary, plumbing, heating and lighting fixtures	3	rise
883 Cinematograph films	3	fall
931 Special transactions and commodities	3	rise
011 Edible meat, frsh,frozen	2	fall

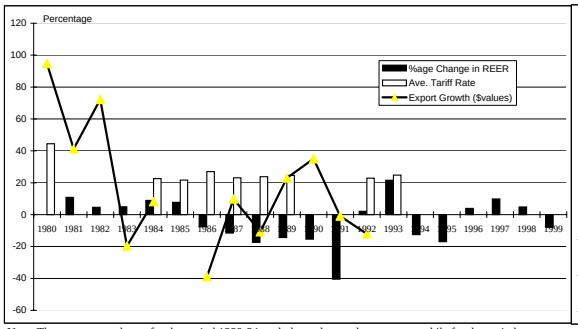
List of Sectors for Strategic Trade Intervention	Regional Frequency	International Dynamism
022 Milk and cream	2	fall
035 Fish dried/salted/brine/smoked	2	fall
045 Cereals, unmilled	2	fall
046 Meal, flour of wheat/meslin	2	fall
056 Vegetables, prepared/preserved, n.e.s.	2	fall
121 Tobacco, unmanufactured; tobacco refuse	2	fall
223 Oil-seeds whol/brken (non-defatted flrs/mels)	2	fall
233 Synthetic rubber latex	2	fall
246 Pulpwood	2	fall
265 Vegetable textile fibres	2	fall
266 Synthetic fibres for spinning	2	fall
271 Fertilizers, crude	2	fall
287 Ores/concentrates of base metals, nes	2	fall
289 Ores/concentrates of precious metals; scrap	2	fall
334 Petroleum products, refined	2	fall
341 Gas, natural and manufactured	2	fall
411 Animal oils and fats	2	fall
512 Alcohols,phenols,phenol-alcohols,and derivatives	2	rise
523 Other inorganic chemicals	2	fall
524 Radioactive and associated materials	2	fall
531 Synthetic organic dyestuffs	2	rise
541 Medicinal and pharmaceutical products	2	rise
585 Other artificial resins and plastic materials	2	fall
592 Starches, inulin and wheat gluten	2	rise
612 Manufactures of leather, nes	2	rise
651 Textile yarn	2	fall
653 Fabrics;woven,man-made fibres	2	rise
654 Textile fabrics;woven, oth than cotton fibres	2	fall
655 Knitted or crocheted fabrics	2	rise
662 Clay and refractory construction materials	2	rise
664 Glass	2	rise
673 Iron/steel bars;rods/angles/shapes	2	fall
686 Zinc	2	fall
687 Tin	2	fall
714 Engines and motors, non-electric	2	fall
718 Other power generating machinery and parts	2	fall
727 Food processing machines; parts	2	fall
792 Aircraft and associated equipment, and parts	2	fall
793 Ships, boats and floating structures	2	fall
831 Travel goods, handbags, briefcases, purses	2	rise
847 Clothing accessories of textile fabrics	2	rise
851 Footwear	2	fall
894 Baby carriages and toys	2	rise
898 Musical instruments, parts and accessories	2	rise
899 Other miscellaneous manufactured articles	2	rise
941 Animals, live, n.e.s., including zoo-animals	2	rise
South and South-East Asia Region (= Bangladesh, Maldives, Brunei, Malaysia, & Indonesia		
291 Crude animal materials, nes	3	fall
562 Fertilizers, manufactured	3	fall
651 Textile yarn	3	fall
884 Optical goods, n.e.s.	3	fall
898 Musical instruments, parts and accessories	3	rise
014 Edible meat prep/preserved	2	rise
036 Crustaceans frsh/frozn/saltd/brine/dried	2	rise

List of Sectors for Strategic Trade Intervention	Regional Frequency	International Dynamism
048 Cereal/flour/fruits/veg. preparations	2	rise
054 Vegetables, frsh/chilled/frozen	2	rise
056 Vegetables, prepared/preserved, n.e.s.	2	fall
057 Fruit, nuts fresh/dried	2	fall
073 Chocolate and food preparations	2	rise
081 Feeding stuff for animals	2	fall
098 Edible products/preparations, nes	2	rise
122 Tobacco, manufactured	2	rise
269 Old clothing; rags	2	rise
273 Stone, sand/gravel	2	rise
288 Non-ferrous base metal scrap, nes	2	fall
292 Crude vegetable materials, nes	2	fall
334 Petroleum products, refined	2	fall
512 Alcohols,phenols,phenol-alcohols,and derivatives	2	rise
554 Soap, cleansing and polishing preparations	2	rise
591 Disinfectants, insecticides, fungicides	2	fall
612 Manufactures of leather, nes	2	rise
625 Rubber tyres; cases	2	rise
628 Articles of rubber, nes	2	rise
642 Paper and paperboard, cut/shape	2	rise
652 Cotton fabrics, woven	2	fall
657 Special textile fabrics and related products	2	rise
662 Clay and refractory construction materials	2	rise
663 Mineral manufactures, nes	2	rise
671 Pig iron, iron or steel	2	fall
691 Structures and parts; of iron/steel/aluminium	2	fall
692 Metal containers for storage/transport	2	rise
694 Nails/screws/nuts/bolts of iron/steel/copper	2	rise
696 Cutlery	2	fall
699 Manufactures of base metal, nes	2	rise
751 Office machines	2	fall
764 Telecommunications equipment, and parts	2	rise
775 Household, electrical/non-electrical equipment	2	rise
776 Thermionic, cold and photo-cathode valves, tubes	2	rise
778 Electrical machinery and apparatus, n.e.s.	2	rise
785 Motorcycles, motor scooters and invalid carriages	2	rise
786 Trailers and other vehicles, not motorized	2	rise
812 Sanitary, plumbing, heating and lighting fixtures	2	rise
842 Outergarments, men's, of textile fabrics	2	rise
844 Undergarments of textile fabrics	2	rise
845 Outergarments and other articles, knitted	2	rise
846 Undergarments, knitted or crocheted	2	rise
847 Clothing accessories of textile fabrics	2	rise
881 Photographic apparatus and equipment, nes	2	fall
883 Cinematograph films	2	fall
893 Articles of materials described in division 58	2	rise
894 Baby carriages and toys	2	rise
895 Office and stationery supplies, n.e.s.	2	rise
896 Works of art, collectors' pieces and antiques	2	fall
899 Other miscellaneous manufactured articles	2	rise
941 Animals, live, n.e.s., including zoo-animals	2	rise

Table A16: Garments Sector in the Middle-East - Export Dynamism and Trade Complementarity

			Export Dynamism Classification ($ '000)				
			Rising Stars	Falling Stars	Lost Opportunity	Retreat	IIT-1994-95
Bahrain							
846 Undergarments, knitted or crocheted			350				84.49
845 Outergarments and other articles, knitted			2720				78.33
844 Undergarments of textile fabrics			25989				77.80
843 Outergarments, women's, of textile fabrics			48325				73.85
842 Outergarments, men's, of textile fabrics			4664				56.45
	Total	82048	82048				
Egypt							
847 Clothing accessories of textile fabrics					843		86.85
845 Outergarments and other articles, knitted					6113		52.75
	Total	6956			6956		
Iran, Islamic Rep. of							
843 Outergarments, women's, of textile fabrics			2363				94.14
844 Undergarments of textile fabrics			2046				73.16
846 Undergarments, knitted or crocheted			1930				66.20
848 Non-textile apparel and clothing accessories				1034			60.54
845 Outergarments and other articles, knitted			8843				50.13
842 Outergarments, men's, of textile fabrics			1237				50.02
	Total	17453	16419	1034			
Jordan							
844 Undergarments of textile fabrics			3851				94.42
843 Outergarments, women's, of textile fabrics					11082		79.04
847 Clothing accessories of textile fabrics					663		59.09
842 Outergarments, men's, of textile fabrics					5004		48.67
	Total	20600	3851		16749		
Lebanon							
842 Outergarments, men's, of textile fabrics			19205				79.59
846 Undergarments, knitted or crocheted			9722				68.71
844 Undergarments of textile fabrics			4719				65.64
843 Outergarments, women's, of textile fabrics			18595				48.85
	Total	52241	52241				
Oman							
842 Outergarments, men's, of textile fabrics					2516		84.30
845 Outergarments and other articles, knitted			25360				81.30
	Total	27876	25360		2516		
Qatar							
843 Outergarments, women's, of textile fabrics			30587				70.34
846 Undergarments, knitted or crocheted			219				53.22
842 Outergarments, men's, of textile fabrics			30683				48.15
	Total	61489	61489				
United Arab Emirates							
845 Outergarments and other articles, knitted			160138				96.04
846 Undergarments, knitted or crocheted			199432				91.72
843 Outergarments, women's, of textile fabrics			201518				84.58
844 Undergarments of textile fabrics			131360				78.01
842 Outergarments, men's, of textile fabrics			98197				53.86
	Total	790645	790645				
	Overall Total	1059308					

Chart A1: Algeria - Real Exchange Rate, Tariff Reforms and Export Performance



Note: The export growth rate for the period 1980-84 exclude crude petroleum exports while for the period 1986-1993 the growth rates refer to total exports.

Data Sources: For percentage changes in REER and export growth rates, the data is from various issues of the IFS while data on average tariff rates is from the World Bank. This also applies for other Charts below.

Chart A2: Bahrain - Real Exchange Rate, Tariff Reforms and Export Performance

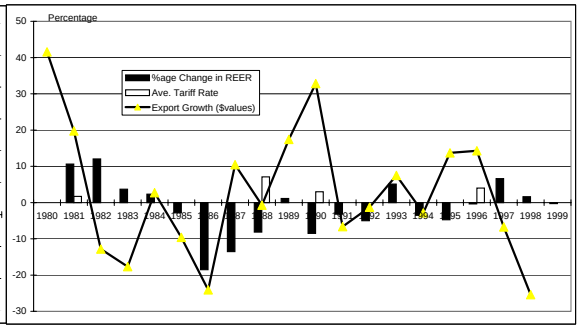
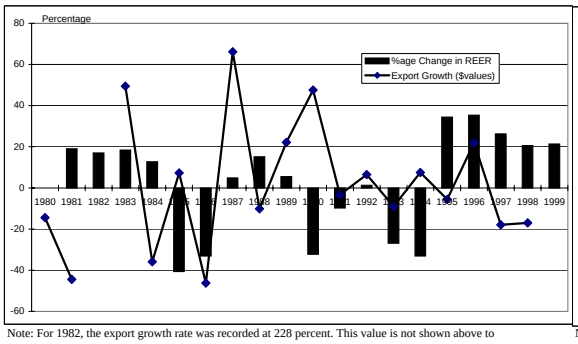
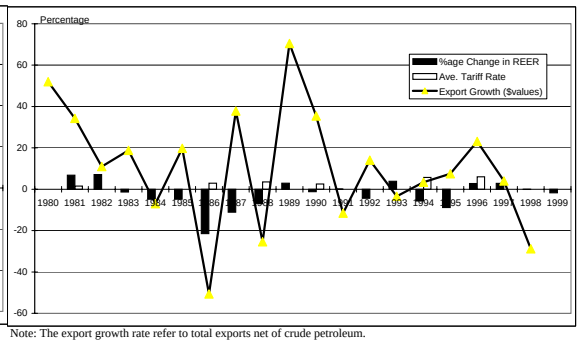


Chart A3: Iran, I.R. of - Real Exchange Rate and Export Performance



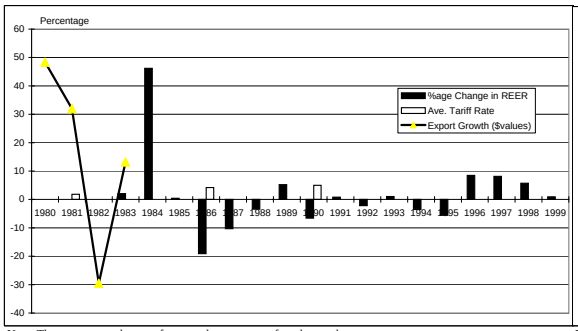
Note: For 1982, the export growth rate was recorded at 228 percent. This value is not shown above to right size the above graph.

Chart A4: Oman - Real Exchange Rate, Tariff Reforms and Export Performance



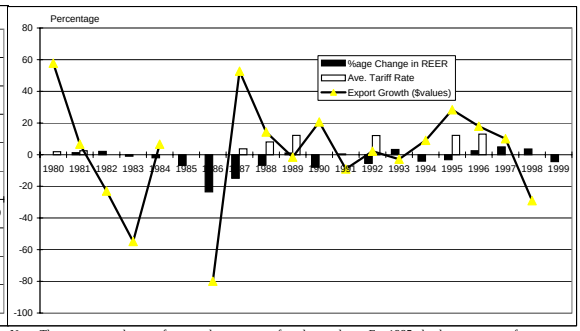
Note: The export growth rate refer to total exports net of crude petroleum.

Chart A5: Qatar - Real Exchange Rate, Tariff Reforms and Export Performance



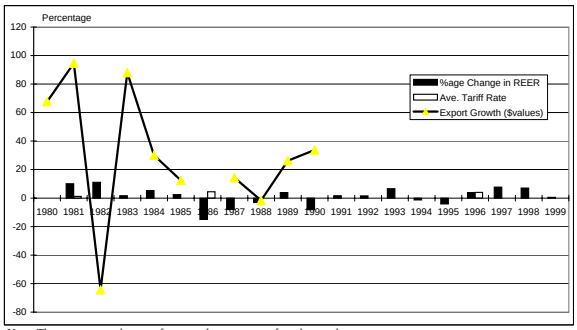
Note: The export growth rate refer to total exports net of crude petroleum.

Chart A6: Saudi Arabia - Real Exchange Rate, Tariff Reforms and Export Performance



Note: The export growth rate refer to total exports net of crude petroleum. For 1985, the data on export of crude petroleum is missing in the IFS. This growth rate is not shown above to right size the above graph.

Chart A7: U.A.E. - Real Exchange Rate, Tariff Reforms and Export Performance



Note: The export growth rate refer to total exports net of crude petroleum.

Chart A8: Morocco - Real Exchange Rate, Tariff Reforms and Export Performance

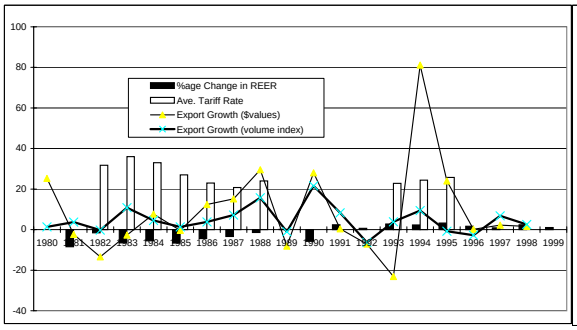


Chart A9: Tunisia - Real Exchange Rate, Tariff Reforms and Export Performance

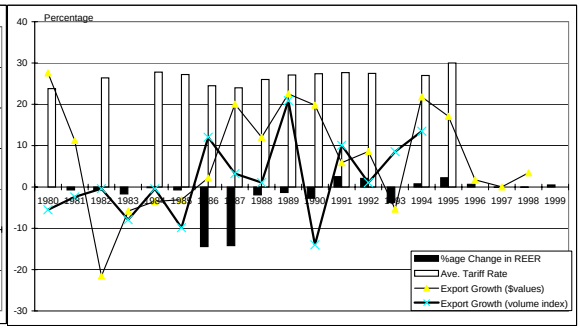


Chart A10: Cameroon - Real Exchange Rate, Tariff Reforms and Export Performance

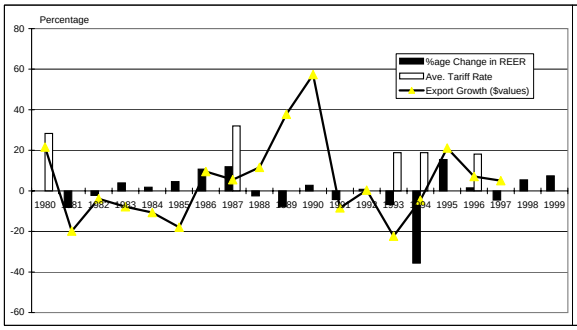


Chart A11: Gabon - Real Exchange Rate, Tariff Reforms and Export Performance

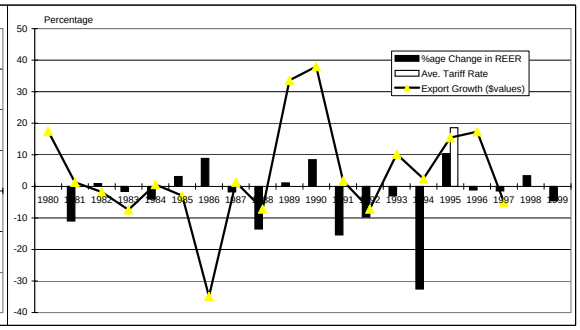


Chart A12: Gambia - Real Exchange Rate, Tariff Reforms and Export Performance

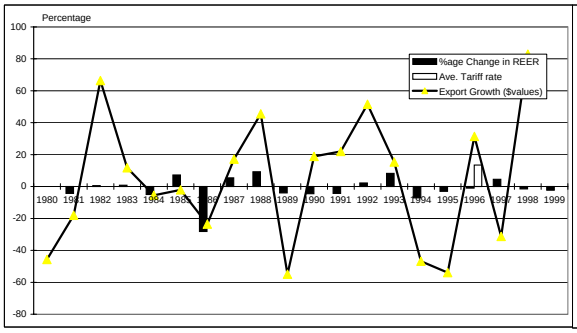


Chart A13: Togo - Real Exchange Rate and Export Performance

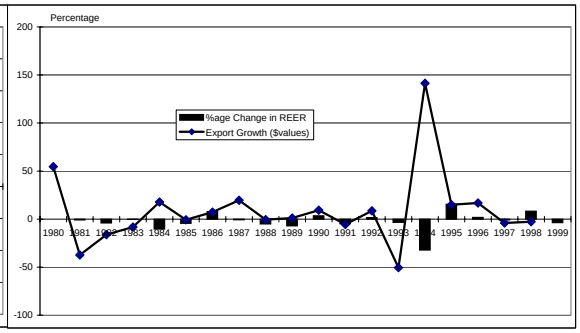


Chart A14: Sierra Leone - Real Exchange Rate, Tariff Reforms and Export Performance

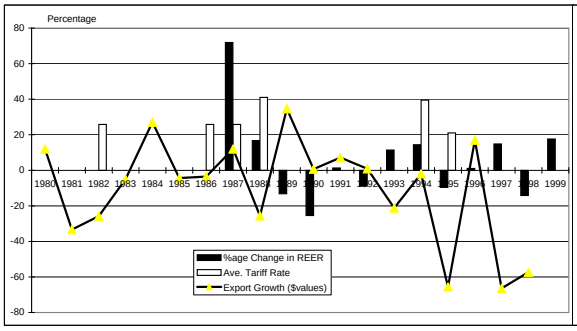


Chart A15: Uganda - Real Exchange Rate, Tariff Reforms and Export Performance

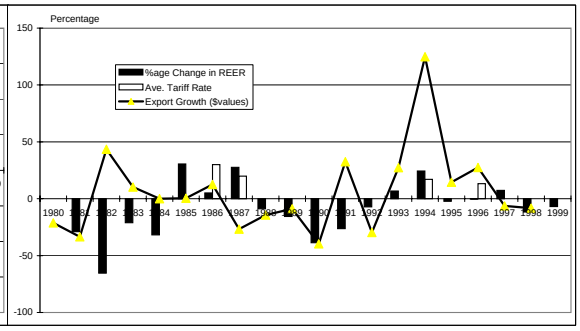


Chart A16: Pakistan - Real Exchange Rate, Tariff Reforms and Export Performance

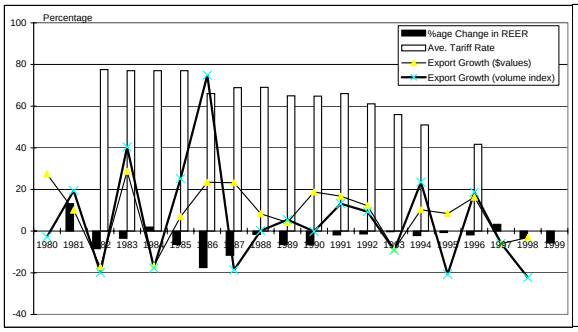


Chart A17: Malaysia - Real Exchange Rate, Tariff Reforms and Export Performance