



TOWARDS AN ISLAMIC COMMON MARKET: ARE OIC COUNTRIES HEADING THE RIGHT DIRECTION?

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ABSTRACT

Economic cooperation through trade has been one of the important agendas of the Organisation of the Islamic Conferences (OIC) since its establishment in September 1969. This study analyzes intra-trade potentials by using the Revealed Comparative Advantage (RCA) Indices on five countries that are signatories to the Framework Agreement on Trade Preferential System among the Member States of the OIC. These countries are Jordan, Malaysia, Pakistan, Turkey and the United Arab Emirates (UAE). Sectors that show potential for intra-trade among OIC countries are identified based on the RCA indices. The corresponding MFN weighted average applied rates are also examined to determine the specific sectors that would benefit from tariff reductions under the PRETAS. The findings of the analysis serve to provide an indication as to whether the implementation of the TPS-OIC is strategically headed towards the right direction. Such information will be useful for member countries to formulate strategies that would foster closer trade relations among themselves in their effort towards establishing an Islamic Common Market.

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1. INTRODUCTION

The Organisation of the Islamic Conference (OIC) was established in Rabat, Kingdom of Morocco, on 25 September 1969, with a membership of fifty-seven countries. Realizing the need to strengthen the solidarity and cooperation among Muslim countries right from the outset, the Charter of the OIC which was approved in February 1972, clearly stated the necessity of cooperation for community-wide economic progress and the need to help individual member states develop their productive capacities at an accelerated pace.

A number of progressive measures have, since, been undertaken over the years to enhance economic cooperation among Muslim countries. In the late 1990s, the OIC member countries took a significant step to set up a Trade Preferential System (TPS) to be implemented on 1 January 2009. The TPS aims at further promoting trade among OIC member states through the exchange of trade preferences to ensure equal and non-discriminatory treatment among participating countries.

The declaration of the establishment of the TPS represents a very important step towards increasing intra-OIC trade as a mechanism to create a free trade area that would eventually evolve into an Islamic Common Market. The Framework Agreement on Trade Preferential System Among the Member States of the OIC was signed in 2004.¹ In 2005, the “OIC Ten-Year Action Plan to meet the challenges facing the Islamic Ummah in the 21st Century” was adopted to enhance overall trade to 20% by the year 2015, hence exploring the possibility of establishing an OIC Free Trade Area.

In the light of this development, it is therefore, important to first investigate the extent of trade potentials among member countries and in what sectors these trade complementarities exist. The Protocol on the Preferential Tariff Scheme for TPS-OIC (PRETAS) outlines the mechanism in which tariff reductions would take place among participating states.² Thus, to ensure the effectiveness of the tariff reduction program, it is necessary to examine whether the existing tariff structure already imposed on these potential sectors would require further tariff reductions in order to accelerate intra-OIC trade. In doing so, the study provides the overall picture as to whether Muslim countries are heading the right way towards a Free Trade Area and, later, an Islamic Common Market.

This study provides an analysis of the potential for greater intra-trade activities by using the Revealed Comparative Advantage (RCA)

Indices on five countries that are signatories to the Framework Agreement on Trade Preferential System Among the Member States of the OIC. These countries are Jordan, Malaysia, Pakistan, Turkey and the United Arab Emirates (UAE). Sectors that show potential for intra-trade among OIC countries are identified based on the RCA indices, while the corresponding MFN weighted average applied rates³ are obtained and compared to the tariff reduction requirements under the PRETAS. The findings of the analysis serve to provide an indication as to whether the implementation of the TPS-OIC is strategically headed towards the right direction. Such information is useful for member countries to formulate strategies that would foster closer trade relations among themselves. Policy recommendations are later provided based on the findings that could assist in facilitating intra-trade among OIC members.

This paper is organized as follows. The next section provides a brief survey of literature on integration and the potentials for the establishment of an Islamic Common Market. Section 3 describes the methodology and data used in this study. Section 4 presents the analysis and discussion of the findings while the last section concludes.

2. ECONOMIC INTEGRATION AND THE POTENTIAL FOR AN ISLAMIC COMMON MARKET AMONG OIC COUNTRIES

The second half of the twentieth century witnesses the tremendous economic and political power shifts in the world where the apparent orientation is towards globalization and regionalization. Countries are coming together all over the world in Europe, America, Asia and Africa with the idea of defending themselves economically and politically, against the incursions of other blocs into their areas, and attempt to increase their influence within as well as outside their own areas. Spurred by the greater economic and political gains, a number of integrated organizations have been initiated in the twentieth century. Among these integrated organizations, the European Union (EU), the North American Free Trade Agreement (NAFTA), the Asia-Pacific Economic Cooperation (APEC) and the Association of Southeast Asian Nations (ASEAN) are the most successful arrangements that are currently playing a significant role in the world economy and market as well as in international trade and economic development.

Knox, Andrew & McCarthy (2003) stated several factors needed as prerequisites for a successful economic integration that include

similarity in the power of units joining the association, complementarity of the elite value systems, the existence of pluralistic power structures in member countries, positive perceptions concerning the expected equity distributions of benefits from integration and the magnitude of the costs of integration, the compatibility of states' decision-making styles and the adaptability, capacity and flexibility of the member states' governments.

Although mutual economic benefits and interests are the driving forces behind most regional cooperation, Ahmed and Ugurel (1998/9) argued that Muslim countries have other compelling reasons for integration and cooperation as they draw on a common source, i.e., Islam. Raimi & Mobolaji (2008) highlighted the verses in the *Qur'ān* (for example, *Qur'ān* 23:52 and 21:92) as an indication that economic cooperation and integration among Muslim countries within the boundary of the *Shari'ah* are highly recommended in Islam. In addition, the changes of global order also makes integration among Muslim countries mandatory so as not to be marginalized in the global economy and world markets. Furthermore, the success story of the EU and its extension has created additional incentive among Muslim nations for forming such an economic bloc.

It is a fact that Islamic countries are known to be a diverse group where these countries differ in their economic structure and level of development, political systems, ethnicity, social and cultural milieu. The variety of Islamic countries' economic growth levels span almost all five stages as defined by Rostow (1960) starting with the traditional society followed by the establishment stage, the take-off stage and two levels of drive to maturity stage. However, according to Hamid (2006), none of the OIC countries attain stage five which the World Bank and International Monetary Fund define as developed. The majority of approximately 1.3 billion Muslims in the 57 OIC countries live in the developing and transition economies (Buchanan, 2008). Among the main economic issue surrounding Islamic countries is the lack of intra-trade and economic cooperation where in 2003 it registered only 11.3 percent of intra-trade among the OIC countries as opposed to ASEAN's 24.3 percent (IDB, 2005). Hamid further conjectures that the reason for a low intra-trade is that individual Muslim countries' domestic markets and total population are too small to be at critical mass with an average of only 24 million people per Muslim country whereas the minimum acceptable critical mass is 60 million people per country. According to Ahmed and Ugurel (1998/9), the low intra-trade is a reflection of several

factors. They argued that since the majority of the OIC nations were former colonies of the West, it was natural that their trade relations were dominated by this legacy. In addition, poverty is rampant in the rural areas in almost all developing countries where the OIC member countries formed a substantial subgroup. The OIC countries produce just over 5 percent of global income and they face large external and internal income gaps characterized by massive economic inequality along three dimensions, namely between the OIC and the rest of the world, across the 57 countries of the OIC and within the OIC member countries themselves (Buchanan, 2008).

Within the framework of ongoing efforts towards the creation of an Islamic Common market, the Islamic Centre for Development of Trade (ICDT) prepared several studies and conducted several seminars. In one of the training seminars in TPS/OIC conducted in Riyadh on 3–4 October 2004, the ICDT experts provided technical assistance and dealt with issues on provisions of the TPS/OIC agreement, structure and methodology of the negotiations, TPS/OIC and the WTO agreements and the probable impact of the agreement on the GCC countries.

According to Rachdi (2008) trade among the OIC countries is still minimal and far from meeting the expectations after taking into consideration of the huge potentials that the member states could offer. Based on a study conducted by ICDT as reported by Rachdi (2008) the high trade potentials appear on the categories of goods (7 sectors) and services (8 sectors) with 21 and 13 countries show untapped trade potentials in the goods and services sectors, respectively. A large part of the ICDT's findings and proposals relating to intra-trade among the OIC countries have been integrated in the Third Extraordinary Summit held in Jeddah in March 2005.

Studies on Islamic Common Market are scarce. In spite of being few in numbers, these studies provide some insightful economic analysis and policy recommendations for the establishment of an Islamic Common Market. Some studies which are in favor of the idea of an Islamic Common market as reported by ICDT (2001) include Alatas (1987), Nasser (1988), Mdaghri (1988), Zaman (1988), Shalaby (1988), Cindoruk (1988), Cindoruk (1992), Naqvi (1994), Ahmad (1995), Anjum (1996), Ariff (1998), Ahmad and Ugurel (1998/9) and Dabour (2004).

Ahmad (1995), for instance, employs a general equilibrium model to estimate the production and trade flows of a proposed customs union (CU) among Muslim countries. The proposed CU consists of nine

selected OIC countries namely Bangladesh, Indonesia, Iran, Malaysia, Morocco, Pakistan, Tunisia, Turkey and Sudan. The model employs nine commonly tradable basic commodities of these countries which include cotton, cotton cloth, cotton yarn, jute, natural rubber, petroleum, phosphate ore, rice and wood. The estimation results show that in general there is a significant increase in the size and magnitude of production and intra-trade for the CU. The findings reveal that the establishment of a CU of Muslim countries is economically feasible.

However, Ariff (1998) highlighted that in many circumstances, theoretical literature suggest that FTA is better than CU. In the final analysis, it all depends on whether the common external CU tariffs will result in higher or lower prices than the FTA prices. Ariff (1998) further suggests that much intra-OIC trade could be created through the private sector investment activities. Active trade and investment facilitation by the OIC member countries are required to generate sizeable trade flows. The main objective should not be to increase intra-trade *per se*, but to ensure Islamic economies become internationally competitive in the global market.

Although the heterogeneity and diversity of OIC countries have often been taken as the major argument against the feasibility of an Islamic Common Market, Ahmed and Ugurel (1998/9) emphasize that it is also a source of strength if it is carefully manipulated and positively thought. However, the ICDT (2001) study cautioned that they must be supported with objective factors, backed with a strong political will and a continuous commitment to translate the hopes and aspirations into a reality. One cannot deny that the realization of such an advanced integration scheme is a long-term task and the OIC countries have a long way to go before this goal is materialized. Dabour (2004) stressed that there should be a step-by-step approach where the gradual economic integration will insulate the OIC countries from the possible negative impacts of the accelerating pace of regional economic grouping. In addition, by following this approach, it will also ensure that the climate of mutual trust and solidarity, which are essential ingredients for ultimate integration, can be created. The study by SESRTCIC (2003) concludes that the existing regional and sub-regional integration schemes participated by the OIC member countries, which are then linked to one another with preferential trading arrangements, could serve as a foundation to a more advanced feature of economic integration.

3. DATA DESCRIPTION AND METHODOLOGY

This study uses trade data of five members of the OIC countries namely Jordan, Malaysia, Pakistan, Turkey and United Arab Emirates for the year 2006 to examine whether the OIC grouping possesses the characteristics that are conducive for the establishment of an Islamic Common Market. The year 2006 is selected since it is the most recent year for which the reported trade data for the most number of countries are complete and comprehensive. Values of the countries' intra-OIC trade and their trade to the rest of the world (ROW) are based on the Harmonized System (HS) 2002 at the 4-digit level, and are extracted from the United Nations COMTRADE data source provided by the World Integrated Trade Solution (WITS) database. The HS2002 4-digit level is selected since it is the level of disaggregation for which manageable comparisons can be carried out.

Apart from data constraints, this study confines itself to only a subset of five out of the seventeen signatories of the Framework Agreement on Trade Preferential System Among the Member States of the OIC since they are located at different regions namely in the South East Asia (Malaysia), South Asia (Pakistan) Middle-eastern (Jordan and UAE) and Europe region (Turkey). In addition, their economic, trade and preference structures are quite different from each other. Hence, any sign of potentially higher intra-trade activities, particularly among these diverse countries, would provide an indication of the prospects of economic integration among OIC countries as a whole.

Several studies have examined comparative advantage to analyze the extent of economic integration among a group of countries. Balassa (1965) introduced an index which involves the concept of revealed comparative advantage. Although there are other measures or indices of comparative advantage,⁴ the subsequently termed "Balassa Index" or the Index of Revealed Comparative Advantage (IRCA) stands as the most widely used tool in detecting comparative advantages of a country in particular sectors (Serin and Civan, 2008).

This study utilizes the IRCA as in Pitigala (2005), Widgrén (2005), and Brakman, Garretsen, and Marrewijk (2006) as proposed by Balassa (1965) to measure a country's trade specialization in a commodity group which is defined as a country's sectoral share divided by the world sectoral share. Hence, the $IRCA_{ij}$ measures the index of revealed comparative advantage of country i in commodity j as follows:

$$(1) \quad IRCA_{ij} = \frac{X_{ij}/X_i}{X_{wj}/X_w}$$

where X_{ij} represents country i 's export of commodity j , X_{wj} represents world exports of commodity j , X_i represents the total exports of country i , and X_w represents total world exports. The index value ranges between zero and infinity with values greater than unity indicating specialization in that commodity group, while a value between zero and unity indicates no specialization in that commodity group. The top 50 imports of each country are listed and compared to the IRCA of the respective trading partners in order to check for trade complementarities and the prospects for higher intra-trade among the selected countries.

Since it is important to investigate whether the products' import tariffs are either already zero or less than 10 percent as required in the tariff reduction program, the individual country's potential sectors which are based on the IRCA are then compared with the tariff structure for the year 2007, i.e., the year of which the latest tariff data are available. The Most Favored Nation (MFN) weighted average tariff data are utilized based on the HS of National Tariff Codes at the 4-digit level and are obtained from the United Nations TRAINS data source, also provided by the WITS database. The comparison between IRCA and the corresponding prevailing tariff rates of potential sectors provides the information as to which particular sectors would require tariff reductions under PRETAS. This is essential in order to ensure that the implementation of the TPS-OIC is heading towards the right direction.

4. ANALYSIS OF TOP IMPORTS AND INTRA-TRADE POTENTIALS

The top 50 imports of each of the five countries under study are identified based on the share of each product category (at the HS2002, 4-digit level) as a percentage of total trade. The corresponding Index of Revealed Comparative Advantage (IRCA) is also computed for each of the individual countries' trading partners for each product to identify the sectors that can potentially have increased intra-trade among OIC members. In other words, a closer look at the top imports of individual countries and the corresponding IRCA of each trading partner provides an additional insight into which OIC member can potentially meet the import needs of each country concerned. In addition, as mentioned earlier, a comparison of the existing tariff structure of the potential

sectors with respect to OIC partners is undertaken so as to ascertain which sectors require further tariff reductions under the TPS Agreement. The following presents a country-by-country analysis of this subject.

4.1 JORDAN – TOP IMPORTS AND INTRA-TRADE POTENTIALS

In terms of share of total imports, petroleum oils (HS 2709, 2710 & 2711) dominate Jordan's top 5 imports accounting for a total of 23.37% of its imports from the world (see Table 1). Other products include motor cars and other motor vehicles (HS 8703), and transmission apparatus for radio-telephony (HS 8525) with 4.71% and 3.48% share in total imports, respectively. Thirty-eight out of 50 major imports of Jordan account for less than 1% share of its total imports. Despite being the dominant import of Jordan, petroleum oils (HS 2709, 2710 & 2711) form only about 8.5% of its import share from the five selected OIC countries. However, this may be due to Jordan importing more from other OIC countries that are also oil-producers.

Based on the IRCA of Jordan's trading partners, twenty-five products show potentials for higher intra-trade among the OIC members. Malaysia demonstrates the highest number of products with trade complementarities with Jordan, where 14 products show $IRCA > 1$. As expected, Malaysia shows a very high comparative advantage in palm oil (HS 1511) with an IRCA of 51.78. This is followed by plywood & veneered panels (HS 4412), parts and accessories (HS 8473) and automatic data processing machines (HS 8471) with IRCA of 12.74, 4.39 and 4.11, respectively. Other products include petroleum gases (HS 2711), pile fabrics (HS 6001), wood sawn (HS 4407), other manufactured tobacco (HS 2403), articles of jewelry (HS 7113), other furniture and parts (HS 9403), electrical apparatus for line telephony (HS 8517), knitted or crocheted fabrics (HS 6002), transmission apparatus for radio-telephony (HS 8525), and polymers of ethylene (HS 3901).

Both Turkey and the UAE have trade complementarities with Jordan in seven products. For Turkey, these products are motor vehicles (HS 8702), other knitted and crocheted fabrics (HS 6006), articles of jewelry (HS 7113), woven fabrics of synthetic filament (HS 5407), pile fabrics including "long pile" (HS 6001), refrigerators & freezers (HS 8418), and glazed ceramic flags and paving (HS 6908). The UAE has trade complementarities with Jordan for petroleum oils (HS 2709 and HS

TABLE 1
Major Imports of Jordan and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 Code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA				
						Malaysia	Pakistan	Turkey	UAE	
2709	Petroleum oils and oils obtained from bituminous minerals, crude.	2022765.187	17.67		0.00	0.78				6.51*
8703	Motor cars and other motor vehicles	538739.791	4.71		0.00	0.02	0.00	0.10		0.05
8525	Transmission apparatus for radio-telephony, etc	398474.065	3.48	8072.455	1.32	1.56*	0.25	0.00		0.00
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude	369500.284	3.23	43970.331	7.18	0.84	1.27*	0.02		3.57*
2711	Petroleum gases and other gaseous hydrocarbon	282663.048	2.47		0.00	2.52*	0.00	0.03		1.10*
6006	Other knitted or crocheted fabrics.	232708.855	2.03	20332.137	3.32	0.02	3.78*	4.65*		0.00
3004	Medicaments	230669.755	2.02	9369.374	1.53	0.02	0.14	0.03		0.01
8704	Motor vehicles for the transport of goods	191733.016	1.67	1725.023	0.28	0.02	0.00	0.03		0.00
7206	Iron and non-alloy steel in ingots	175756.478	1.54	5328.285	0.87	0.01	0.63	0.00		0.14
6001	Pile fabrics, including "long pile"	137258.919	1.20	3915.486	0.64	2.24*	0.08	2.59*		0.04
1701	Cane or beet sugar and chemically pure sucrose, in solid form	116791.555	1.02	951.971	0.16	0.39	0.58	0.01		1.65*
1003	Barley.	114376.296	1.00		0.00	0.00	0.04			0.01
7113	Articles of jewelry and parts thereof	110303.089	0.96	622.698	0.10	2.07*	0.37	4.41*		0.10
8471	Automatic data processing machines	103301.187	0.90	2537.784	0.41	4.11*	0.00	0.01		0.00
8803	Parts of goods of heading 88.01 or 88.02	100452.65	0.88	66.165	0.01	0.60	0.02	0.42		0.00
8708	Parts and accessories of the motor vehicles of headings 87.01 to 87.05	85194.968	0.74	5059.931	0.83	0.12	0.05	0.42		0.01
3901	Polymers of ethylene, in primary forms	81069.994	0.71	6061.73	0.99	1.08*	0.01	0.00		1.23*
7408	Copper wire.	76493.218	0.67	1443.341	0.24	0.74	0.05	0.56		0.01
5407	Woven fabrics of synthetic filament	76190.172	0.67	6877.26	1.12	0.78	5.03*	2.77*		0.24
8517	Electrical apparatus for line telephony	75105.586	0.66	430.139	0.07	1.89*	0.01	0.01		0.00
1005	Maize (corn).	73107.499	0.64	3271.564	0.53	0.01	0.01	0.04		0.00
1511	Palm oil and its fractions	71044.165	0.62	2164.645	0.35	51.78*				0.27

Note: * indicates products with IRCA>1.

TABLE 1 (continued)
Major Imports of Jordan and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 Code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA				
						Malaysia	Pakistan	Turkey	UAE	
1006	Rice.	67239.432	0.59	2296.931	0.38	0.01	74.77*	0.00	0.00	0.00
2106	Food preparations not elsewhere specified or included.	66399.065	0.58	1611.581	0.26	0.55	0.26	0.20	0.07	0.07
8701	Tractors (other than tractors of heading 87.09)	65390.627	0.57	650.154	0.11	0.02	0.23	0.00	0.00	0.00
6217	Other made up clothing accessories	65004.448	0.57	18805.129	3.07	0.08	0.41	0.20	0.01	0.01
4407	Wood sawn or chipped lengthwise, etc	64360.222	0.56	2821.905	0.46	2.08*	0.03	0.00	0.00	0.00
1001	Wheat and meslin.	62729.964	0.55	3.537	0.00	0.00	0.00	0.00	0.00	0.00
2403	Other manufactured tobacco and manufactured tobacco substitute	62418.849	0.55	5926.881	0.97	2.07*	0.14	0.01	0.01	0.01
402	Milk and cream	61293.744	0.54	4907.812	0.80	0.75	0.18	0.33	0.04	0.44
6002	Knitted or crocheted fabrics	58999.602	0.52	339.14	0.06	1.72*	0.34	0.08	0.02	0.02
7606	Aluminium plates, sheets and strip	57811.962	0.51	1274.851	0.21	0.17	0.02	0.08	0.02	0.02
9403	Other furniture and parts thereof.	55984.232	0.49	7970.205	1.30	2.05*	0.14	0.70	0.11	0.11
2304	Oil-cake and other solid residues	54483.813	0.48	8.147	0.00	0.03	0.04	0.04	0.15	0.15
8418	Refrigerators, freezers and other refrigerating or freezing equipment	54413.686	0.48	4305.345	0.70	0.27	0.10	2.43*	0.02	0.02
6908	Glazed ceramic flags and paving	54369.329	0.47	6999.02	1.14	0.45	0.01	1.71*	1.26*	1.26*
7210	Flat-rolled products of iron or non-alloy steel	52604.428	0.46	674.157	0.11	0.24	0.02	0.29	0.02	0.02
8421	Centrifuges, including centrifugal dryers	51948.535	0.45	1592.263	0.26	0.25	0.03	0.29	0.03	0.03
7601	Unwrought aluminium.	51700.986	0.45	35422.131	5.78	0.25	0.01	0.01	1.25*	1.25*
9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences	51094.011	0.45	913.829	0.15	0.43	1.83*	0.03	0.01	0.01

Note: * indicates products with IRCA>1.

TABLE 1 (continued)
Major Imports of Jordan and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 Code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA				
						Malaysia	Pakistan	Turkey	UAE	
2202	Waters, including mineral waters and aerated waters	48004.005	0.42	2288.105	0.37	0.53	0.93	0.20	0.36	
8705	Special purpose motor vehicles	46390.384	0.41	65.708	0.01	0.05	0.00	0.45	0.00	
4412	Plywood, veneered panels and similar laminated wood.	45893.335	0.40	3094.06	0.51	12.74*	0.08	0.07	0.01	
8473	Parts and accessories (other than covers, carrying cases and the like)	45812.593	0.40	1173.909	0.19	4.39*	0.00	0.01	0.00	
8479	Machines and mechanical appliances	45549.84	0.40	1495.445	0.24	0.60	0.04	0.14	0.00	
4011	New pneumatic tyres, of rubber. Insulated (including enamelled or anodized) wire, cable (including co-axial cable) and other insulated electric conductors	45359.896	0.40	1573.021	0.26	0.19	0.04	0.26	0.00	
8544		43729.344	0.38	4701.231	0.77	0.71	0.02	0.73	0.03	
8702	Motor vehicles for the transport of ten or more persons	42404.278	0.37	6817.483	1.11	0.20	0.01	5.27*	0.00	
2716	Electrical energy. (optional heading)	42315.942	0.37		0.00	0.28				
7208	Flat-rolled products of iron or non-alloy steel	42203.476	0.37	609.053	0.10	0.76	0.01	0.37	0.00	
Number of products with IRCA>1						14	5	7	7	

Note: * indicates products with IRCA>1.

TABLE 2
Potential Sectors for Jordan based on IRCA and 2007 Import Tariffs

HS2002	Jordan's selected imports	IRCA [#]					MFN Weighted Average Applied Tariffs (%)				
		Malaysia	Pakistan	Turkey	UAE	World	Malaysia	Pakistan	Turkey	UAE	World
1006	Rice.	0.01	74.77*	0.00	0.00	n.a.	5*	n.a.	n.a.	n.a.	5
1511	Palm oil and its fractions	51.78*			0.27	11.9*	n.a.	n.a.	10.7	11.2	
1701	Cane or beet sugar and chemically pure sucrose, in solid form	0.39	0.58	0.01	1.65*	n.a.	n.a.	n.a.	12*	12	
2403	Other manufactured tobacco and manufactured tobacco substitute	2.07*	0.14		0.01	n.a.*	n.a.	65	53.42	64.51	
2709	Petroleum oils and oils obtained from bituminous minerals, crude.	0.78			6.51*	n.a.	n.a.	n.a.	n.a.*	5	
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude	0.84	1.27*	0.02	3.57*	19.33	n.a.*	19.33	19.33*	19.33	
2711	Petroleum gases and other gaseous hydrocarbon	2.52*	0.00	0.03	1.10*	n.a.*	n.a.	n.a.	0*	30	
3901	Polymers of ethylene, in primary forms	1.08*	0.01	0.00	1.23*	0*	n.a.	0	n.a.*	0	
4407	Wood sawn or chipped lengthwise, etc	2.08*		0.03	0.00	0*	n.a.	0	n.a.	0	
4412	Plywood, veneered panels and similar laminated wood.	12.74*	0.08	0.07	0.01	2.05*	n.a.	0	n.a.	5.86	
5407	Woven fabrics of synthetic filament	0.78	5.03*	2.77*	0.24	0	0*	0*	0	0	
6001	Pile fabrics, including "long pile"	2.24*	0.08	2.59*	0.04	0*	0	0*	0	0	
6002	Knitted or crocheted fabrics	1.72*	0.34	0.33	0.04	n.a.*	n.a.	0	n.a.	0	

Notes: *Indicates sector with relative comparative advantage (IRCA>1); [#] IRCA is based on authors' computations; n.a. indicates data that are not available.
Source: United Nations COMTRADE Data

TABLE 2 (continued)
Potential Sectors for Jordan based on IRCA and 2007 Import Tariffs

HS2002	Jordan's selected imports Product description	IRCA [#]					MFN Weighted Average Applied Tariffs (%)				
		Malaysia	Pakistan	Turkey	UAE	World	Malaysia	Pakistan	Turkey	UAE	World
6006	Other knitted or crocheted fabrics.	0.02	3.78*	4.65*	0.00	0	0*	0*	0	0	0
6908	Glazed ceramic flags and paving	0.45	0.01	1.71*	1.26*	24	n.a.	24*	24*	24	24
7113	Articles of jewelry and parts thereof	2.07*	0.37	4.41*	0.10	n.a.*	30	18.2*	17.12	17.22	17.22
7601	Unwrought aluminium.	0.25	0.01	0.01	1.25*	n.a.	n.a.	n.a.	0*	0	0
8418	Refrigerators, freezers and other refrigerating or freezing equipment	0.27	0.10	2.43*	0.02	10.79	15.75	17.3*	12.02	16.49	16.49
8471	Automatic data processing machines	4.11*	0.00	0.01	0.00	0*	n.a.	0	0	0	0
8473	Parts and accessories (other than covers, carrying cases and the like)	4.39*	0.00	0.01	0.00	0*	n.a.	11.79	0.25	0.22	0.22
8517	Electrical apparatus for line telephony	1.89*	0.01	0.01	0.00	0*	0	0	0	0	0
8525	Transmission apparatus for radio- telephony, etc	1.56*	0.25	0.00	0.00	10.23*	n.a.	12	n.a.	11.31	11.31
8702	Motor vehicles for the transport of ten or more persons	0.20	0.01	5.27*	0.00	n.a.	n.a.	15*	n.a.	15.04	15.04
9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences	0.43	1.83*	0.03	0.01	0	0*	0	0	0	0
9403	Other furniture and parts thereof.	2.05*	0.14	0.70	0.11	30*	30	30	30	30	30

Notes: *Indicates sector with relative comparative advantage (IRCA>1); # IRCA is based on authors' computations; n.a. indicates data that are not available.
Source: United Nations COMTRADE Data

2710), cane or beet sugar (HS 1701), glazed ceramic flags (HS 6908), unwrought aluminium (HS 7601), polymers of ethylene (HS 3901), and petroleum gases (HS 2711).

Pakistan has only five products with $IRCA > 1$, but it possesses a huge comparative advantage in the production of rice (HS 1006) with $IRCA$ of 74.77. Other goods include woven fabrics of synthetic filaments (HS 5407), other knitted or crocheted fabrics (HS 6006), instruments and appliances (HS 9018), and petroleum oils and oils obtained from bituminous minerals, other than crude (HS 2710). Out of the 25 products that show prospects for higher intra-OIC trade with Jordan, eight products are found to have more than 1 trading partners possessing comparative advantage in the production of the good. Among these, petroleum gases (HS 2711) in particular, has stronger potentials to be imported by Jordan from Malaysia and the UAE under the TPS arrangement since Jordan currently has zero import share of the product from the OIC partners.

An examination of Jordan's import tariffs on the products having trade complementarities with the selected OIC partners⁵ indicate that for most of the products import tariffs are already either zero or less than 10% (see Table 2). However, in order to achieve the TPS-OIC target of eventual tariff reductions to 10%, Jordan's import tariffs towards Malaysian products with $IRCA > 1$ can be reduced for palm oil and its fractions (HS 1511), transmission apparatus for radio-telephony (HS 8525) and other furniture (HS 9403) with current applied tariffs of 11.9%, 10.23% and 30%, respectively. For palm oil, Jordan's import tariffs on Malaysian products are actually higher than its tariff on imports of the product from the world, which stand at 11.2%, hence providing further justification for tariff reductions.

Jordan's import tariffs on Turkey's products with potentially higher intra-trade can be reduced for glazed ceramic flags and paving (HS 6908), articles of jewelry (HS 7113), refrigerators & freezers (HS 8418), and motor vehicles (HS 8702), with current MFN weighted average applied tariffs of 24%, 18.2%, 17.3% and 15%, respectively. The applied tariffs for articles of jewelry and refrigerators & freezers are found to be higher than Jordan's tariffs on imports of these products from the world at 17.22% and 16.49%, respectively. None of the products from Pakistan that have complementarities with Jordan's top 50 imports need any further reductions in import tariffs. However, three products from UAE currently have tariff rates higher than 10%. These are cane or beet sugar (HS 1701), petroleum oils and oils obtained from bituminous minerals, other than crude (HS 2710) and glazed ceramic flags and

paving (HS 6908), with tariff rates of 12%, 19.33% and 24%, respectively.

4.2 MALAYSIA – TOP IMPORTS AND INTRA-TRADE POTENTIALS

Among Malaysia's top imports from the world are a range of intermediate inputs for the production of higher value-added goods in the manufacturing sector. Electronic integrated circuits (HS 8542) constitute Malaysia's top imports, accounting for 21.33% share of its total imports (see Table 3). This is followed by parts and accessories (HS 8473), petroleum oils (HS 2710 and HS 2709), automatic data processing machines (HS 8471), and diodes and transistors (HS 8541). Similar to Jordan, 38 out of 50 major imports of Malaysia account for less than 1% share of its total imports.

Malaysia has only 10 products with intra-trade potentials among the selected OIC countries. Among its four trading partners, the UAE demonstrates the highest number of products with trade complementarities with Malaysia, with 6 products showing $IRCA > 1$. These products are petroleum oils (HS 2709 and HS 2710), gold (HS 7198), unwrought aluminium (HS 7601), polymers of ethylene (HS 3901), and petroleum gases (HS 2711), with IRCA of 6.51, 3.57, 2.44, 1.25, 1.23 and 1.10, respectively.

Jordan has 3 products that complement Malaysia's import needs, namely medicaments (HS 3004), insulated wire and cable (HS 8544), and polyacetals (HS 3907), with IRCA of 2.52, 2.19 and 1.17, respectively. Pakistan and Turkey each has 2 products with trade complementarities. For Pakistan, polyacetals (HS 3907) and petroleum oils and oils obtained from bituminous minerals, other than crude (HS 2710) have potentials to be exported to Malaysia, with IRCA of 1.56 and 1.27, while for Turkey, flat-rolled products of iron (HS 7209) and gold (HS 7108) have intra-trade potentials with IRCA of 1.24 and 1.14.

Three products have more than one trading partners with trade complementarities, namely, petroleum oils and oils obtained from bituminous minerals, other than crude (HS 2710), gold (HS 7108), and polyacetals (HS 3907). Based on the current share of imports from the selected OIC countries (i.e., zero or close to zero), polyacetals (HS 3907), insulated wire and cable (HS 8544) and medicaments (HS 3004), have stronger potentials for increased intra-trade, particularly between Malaysia and Jordan.

Unfortunately, a thorough examination of Malaysia's import tariffs on Jordan, Pakistan and Turkey's potential products is not possible due to

unavailability of data (see Table 4). The only usable available data shows Malaysia's import of medicaments (HS 3004) from Jordan (in which Jordan has comparative advantage) is already at zero tariff. However, Malaysia's import tariffs on UAE's six potential products show that tariffs are already below 10%, except for polymers of ethylene (HS 3901) at 18.05%, which is actually lower than Malaysia's tariffs on imports of the product from the world at 19.91%.

4.3 PAKISTAN – TOP IMPORTS AND INTRA-TRADE POTENTIALS

Similar to Jordan, petroleum and oils (HS 2709 and HS 2710) are the top imports of Pakistan, constituting 24.65% share of total imports (see Table 5). This is followed by transmissions apparatus for radio-telephony (HS 8525), motor cars and motor vehicles (HS 8703), palm oils and its fractions (HS 1511), and cane and beet sugar (HS 1701), with 6.37%, 2.98%, 2.57% and 2.37% import shares, respectively.

There are 18 products that show potentials for deeper intra-trade activities in the case of Pakistan. Among its selected trading partners, Malaysia has the highest trade complementarities with Pakistan in 9 products, followed by Jordan and UAE in 5 products each, and Turkey in only 3 products. Malaysia possesses the highest comparative advantage in palm oil and its fractions (HS 1511) as is the case with Jordan earlier, with an IRCA of 51.73. Other products include automatic data processing machines (HS 8471), synthetic filament yarn (HS 5402), acyclic alcohols and their halogens (HS 2905), air conditioning machines (HS 8415), mineral or chemical fertilizers (HS 3102), transmission apparatus for radio-telephony (HS 8525), cyclic hydrocarbons (HS 2902), polymers of ethylene (HS 3901) with IRCA of 4.1, 2.54, 2.46, 2.17, 1.59, 1.55, 1.11, and 1.08, respectively.

Jordan has huge comparative advantage in the production of diphosphorus pentoxide (HS 2809) with IRCA of 110.42, followed by mineral or chemical fertilizers (HS 3102) with IRCA of 49. To a lesser extent, Jordan also has comparative advantage in mineral and chemical fertilizers (HS 3105), air conditioning machines (HS 8415), and medicaments (HS 3004) with IRCA of 6.33, 3.11 and 2.52, respectively.

The UAE shows trade complementarities with Pakistan in petroleum oils (HS 2709 and HS 2710), gold (HS 7108), cane or beet sugar (HS 1701), and polymers of ethylene (HS 3901) in descending order. As mentioned earlier, Turkey possesses further intra-trade potentials in only 3 products, namely in dried leguminous vegetables (HS 0713), flat-rolled

TABLE 3
Major Imports of Malaysia and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA			
						Jordan	Pakistan	Turkey	UAE
8542	Electronic integrated circuits and microassemblies	27965878.86	21.33	1840.645	0.16	0.00	0.00	0.00	0.00
8473	Parts and accessories	7137842.205	5.44	2800.07	0.24	0.00	0.00	0.01	0.00
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude	5731974.231	4.37	234084.577	20.38	0.26	1.27*	0.02	3.57*
2709	Petroleum oils and oils obtained from bituminous minerals, crude.	4877533.054	3.72	512258.799	44.59				6.51*
8471	Automatic data processing machines	2854669.915	2.18	1276.785	0.11	0.00	0.00	0.01	0.00
8541	Diodes, transistors and similar semiconductor devices	2817361.534	2.15	33.586	0.00	0.00	0.00	0.00	0.00
8534	Printed circuits.	2282521.046	1.74	42.386	0.00		0.01		0.00
8529	Parts suitable for use solely or principally with the apparatus of heading 85.25 to 85.28.	1656135.77	1.26	484.277	0.04	0.00	0.01	0.03	0.00
7108	Gold (including gold plated with platinum)	1602705.126	1.22	71939.771	6.26	0.46		1.14*	2.44*
8536	Electrical apparatus for switching and protecting electrical circuits	1399152.348	1.07	161.892	0.01	0.02	0.01	0.30	0.00
8703	Motor cars and other motor vehicles	1365414.925	1.04	746.211	0.06	0.00	0.00	0.10	0.05
8531	Electric sound or visual signalling apparatus	1321299.618	1.01	2.965	0.00	0.00	0.01	0.04	0.00
7403	Refined copper and copper alloys, unwrought	1248249.971	0.95	54.072	0.00	0.00	0.03	0.00	0.00
8525	Transmission apparatus for radio-telephony, etc	1225723.131	0.93	764.837	0.07	0.00	0.25	0.00	0.00
8802	Other aircraft (for example, helicopters, aeroplanes); spacecraft (including satellites) and suborbital and spacecrafts launch vehicles.	1202162.415	0.92	10.912	0.00	0.00	0.00		0.00
8479	Machines and mechanical appliances	1156104.444	0.88	575.02	0.05	0.03	0.04	0.14	0.00
3926	Other articles of plastics and articles of other materials of heading 39.01 to 39.14.	1038550.409	0.79	25.341	0.00	0.36	0.94	0.39	0.01

Note: * indicates products with IRCA>1.

TABLE 3 (continued)
Major Imports of Malaysia and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA			
						Jordan	Pakistan	Turkey	UAE
8708	Parts and accessories of the motor vehicles of headings 87.01 to 87.05.	985651.666	0.75	761.625	0.07	0.01	0.05	0.42	0.01
8504	Electrical transformers, static converters (for example, rectifiers) and inductors. Measuring or checking instruments, appliances and machines, not specified or included elsewhere	983402.073	0.75	2459.67	0.21	0.56	0.01	0.23	0.02
9031	Electrical capacitors, fixed, variable or adjustable (pre-set).	910674.436	0.69	187.954	0.02	0.00	0.00	0.02	0.00
8532	Ferrous waste and scrap; remelting scrap ingots of iron or steel	902698.638	0.69	23.028	0.00	0.17	0.02	0.00	0.01
7204	Oscilloscopes, spectrum analysers and other instruments and apparatus for measuring and checking electrical quantities	834738.414	0.64	126.974	0.01	0.63	0.22	0.21	0.40
9030	Polyacetals, other polyethers	821442.518	0.63	37.185	0.00	0.00	0.00	0.01	0.00
3907	Electric motors and generators (excluding generating sets).	717644.777	0.55	48.074	0.00	1.17*	1.56*	0.11	0.03
8501	Cocoa beans, whole or broken, raw or roasted.	716801.439	0.55	83.288	0.01	0.14	0.01	0.06	0.00
1801	Polymers of ethylene, in primary forms. Unwrought aluminium.	671187.291	0.51		0.00				0.00
3901	Cruise ships, excursion boats, ferry-boats, barges and similar vessels for the transport of person or goods	643902.165	0.49	13671.517	1.19	0.16	0.01	0.00	1.23*
7601	Turbo-jets, turbo-propellers and other gas turbines	625177.467	0.48	71283.328	6.20	0.50	0.01	0.01	1.25*
8901	Natural rubber, balata, gutta-perch Insulated (including enamelled or anodized) wire, cable (including co-axial cable) and other insulated electric conductors	612911.429	0.47		0.00		0.03	0.24	0.00
8411	Cyclic hydrocarbons.	596365.487	0.45	980.037	0.09	0.00	0.01	0.03	0.00
4001		560444.952	0.43		0.00	0.00		0.00	0.00
8544		541250.44	0.41	39.137	0.00	2.19*	0.02	0.73	0.03
2902		539462.295	0.41		0.00	0.00	0.00	0.00	0.00

Note: * indicates products with IRCA > 1.

TABLE 3 (continued)
Major Imports of Malaysia and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA				
						Jordan	Pakistan	Turkey	UAE	
3004	Medicaments	534786.406	0.41	357.851	0.03	2.52*	0.14	0.03	0.01	
7326	Other articles of iron or steel.	527299.833	0.40	386.437	0.03	0.35	0.04	0.71	0.03	
7219	Flat-rolled products of stainless steel, of a width of 600 mm or more	524308.405	0.40		0.00	0.00	0.01	0.01	0.00	
8540	Thermionic, cold cathode or photo-cathode valves and tubes	515289.677	0.39		0.00	0.00	0.00	0.00	0.00	
7409	Copper plates, sheets and strip, of a thickness exceeding 0.15 mm.	512451.915	0.39		0.00	0.00	0.03	0.07	0.00	
2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal	508462.232	0.39		0.00	0.00	0.01	0.00	0.00	
8414	Air or vacuum pumps, air or other gas compressors and fans	503366.188	0.38	697.839	0.06	0.01	0.29	0.12	0.00	
7210	Flat-rolled products of iron or non-alloy steel	502422.437	0.38	4.242	0.00	0.07	0.02	0.29	0.02	
7305	Other tubes and pipes	497433.972	0.38		0.00	0.05	0.08	0.01	0.05	
8537	Boards, panels, consoles, desks, cabinets and other bases	474793.122	0.36	183.999	0.02	0.33	0.01	0.63	0.02	
8518	Microphones and stands therefor; loudspeakers, whether or not mounted in their enclosures; headphones and earphones.	472203.552	0.36	55.289	0.00	0.00	0.00	0.01	0.00	
7208	Flat-rolled products of iron or non-alloy steel	471775.284	0.36	55.881	0.00	0.05	0.01	0.37	0.00	
7304	Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel.	465809.738	0.36	979.49	0.09	0.47	0.09	0.02	0.03	
8517	Electrical apparatus for line telephony	420408.845	0.32	52.207	0.00	0.00	0.01	0.01	0.00	
7209	Flat-rolled products of iron or non-alloy steel	416387.568	0.32		0.00	0.12	0.00	1.24*	0.00	
2711	Petroleum gases and other gaseous hydrocarbon	408188.322	0.31		0.00	0.00	0.00	0.03	1.10*	
3903	Polymers of styrene, in primary form.	407387.986	0.31	15.721	0.00	0.31	0.26	0.00	0.00	
Number of products with IRCA>1						3	2	2	6	

Note: * indicates products with IRCA>1.

TABLE 4
Potential Sectors for Malaysia based on IRCA and 2007 Import Tariffs

HS2002	Product description	IRCA [#]				MFN Weighted Average Applied Tariffs (%)				
		Jordan	Pakistan	Turkey	UAE	Jordan	Pakistan	Turkey	UAE	World
2709	Petroleum oils and oils obtained from bituminous minerals, crude.				6.51*	n.a.	n.a.	n.a.	3.33*	3.33
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude	0.26	1.27*	0.02	3.57*	n.a.	n.a.*	1.25	0.94*	1.07
2711	Petroleum gases and other gaseous hydrocarbon		0.00	0.03	1.10*	n.a.	n.a.	n.a.	n.a.*	0
3004	Medicaments	2.52*	0.14	0.03	0.01	0*	0	0	0	0
3901	Polymers of ethylene, in primary forms.	0.16	0.01	0.00	1.23*	n.a.	n.a.	25	18.05*	19.91
3907	Polyacetals, other polyethers	1.17*	1.56*	0.11	0.03	n.a.*	n.a.*	n.a.	8.44	3.95
7108	Gold (including gold plated with platinum)	0.46		1.14*	2.44*	n.a.	n.a.	n.a.*	0*	0
7209	Flat-rolled products of iron or non-alloy steel	0.12	0.00	1.24*	0.00	n.a.	n.a.	n.a.*	n.a.	50
7601	Unwrought aluminium.	0.50	0.01	0.01	1.25*	n.a.	n.a.	n.a.	0*	0
8544	Insulated (including enamelled or anodized) wire, cable (including co-axial cable) and other insulated electric conductors	2.19*	0.02	0.73	0.03	n.a.*	n.a.	21.01	19.64	18.31

Notes: *Indicates sector with relative comparative advantage (IRCA>1); # IRCA is based on authors' computations; n.a. indicates data that are not available.

Source: United Nations COMTRADE Data

products of iron (HS 7209), and gold (HS 7108), with IRCA values of 8.7, 1.24 and 1.14, respectively.

Four products are found to have more than one country possessing comparative advantage in production. These goods are gold (HS 7108), polymers of ethylene (HS 3901), air conditioning machines (HS 8415), and minerals or chemical fertilizers (HS 3102). Among the 18 products identified as having potentials for increased trade among the selected OIC countries, three products are currently not being imported at all by Pakistan from the partners (zero share of total imports from selected OIC partners). Hence, for the 3 products: (i) mineral or chemical fertilizers (HS 3105) has stronger potentials to be imported from Jordan, (ii) mineral and chemical fertilizers (HS 3102) has stronger potentials to be imported from Jordan and Malaysia, and (iii) diphosphorus pentoxide (HS 2809) has stronger potentials to be imported from Jordan under the TPS arrangement.

An examination of the tariffs imposed by Pakistan on its imports from Jordan of the identified potential products (see Table 6) indicates that Pakistan can reduce its import tariffs on medicaments (HS 3004), mineral or chemical fertilizers (HS 3102) and air conditioning machines (HS 8415) from Jordan, which currently stand at 14.45% for the first two and 24.99% for the third, higher than the tariff for imports from the world, i.e., 13.91, 5% and 18.63%, respectively. Similar reductions in import tariffs can also be implemented for imports of air conditioning machines from Malaysia, which is currently at 20.69%, again higher than Pakistan's tariffs on imports of the product from the world. Import tariffs on UAE's petroleum oils and oils obtained from bituminous minerals, other than crude (HS 2710) can also be reduced since it is currently at 13.52%, higher than the targeted rate of 10%. Tariff data on goods imported from Turkey are largely not available, but from the few that can be examined import tariffs on the products concerned are already below 10%, hence no further reduction is necessary based on the TPS arrangement.

4.4 TURKEY – TOP IMPORTS AND INTRA-TRADE POTENTIALS

Turkey's import structure is found to be more diversified compared to Jordan, Malaysia or Pakistan in the sense that there is no concentration in any one particular product. However, as with the other countries, petroleum oils and oils obtained from bituminous minerals, other than crude (HS 2710) still remains the most important import of Turkey with a share of 3.02% of total imports (see Table 7). This is followed by gold

TABLE 5
Major Imports of Pakistan and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA			
						Jordan	Malaysia	Turkey	UAE
2709	Petroleum oils and oils obtained from bituminous minerals, crude.	3758657.976	12.61	1119930.343	25.92	0.78			6.50*
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude	3589856.438	12.04	1089911.284	25.22	0.86	0.02		3.64*
8525	Transmission apparatus for radio-telephony, etc	1899134.584	6.37	108520.487	2.51	1.55*	0.00		0.00
8703	Motor cars and other motor vehicles	887809.726	2.98	22119.972	0.51	0.02	0.10		0.05
1511	Palm oil and its fractions	766122.634	2.57	396071.044	9.17	51.73*			0.27
1701	Cane or beet sugar and chemically pure sucrose, in solid form	706263.28	2.37	167235.153	3.87	0.39	0.01		1.65*
8802	Other aircraft (for example, helicopters, aeroplanes), spacecraft (including satellites) and suborbital and spacecrafts launch vehicles.	495664.114	1.66		0.00	0.01			0.00
7108	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	468630.715	1.57	384952.496	8.91	0.71	1.14*		2.44*
5201	Cotton, not carded or combed.	400438.969	1.34	3859.984	0.09	0.00	0.78		0.00
3901	Polymers of ethylene, in primary forms	344352.4	1.15	47459.463	1.10	1.08*	0.00		1.23*
7204	Ferrous waste and scrap: remelting scrap ingots of iron or steel	333351.243	1.12	61614.722	1.43	0.03	0.21		0.40
3902	Polymers of propylene or of other olefins, in primary forms	296778.463	1.00	16210.169	0.38	0.75	0.01		0.01
8445	Machines for preparing textile fibres	293295.333	0.98	798.098	0.02	0.03	0.61		0.00
2902	Cyclic hydrocarbons.	271271.017	0.91	8029.822	0.19	1.11*	0.00		0.00
8704	Motor vehicles for the transport of goods	260377.861	0.87	120332.014	0.28	0.02	0.03		0.00
8502	Electric generating sets and rotary converters.	258626.174	0.87	5101.856	0.12	0.17	0.78		0.00
1205	Rape or colza seeds, whether or not broken.	252935.029	0.85		0.00				0.00
7208	Flat-rolled products of iron or non-alloy steel of a width of 600 mm or more, hot-rolled, not clad, plated or coated	251452.543	0.84	10056.328	0.23	0.76	0.37		0.00

Note: * indicates products with IRCA > 1.

TABLE 5 (continued)
Major Imports of Pakistan and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA			
						Jordan	Malaysia	Turkey	UAE
8708	Parts and accessories of the motor vehicles of headings 87.01 to 87.05	250449.068	0.84	38902.18	0.90	0.01	0.12	0.42	0.01
3105	Mineral or chemical fertilizers	247566.584	0.83	1.378	0.00	6.33*	0.58	0.01	0.15
8471	Automatic data processing machines	238676.781	0.80	28802.084	0.67	0.00	4.10*	0.01	0.00
0902	Tea, whether or not flavored.	222537.248	0.75	163.689	0.00	0.00	0.06	0.07	0.05
8414	Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan	222244.983	0.75	14199.856	0.33	0.01	0.80	0.12	0.00
0713	Dried leguminous vegetables, shelled, whether or not skinned or split.	220862.636	0.74	9943.806	0.23	0.03	0.06	8.70*	0.00
7210	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated and coated	220856.691	0.74	6305.753	0.15	0.07	0.24	0.29	0.02
2905	Acyclic alcohols and their halogenated and sulphomated, nitrated and nitrosated derivatives	215670.218	0.72	13561.27	0.31	0.00	2.46*	0.02	0.00
8415	Air conditioning machines	200970.394	0.67	6644.428	0.15	3.11*	2.17*	0.19	0.02
3004	Medicaments	177471.731	0.60	2902.665	0.07	2.52*	0.02	0.03	0.01
5402	Synthetic filament yarn	167319.269	0.56	25658.437	0.59	0.71	2.54*	0.98	0.30
7209	Flat-rolled products of iron or non-alloy steel	164782.309	0.55	984.003	0.02	0.12	0.09	1.24*	0.00
3102	Mineral or chemical fertilizers, nitrogenous	163809.187	0.55		0.00	49.00*	1.59*	0.01	0.01
2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal	163482.758	0.55		0.00	0.00	0.01	0.00	0.00
7304	Tubes, pipes and hollow profiles, seamless, of iron (other than cast iron) or steel.	155466.945	0.52	5147.837	0.12	0.47	0.50	0.02	0.03
4011	New pneumatic tyres, of rubber.	147648.722	0.50	5081.338	0.12	0.00	0.19	0.26	0.00
8479	Machines and mechanical appliances having individual functions, not specified or included elsewhere in this Chapter	137063.147	0.46	2293.169	0.05	0.03	0.60	0.14	0.00

Note: * indicates products with IRCA > 1.

TABLE 5 (continued)
Major Imports of Pakistan and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA				
						Jordan	Malaysia	Turkey	UAE	
8474	Machinery for sorting, screening, separating, washing, crushing, grinding, mixing or kneading earth, stone, ores or other mineral substances	136533.58	0.46	1398.329	0.03	0.30	0.40	0.49	0.00	
9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences	135827.486	0.46	10326.088	0.24	0.04	0.43	0.03	0.01	
8803	Parts of goods of heading 88.01 or 88.02	129725.228	0.44	4124.458	0.10	0.00	0.60	0.42	0.00	
8446	Weaving machines (looms).	123364.779	0.41	1955.853	0.05	0.00	0.12	0.62	0.00	
3204	Synthetic organic coloring matter	122035.662	0.41	934.283	0.02	0.20	0.07	0.06	0.05	
7403	Refined copper and copper alloys, unwrought	120909.515	0.41	3406.736	0.08	0.00	0.00	0.00	0.00	
2704	Coke and semi-coke of coal, of lignite or of peat, whether or not agglomerated; retort carbon.	119023.927	0.40		0.00		0.01	0.00	0.00	
8451	Machinery (other than machines of heading 84.50) for washing, cleaning, wringing, drying, ironing, pressing, etc.	112753.432	0.38	3507.063	0.08	0.00	0.19	0.85	0.00	
8701	Tractors (other than tractors of heading 87.09)	11141.36	0.37	4359.796	0.10	0.01	0.02	0.00	0.00	
3824	Prepared binders for foundry moulds	107961.309	0.36	7138.051	0.17	0.49	0.73	0.18	0.06	
1001	Wheat and meslin.	107426.24	0.36		0.00		0.00	0.00	0.00	
5504	Artificial staple fibres, not carded, combed or otherwise processed for spinning.	103149.37	0.35		0.00				0.00	
2304	Oil-cake and other solid residues, whether or not ground or in the form of pellets, resulting from the extraction of soyabean oil.	102769.128	0.34		0.00	0.00	0.03	0.04	0.15	
7207	Semi-finished products of iron or non-alloy steel	99032.709	0.33	12442.13	0.29	0.14	0.41	0.48	0.11	
2809	Diphosphorus pentoxide; phosphoric acid; polyphosphoric acids whether or not chemically defined.	97046.627	0.33	62.693	0.00	110.42*	0.08	0.00	0.00	
Number of products with IRCA>1						5	9	3	5	

Note: * indicates products with IRCA>1.

TABLE 6
Potential Sectors for Pakistan based on IRCA and 2007 Import Tariffs

HS2002	Pakistan's selected imports Product description	IRCA [#]							World	
		Jordan	Malaysia	Turkey	UAE	Jordan	Malaysia	Turkey		
0713	Dried leguminous vegetables, shelled, whether or not skinned or split.	0.03	0.06	8.7*	0	n.a.	5	5*	5	5
1511	Palm oil and its fractions	0.81	51.73*		0.27	n.a.	n.a.*	n.a.	n.a.	n.a.
1701	Cane or beet sugar and chemically pure sucrose, in solid form	0	0.39	0.01	1.65*	n.a.	10	n.a.	10*	10
2709	Petroleum oils and oils obtained from bituminous minerals, crude.		0.78		6.5*	n.a.	n.a.	n.a.	5*	5
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude	0.27	0.86	0.02	3.64*	n.a.	13.8	13.7	13.52*	13.66
2809	Diphosphorus pentoxide; phosphoric acid; polyphosphoric acids whether or not chemically defined.	110.42*	0.08	0	0	n.a.*	5	n.a.	5	5
2902	Cyclic hydrocarbons.	0	1.11*	0	0	n.a.	5*	5	5	5.03
2905	Acyclic alcohols and their halogenated and sulphonated, nitrated and nitrosated derivatives	0	2.46*	0.02	0	n.a.	7.58*	20	5	5.1
3004	Medicaments	2.52*	0.02	0.03	0.01	14.45*	9.68	14.31	15.43	13.91
3102	Mineral or chemical fertilisers, nitrogenous	49*	1.59*	0.01	0.01	14.45*	n.a.*	n.a.	n.a.	5
3105	Mineral or chemical fertilisers	6.33*	0.58	0.01	0.15	5*	n.a.	n.a.	5	5
3901	Polymers of ethylene, in primary forms	0.16	1.08*	0	1.23*	n.a.	5*	5	5*	5
5402	Synthetic filament yarn	0.71	2.54*	0.98	0.3	n.a.	9.95*	10	9.89	9.7
7108	Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form	0.46	0.71	1.14*	2.44*	n.a.	n.a.	n.a.*	5*	5
7209	Flat-rolled products of iron or non-alloy steel	0.12	0.09	1.24*	0	n.a.	15	n.a.*	15	15
8415	Air conditioning machines	3.11*	2.17*	0.19	0.02	24.99*	20.69*	n.a.	18.8	18.63
8471	Automatic data processing machines	0	4.1*	0.01	0	8.64	5.2*	5.8	5.66	5.65
8525	Transmission apparatus for radio- telephony, etc	0	1.55*	0	0	n.a.	7.7*	7.45	7.41	8.86

Notes: *Indicates sector with relative comparative advantage (IRCA>1); # IRCA is based on authors' computations; n.a. indicates data that are not available.

Source: United Nations COMTRADE Data

(HS 7108), ferrous waste and scrap (HS 7204), motor cars and other motor vehicles (HS 8703) with 2.84%, 2.39%, and 1.62% share of total imports. Most of the products have a very small share of total imports, with 42 out of the 50 products with import shares of lower than 1%.

As with Pakistan, there are also only 18 products out of 50 showing potentials for higher intra-trade activities in the case of Turkey. Malaysia demonstrates the highest number of products with trade complementarities with Turkey, with 10 products having IRCA of greater than 1. As can be seen in Table 8, Malaysia shows the highest comparative advantage in parts and accessories (HS 8473), automatic data processing machines (HS 8471) and air conditioning machines (HS 8415) with IRCA values of 4.39, 4.11 and 2.17, respectively. Other products include articles of jewelry (HS 7113), other furniture and parts (HS 9403), electrical apparatus for line telephony (HS 8517), transmission apparatus for radio-telephony (HS 8525), reception apparatus for television (HS 8528), portland cement and aluminous cement (HS 2523), and waste and scrap of precious metal (HS 7112).

Pakistan and the UAE have 5 each of products that complement Turkey's imports. Pakistan possesses huge comparative advantage in the production of woven fabrics of cotton (HS 5208) with an IRCA of 42.93. This is followed by cotton (HS 5201), instruments and appliances (HS 9018), polyacetals and other polyethers (HS 3907), and petroleum oils and oils obtained from bituminous minerals, other than crude (HS 2710). As for the UAE, these products are petroleum oils and oils obtained from bituminous minerals, other than crude (HS 2710), gold (HS 7108), unwrought aluminium (HS 7601), polymers of ethylene (HS 3901), and petroleum gases (HS 2711). Jordan only has comparative advantage in 3 products, namely, mineral or chemical fertilizers (HS 3102), medicaments (HS 3004), and polyacetals and other polyethers (HS 3907), with IRCA of 49, 2.52 and 1.17, respectively.

Out of the 18 products with intra-trade potentials, five products are found to have more than 1 trading partners possessing comparative advantage in the production of the good. In addition, five products also are found to have zero shares of Turkey's total imports from the OIC partners, hence indicating strong potentials for higher intra-trade activities. Petroleum oils and oils obtained from bituminous minerals, other than crude (HS 2710) has stronger potentials to be imported from Pakistan and the UAE, medicaments (HS 3004) from Jordan, cotton (HS 5201) from Pakistan, mineral or chemical fertilizers (HS 3102) from Jordan and Malaysia, and acyclic alcohols and their halogena (HS 2905) from Malaysia under the TPS arrangement.

TABLE 7
Major Imports of Turkey and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA				
						Jordan	Malaysia	Pakistan	UAE	
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude	4186757.081	3.02		0.00	0.27	0.86	1.29*	3.64*	
7108	Gold (including gold plated with platinum)	3933438.649	2.84	48283.648	2.90	0.46	0.71		2.44*	
7204	Ferrous waste and scrap; remelting scrap ingots of iron or steel	3311418.872	2.39		0.00	0.63	0.03	0.22	0.40	
8703	Motor cars and other motor vehicles	2238793.721	1.62		0.00	0.00	0.02	0.00	0.05	
7208	Flat-rolled products of iron or non-alloy steel of a width of 600 mm or more, hot-rolled, not clad, plated or coated	2174566.1	1.57		0.00	0.05	0.76	0.01	0.00	
8708	Parts and accessories of the motor vehicles of headings 87.01 to 87.05	1655541.516	1.19	78.309	0.00	0.01	0.12	0.05	0.01	
8471	Automatic data processing machines	1565063.187	1.13	35044.712	2.10	0.00	4.10*	0.00	0.00	
3902	Polymers of propylene or of other olefins, in primary forms	1453788.443	1.05		0.00	0.05	0.75	0.01	0.01	
3004	Medicaments	1255587.044	0.91		0.00	2.52*	0.02	0.14	0.01	
2701	Coal; briquettes, ovoids and similar solid fuels manufactured from coal	1219774.602	0.88		0.00	0.00	0.01	0.01	0.00	
2711	Petroleum gases and other gaseous hydrocarbon	1212387.223	0.87	79822.635	4.79		2.52*	0.00	1.10*	
7601	Unwrought aluminium.	1107555.94	0.80	98198.89	5.89	0.50	0.24	0.01	1.25*	
8429	Self-propelled bulldozers, angle dozers, graders, levellers, scrapers, etc	1022962.981	0.74		0.00	0.00	0.14	0.05	0.00	
7403	Refined copper and copper alloys, unwrought	974758.1	0.70		0.00	0.00	0.00	0.03	0.00	
8525	Transmission apparatus for radio-telephony, etc	971337.073	0.70	30699.807	1.84	0.00	1.55*	0.25	0.00	
5201	Cotton, not carded or combed.	948341.083	0.68		0.00		0.00	4.27*	0.00	
3901	Polymers of ethylene, in primary forms	929523.433	0.67	21686.489	1.30	0.16	1.08*	0.01	1.23*	
8531	Electric sound or visual signalling, other than those of heading 85.12 or 85.30	661402.731	0.48		0.00	0.00	0.89	0.01	0.00	

Note: * indicates products with IRCA > 1.

TABLE 7 (continued)
Major Imports of Turkey and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in		Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA			
			total imports (%)	imports from OIC (%)			Jordan	Malaysia	Pakistan	UAE
5402	Synthetic filament yarn	652065.237	0.47	88034.251	5.28	0.71	2.54*	0.85	0.30	
3904	Polymers of vinyl chloride or of other halogenated olefins, in primary forms	608493.373	0.44	22549.218	1.35	0.12	0.65	0.27	0.04	
8479	Machines and mechanical appliances having individual functions, not specified or included elsewhere in this Chapter	556314.164	0.40		0.00	0.03	0.60	0.04	0.00	
3903	Polymers of styrene, in primary forms	541230.714	0.39	451.969	0.03	0.31	1.67*	0.26	0.00	
8701	Tractors (other than tractors of heading 87.09)	524192.635	0.38		0.00	0.01	0.02	0.23	0.00	
7209	Flat-rolled products of iron or non-alloy steel of a width of 600 mm or more, cold rolled	521837.192	0.38		0.00	0.12	0.09	0.00	0.00	
9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences	507000.667	0.37	481.996	0.03	0.04	0.43	1.83*	0.01	
3907	Polyacetals, other polyethers and epoxide resins, polyallyl esters and other polyesters, in primary forms	499564.882	0.36	22807.811	1.37	1.17*	0.93	1.56*	0.03	
3102	Mineral or chemical fertilisers, nitrogenous	494214.485	0.36		0.00	49.00*	1.59*	0.01	0.01	
8481	Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like	492613.648	0.36	1.959	0.00	0.00	0.25	0.00	0.01	
8473	Parts and accessories suitable for use solely and principally with machines of heading 84.69 to 84.72	488073.693	0.35	11002.396	0.66	0.00	4.38*	0.00	0.00	
7207	Semi-finished products of iron or non-alloy steel	483049.031	0.35		0.00	0.14	0.41	0.00	0.11	

Note: * indicates products with IRCA > 1.

TABLE 7 (continued)
Major Imports of Turkey and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in		Trade value from OIC (USD '000)	IRCA				
			total imports (%)	imports from selected OIC (%)		Jordan	Malaysia	Pakistan	UAE	
8536	Electrical apparatus for switching and protecting electrical circuits, or for making connections to or in electrical circuits	41 1035.996	0.30	0.05	816.761	0.02	0.87	0.01	0.00	0.00
8542	Electronic integrated circuits and microassemblies	40 8678.853	0.29	5.11	85 120.918	0.00	4.92*	0.00	0.00	0.00
8413	Pumps for liquids, whether or not fitted with a measuring device; liquid elevators	40 8341.965	0.29	0.00		0.00	0.07	0.05	0.08	
8477	Machinery for working rubber or plastics or for the manufacture of the products from these materials	40 1034.651	0.29	0.00	49 005	0.09	0.53	0.01	0.00	0.00
8421	Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquid or gases	39 8660.25	0.29	0.01	119.464	0.34	0.25	0.03	0.03	0.03
8414	Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters	38 3092.893	0.28	0.00	34.592	0.01	0.80	0.29	0.00	0.00
7210	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated and coated	37 8180.759	0.27	0.00		0.07	0.24	0.02	0.02	0.02
3204	Synthetic organic colouring matter, whether or not chemically defined	36 7882.385	0.27	0.00		0.20	0.07	0.09	0.05	0.05
3926	Other articles of plastics and articles of other materials of heading 39.01 to 39.14	36 2885.094	0.26	0.11	1846.678	0.36	0.70	0.94	0.01	0.01
8704	Motor vehicles for the transport of goods	35 9769.291	0.26	0.00		0.00	0.02	0.00	0.00	0.00

Note: * indicates products with IRCA>1.

TABLE 7 (continued)
Major Imports of Turkey and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA				
						Jordan	Malaysia	Pakistan	UAE	
5208	Woven fabrics of cotton, containing 85% or more by weight of cotton	352609.271	0.25	78303.875	4.70	0.00	0.23	42.93*	0.06	
8408	Compression-ignition internal combustion piston engines (diesel or semi-diesel engine)	351474.11	0.25		0.00	0.00	0.06	0.00	0.00	
2905	Acyclic alcohols and their halogenated and sulphomated, nitrated and nitrosated derivatives	328991.808	0.24		0.00	0.00	2.46*	0.00	0.00	
4810	Paper and paperboard, coated on one or both sides with kaolin	325626.833	0.23		0.00	0.02	0.01	0.00	0.00	
8409	Parts suitable for use solely or principally with the engines of heading 84.07 or 84.08	323537.148	0.23		0.00	0.00	0.41	0.01	0.00	
8422	Dish washing machines; machinery for cleaning or drying bottles or other containers	323373.508	0.23		0.00	0.05	0.06	0.02	0.00	
7219	Flat-rolled products of stainless steel, of a width of 600 mm or more	319492.928	0.23		0.00	0.00	0.34	0.01	0.00	
7901	Unwrought zinc.	317454.382	0.23		0.00	0.00	0.07	0.03	0.00	
8711	Motorcycles (including mopeds) and cycles fitted with auxiliary motor, with or without side-cars; side-cars	306886.681	0.22		0.00	0.00	0.14	0.16	0.00	
3824	Prepared binders for foundry moulds or cores	301453.466	0.22	417.707	0.03	0.49	0.73	0.08	0.06	
Number of products with IRCA>1						3	10	5	5	5

Note: * indicates products with IRCA>1.

TABLE 8
Potential Sectors for Turkey based on IRCA and 2007 Import Tariffs

HS2002	Turkey's selected imports	IRCA [#]				MFN Weighted Average Applied Tariffs (%)				
		Jordan	Malaysia	Pakistan	UAE	Jordan	Malaysia	Pakistan	UAE	World
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude	0.27	0.86	1.29*	3.64*	n.a.	n.a.	n.a.*	n.a.*	3.87
2711	Petroleum gases and other gaseous hydrocarbon		2.52*	0	1.1*	n.a.	n.a.*	n.a.	0*	0.02
2905	Acyclic alcohols and their halogenated and sulphonated, nitrated and nitrosated derivatives	0	2.46*	0	0	n.a.	3.8*	n.a.	n.a.	5.06
3004	Medicaments	2.52*	0.02	0.14	0.01	n.a.*	n.a.	n.a.	n.a.	0
3102	Mineral or chemical fertilisers, nitrogenous	49*	1.59*	0.01	0.01	n.a.*	n.a.*	n.a.	n.a.	6.5
3901	Polymers of ethylene, in primary forms	0.16	1.08*	0.01	1.23*	n.a.	3.57*	n.a.	3.25*	4.65
3903	Polymers of styrene, in primary forms	0.31	1.67*	0.26	0	n.a.	n.a.*	n.a.	n.a.	6.21
3907	Polyacetals, other polyethers and epoxide resins, polyallyl esters and other polyesters, in primary forms	1.17*	0.93	1.56*	0.03	n.a.*	n.a.	6.5*	6.5	5.52
5201	Cotton, not carded or combed.		0	4.27*	0	n.a.	n.a.	n.a.*	n.a.	0
5208	Woven fabrics of cotton, containing 85% or more by weight of cotton; weighing not more than 200g/m ² .	0	0.23	42.93*	0.06	n.a.	n.a.	8*	n.a.	8
5402	Synthetic filament yarn	0.71	2.54*	0.85	0.3	n.a.	4*	4	n.a.	4
7108	Gold (including gold plated with platinum)	0.46	0.71		2.44*	n.a.	n.a.	n.a.	0*	0
7601	Unwrought aluminium.	0.5	0.24	0.01	1.25*	n.a.	n.a.	n.a.	6*	6
8471	Automatic data processing machines	0	4.1*	0	0	n.a.	0*	n.a.	n.a.	0
8473	Parts and accessories (other than covers, carrying cases and the like) suitable for use solely and principally with machines of heading 84.69 to 84.72	0	4.38*	0	0	n.a.	0*	n.a.	n.a.	0.01
8525	Transmission apparatus for radio- telephony, etc	0	1.55*	0.25	0	n.a.	0*	n.a.	n.a.	4.4
8542	Electronic integrated circuits and microassemblies	0	4.92*	0	0	n.a.	0*	n.a.	n.a.	0
9018	Instruments and appliances used in medical, surgical, dental or veterinary sciences	0.04	0.43	1.83*	0.01	n.a.	0	0*	n.a.	0

Notes: *Indicates sector with relative comparative advantage (IRCA>1); [#] IRCA is based on authors' computations; n.a. indicates data that are not available.
Source: United Nations COMTRADE Data

Turkey's import tariffs on the potential products of individual OIC trade partners (especially Jordan), unfortunately, are largely not available for analysis (see Table 8). However, based on the few available data, Turkey already has low (8% and below) import tariffs on the products concerned. This is true not only of tariffs imposed on imports from the individual OIC trading partners but also on imports from the world.

4.5 THE UAE – TOP IMPORTS AND INTRA-TRADE POTENTIALS

Unlike the other OIC countries under study where petroleum constitutes one of their major imports, the UAE's top import is gold (HS 7108) with a share of 7.31% of total imports (see Table 9). This is followed by articles of jewelry (HS 7113), diamonds (HS 7102), transmission apparatus for radio-telephony (HS 8525) and other mostly manufactured items. The majority of UAE's imports (41 out of 50) are found to have very low import shares of less than 1%. Based on the IRCA computations, the UAE's trading partners are found to have trade complementarities with the country in 21 out of the 50 products. Malaysia has the most number of products, i.e., eleven products that can meet the import needs of the UAE. These are parts and accessories (HS 8473), automatic data processing machines (HS 8471), air conditioning machines (HS 8415), articles of jewelry (HS 7113), other furniture and parts (HS 9403), electrical apparatus for line telephony (HS 8517), transmission apparatus for radio-telephony (HS 8525), reception apparatus for television (HS 8528), portland cement and aluminous cement (HS 2523), waste and scrap precious metals (HS 7112), and polymers of ethylene (HS 3901).

Jordan and Turkey each has 9 products that meet the import needs of the UAE while Pakistan has only 4. The products that shows IRCA>1 for Jordan are articles of jewelry (HS 7113), motor vehicles (HS 8702), air conditioning machines (HS 8415), medicaments (HS 3004), other bars and rods of iron (HS 7214), Portland cement and aluminous cement (HS 2523), insulated wire and cable (HS 8544), other furniture and parts (HS 9403), and structures (HS 7308). For Turkey, the products are other bars and rods of iron (HS 7214), motor vehicles (HS 8702), articles of jewelry and parts (HS 7113), portland cement and aluminous cement (HS 2523), reception apparatus for television (HS 8528), woven fabrics of synthetic filaments (HS 5407), angles, shapes and sections of iron (HS 7216), structures (HS 7308), and gold (HS 7108).

Pakistan has high comparative advantage in the production of rice (HS 1006) with an IRCA of 74.77. The other three products are portland

cement and aluminous cement (HS 2523), woven fabrics of synthetic filaments (HS 5407), and petroleum oils and oils obtained from bituminous minerals, other than crude (HS 2710). From the 21 products with trade complementarities, nine products are found to have more than 1 trading partner possessing comparative advantage in the production of the good. In addition, four products that currently constitute close to zero import shares from the selected OIC members present stronger potentials for increased intra-trade. Angles, shapes and sections of iron (HS 7216) can be imported by the UAE from Turkey, motor vehicles (HS 8702) from Malaysia, portland cement and aluminous cement (HS 2523) from all four trading partners, and polymers of ethylene (HS 3901) from Jordan.

Table 10 shows the 21 potential sectors for UAE and the corresponding 2007 import tariff for each product. Based on the available figures, UAE's tariffs on imports from all four trading partners are already very low, i.e., at 5% or lower, as is also the case for UAE's tariff for imports from the world. Hence, similar to Turkey, the TPS requirement of tariff reductions to 10% is not applicable for UAE's top imports as well.

In general, it can be seen from Table 11 that products that are identified as potential sectors for higher intra-trade activities form 20-50% of top imports of the selected OIC countries. However, based on the current import tariffs imposed on products of each trading partner, not many of these potential sectors would require reductions under the PRETAS system. A summary of these products is given in Table 12. Since most products already have low tariff rates, the role of the TPS-OIC in promoting higher intra-OIC trade through the existing scheme of tariff reductions seems to be quite limited, at least for the five selected countries.

In order to make the TPS-OIC system more effective, an additional scheme should be introduced where tariffs that are currently between zero to 10% have to be reduced to 5% and ultimately eliminated. In addition, other measures to promote trade among these countries may need to be formulated since there may be other obstacles to trade other than tariff barriers such as logistics, non-diversified exportable supply that does not meet international standards, lack of information of markets and business opportunities, complexity of administrative trade procedures, and inadequate and inappropriate financing instruments Rachdi (2008). In such a situation, a more comprehensive approach need to be undertaken that include the upgrading of infrastructure for

transportation of tradable goods, more active and intensive trade promotion activities, trade facilitation and the development of financing instruments that are viable. This is where individual governments as well as other institutions or organizations under the OIC such as the ICCI need to play a bigger role in the promotion of intra-OIC trade in order for the OIC Free Trade Area and subsequently an Islamic Common Market to be achieved.

5. CONCLUSION

This study investigates the extent of trade potentials among member countries and in what sectors these trade complementarities exist. It computes the Revealed Comparative Advantage (RCA) Indices on Jordan, Malaysia, Pakistan, Turkey and the United Arab Emirates (UAE), *vis-à-vis* their trading partners for the year 2006. In addition, it examines whether the potential sectors would require further tariff reductions in order to accelerate intra-OIC trade by analyzing the latest corresponding MFN applied tariffs.

The analysis of the study found that products that are identified as potential sectors for higher intra-trade activities form 20-50% of top imports of the selected OIC countries. However, based on the current import tariffs imposed on products of each trading partner, very few of these potential sectors require reductions under the PRETAS system as most products already have low tariff rates. Hence, in order to make the TPS-OIC system more effective, an additional scheme should be introduced where tariffs that are currently between zero to 10% have to be reduced to 5% and ultimately eliminated. In addition, a more comprehensive approach need to be undertaken by individual governments and agencies under the OIC to address problems other than tariff barriers that may present a hindrance to higher trade activities. These may include the upgrading of infrastructure for transportation of tradable goods, more active and intensive trade promotion activities, trade facilitation and the development of viable trade financing instruments. In view of this situation, the OIC is certainly undertaking measures towards the right direction in terms of reducing tariff barriers. However, a lot more will need to be done especially at the individual country level. Without a strong political will collectively, such formal measures at the OIC level may not be translated into actual implementation which will render all the efforts towards an Islamic Common Market simply futile.

TABLE 9
Major Imports of UAE and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA				
						Malaysia	Jordan	Pakistan	Turkey	
7108	Gold (including gold plated with platinum)	7148977.243	7.31	337426.445	7.55	0.71	0.46	0.00	0.00	1.14*
8703	Motor cars and other motor vehicles	5163310.693	5.28	5071.995	0.11	0.02	0.00	0.00	0.00	0.10
7113	Articles of jewellery and parts thereof	3380380.524	3.45	1003290.91	22.43	2.07*	15.61*	0.37	0.37	4.41*
7102	Diamonds, whether or not worked, but not mounted or set.	2616821.985	2.67	2420.243	0.05	0.01	0.00	0.00	0.00	0.00
8525	Transmission apparatus for radio-telephony, etc	2597374.414	2.65	48542.685	1.09	1.56*	0.00	0.25	0.25	0.00
7214	Other bars and rods of iron or non-alloy steel	1307866.888	1.34	1062888.35	23.77	0.44	2.32*	0.33	0.33	28.29*
8708	Parts and accessories of the motor vehicles of headings 87.01 to 87.05	1257445.42	1.28	10724.466	0.24	0.12	0.01	0.05	0.05	0.42
8411	Turbo-jets, turbo-propellers and other gas turbines.	1148725.527	1.17	48.419	0.00	0.07	0.00	0.01	0.01	0.03
8803	Parts of goods of heading 88.01 or 88.02 principally with the machinery of	1094709.094	1.12	1906.587	0.04	0.60	0.00	0.02	0.02	0.42
8431	Parts suitable for use solely or principally with the machinery of headings 84.25 to 84.30.	969128.442	0.99	9999.893	0.22	0.19	0.41	0.01	0.01	0.20
8471	Automatic data processing machines	796796.481	0.81	21573.376	0.48	4.11*	0.00	0.00	0.00	0.01
8704	Motor vehicles for the transport of goods	779557.289	0.80	0.00	0.00	0.02	0.00	0.00	0.00	0.03
8473	Parts and accessories (other than covers, carrying cases and the like)	778852.237	0.80	24233.584	0.54	4.39*	0.00	0.00	0.00	0.01
5407	Woven fabrics of synthetic filament yarn	775202.389	0.79	7947.355	0.18	0.78	0.05	5.03*	5.03*	2.77*
4011	New pneumatic tyres, of rubber.	689399.003	0.70	17776.013	0.40	0.19	0.00	0.04	0.04	0.26
8544	Insulated wire, cable and other insulated electric conductors	688149.825	0.70	17241.924	0.39	0.71	2.19*	0.02	0.02	0.73
7110	Platinum, unwrought or in semi-manufactured forms, or in powder form.	678712.221	0.69	1.592	0.00	0.00	0.00	0.00	0.00	0.00
7304	Tubes, pipes and hollow profiles, seamless, of iron or steel.	668847.101	0.68	1806.652	0.04	0.50	0.47	0.09	0.09	0.02
8802	Other aircraft; spacecraft and suborbital and spacecrafts launch vehicles.	632146.455	0.65	0.00	0.00	0.01	0.00	0.00	0.00	0.00

Note: * indicates products with IRCA>1.

TABLE 9 (continued)
Major Imports of UAE and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA			
						Malaysia	Jordan	Pakistan	Turkey
7208	Flat-rolled products of iron or non-alloy steel of a width of 600 mm or more, hot-rolled, not clad, plated or coated	628243.43	0.64	1077.593	0.02	0.76	0.05	0.01	0.37
1701	Cane or beet sugar and chemically pure sucrose, in solid form	619841.757	0.63	219.463	0.00	0.39	0.00	0.58	0.01
9403	Other furniture and parts thereof.	609846.564	0.62	81969.441	1.83	2.05*	1.12*	0.14	0.70
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude	584911.516	0.60	12195.415	0.27	0.84	0.26	1.27*	0.02
8429	Self-propelled bulldozers, angledozers, graders, levellers, scrapers, etc.	575411.094	0.59	446.613	0.01	0.14	0.00	0.05	0.02
3004	Medicaments	569246.174	0.58	14088.768	0.32	0.02	2.52*	0.14	0.03
8415	Air conditioning machines	564129.941	0.58	45255.743	1.01	2.17*	3.11*	0.07	0.19
8481	Taps, cocks, valves and similar appliances for pipes, boiler shells, tanks, vats or the like	545957.489	0.56	1944.083	0.04	0.25	0.00	0.00	0.19
2818	Artificial corundum; aluminium oxide; aluminium hydroxide.	497472.291	0.51		0.00	0.01	0.00	0.00	0.00
7308	Structures and part of structures	485275.812	0.50	36665.569	0.82	0.64	1.11*	0.32	1.97*
8528	Reception apparatus for television	472831.268	0.48	56055.809	1.25	1.22*	0.51	0.00	2.83*
8428	Other lifting, handling, loading or unloading machinery	438813.476	0.45	9723.247	0.22	0.27	0.26	0.00	0.10
8426	Ships' derricks; cranes, including cable cranes; mobile lifting frames, straddle carriers and works trucks fitted with a crane.	428804.998	0.44	1905.772	0.04	0.73	0.01	0.00	0.03
7216	Angles, shapes and sections of iron or non-alloy steel.	416330.967	0.43	3317.956	0.07	0.09	0.82	0.16	2.62*
8536	Electrical apparatus for switching and protecting electrical circuits, or for making connections to or in electrical circuits	416303.009	0.43	9971.645	0.22	0.87	0.02	0.01	0.30

Note: * indicates products with IRCA > 1.

TABLE 9 (continued)
Major Imports of UAE and Index of Revealed Comparative Advantage (IRCA) of Selected OIC Partner Countries

HS2002 code	Product description	Trade value (USD '000)	Share in total imports (%)	Trade value from OIC (USD '000)	Share of imports from selected OIC (%)	IRCA			
						Malaysia	Jordan	Pakistan	Turkey
8504	Electrical transformers, static converters and inductors.	393870.381	0.40	15566.811	0.35	0.77	0.56	0.01	0.23
3303	Perfumes and toilet waters.	386580.18	0.40	3058.352	0.07	0.14	0.10	0.03	0.15
1006	Rice.	380432.968	0.39	228698.991	5.11	0.01	0.00	74.77*	0.00
8502	Electric generating sets and rotary converters.	360943.863	0.37	10390.912	0.23	0.17	0.89	0.03	0.78
7408	Copper wire.	353197.344	0.36	379.069	0.01	0.74	0.35	0.05	0.56
8421	Centrifuges, including centrifugal dryers; filtering or purifying machinery and apparatus, for liquid or gases.	347354.095	0.35	4816.103	0.11	0.25	0.34	0.03	0.29
7112	Waste and scrap of precious metal or metal clad with precious metal	327948.331	0.34	16556.259	0.37	1.17*	0.12	0.00	0.00
8413	Pumps for liquids, whether or not fitted with a measuring device; liquid elevators	322382.163	0.33	1548.59	0.03	0.07	0.00	0.05	0.26
8702	Motor vehicles for the transport of ten or more persons	318105.2	0.33	302.596	0.01	0.20	6.87*	0.01	5.27*
7210	Flat-rolled products of iron or non-alloy steel, of a width of 600 mm or more, clad, plated and coated	316285.165	0.32	4277.907	0.10	0.24	0.07	0.02	0.29
8517	Electrical apparatus for line telephony	316015.539	0.32	16716.814	0.37	1.89*	0.00	0.01	0.01
2523	Portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements	312598.808	0.32	2325.027	0.05	1.18*	2.22*	9.18*	4.01*
3901	Polymers of ethylene, in primary forms	293383.981	0.30	2811.35	0.06	1.08*	0.16	0.01	0.00
8414	Air or vacuum pumps, air or other gas compressors and fans	292055.73	0.30	9194.727	0.21	0.80	0.01	0.29	0.12
7019	Glass fibres and article thereof Machines and mechanical appliances	291439.597	0.30	2599.336	0.06	0.74	0.00	0.02	0.07
8479	having individual functions, not specified or included elsewhere in this Chapter	287416.279	0.29	10560.036	0.24	0.60	0.03	0.04	0.14
Number of products with IRCA>1						11	9	4	9

Note: * indicates products with IRCA>1.

TABLE 10
 Potential Sectors for UAE Based on IRCA and 2007 Import Tariffs

HS2002	Product description	IRCA [#]							World
		Jordan	Malaysia	Pakistan	Turkey	Jordan	Malaysia	Pakistan	
1006	Rice.	0.00	0.01	74.77*	0.00	n.a.	0*	n.a.	0
2523	Portland cement, aluminous cement, slag cement, supersulphate cement and similar hydraulic cements	2.22*	1.18*	9.18*	4.01*	n.a.*	5*	5*	5
2710	Petroleum oils and oils obtained from bituminous minerals, other than crude	0.26	0.84	1.27*	0.02	n.a.	n.a.*	n.a.	n.a.
3004	Medicaments	2.52*	0.02	0.14	0.03	0*	0	0	0
3901	Polymers of ethylene, in primary forms	0.16	1.08*	0.01	0.00	5	5*	5	5
5407	Woven fabrics of synthetic filament yarn	0.05	0.78	5.03*	2.77*	5	5	5*	5
7108	Gold (including gold plated with platinum)	0.46	0.71	0.00	1.14*	0	0	0*	0
7112	Waste and scrap of precious metal or metal clad with precious metal	0.12	1.17*	0.00	0.00	5	5*	5	5
7113	Articles of jewellery and parts thereof	15.61*	2.07*	0.37	4.41*	5*	5*	5	5
7214	Other bars and rods of iron or non-alloy steel	2.32*	0.44	0.33	28.29*	n.a.*	n.a.	5	5
7216	Angles, shapes and sections of iron or non-alloy steel.	0.82	0.09	0.16	2.62*	5	5	n.a.	5
7308	Structures (excluding prefabricated buildings of heading 94.06) and part of structures	1.11*	0.64	0.32	1.97*	5*	5	5	5
8415	Air conditioning machines	3.11*	2.17*	0.07	0.19	5*	5*	5	5
8471	Automatic data processing machines	0.00	4.11*	0.00	0.01	0	0*	0	0
8473	Parts and accessories (other than covers, carrying cases and the like)	0.00	4.39*	0.00	0.01	n.a.	0.01*	0	0.02
8517	Electrical apparatus for line telephony	0.00	1.89*	0.01	0.01	n.a.	0.07*	0	0.07
8525	Transmission apparatus for radio- telephony, etc	0.00	1.56*	0.25	0.00	n.a.	0.61*	0	0.04
8528	Reception apparatus for television	0.51	1.22*	0.00	2.83*	3.75	4.27*	3.66	3.84*
8544	Insulated (including enamelled or anodized) wire, cable (including co-axial cable) and other insulated electric conductors	2.19*	0.71	0.02	0.73	3.64*	4.15	n.a.	2.38
8702	Motor vehicles for the transport of ten or more persons	6.87*	0.20	0.01	5.27*	5*	n.a.	n.a.	5*
9403	Other furniture and parts thereof.	1.12*	2.05*	0.14	0.70	5*	5*	5	5

Notes: *Indicates sector with relative comparative advantage (IRCA>1); # IRCA is based on authors' computations; n.a. indicates data that are not available.

Source: United Nations COMTRADE Data

TABLE 11
Summary of Potential Sectors by Trading Partners

Country	Number of Potential Items (Percent out of 50 Top Imports)	Breakdown by Trading Partners				
		Jordan	Malaysia	Pakistan	Turkey	UAE
Jordan	25 (50%)		14	5	7	7
			3	0	4	3
Malaysia	10 (20%)	3		2	2	6
		0		0	0	1
Pakistan	18 (36%)	5	9		3	5
		3	1		0	1
Turkey	18 (36%)	3	10	5		5
		0	0	0		0
UAE	21 (42%)	11	9	4	9	
		0	0	0	0	0

Note: Figures in italics represent the number of products out of potential sectors requiring tariff reductions under PRETAS.

TABLE 12
Summary of Products from Potential Sectors with Tariff Rates
Higher than 10%

Country	Trading Partner	HS Code	Product Description
Jordan	Malaysia	1511	Palm oil and its fractions
		8525	Transmission apparatus for radio-telephony, etc
		9403	Other furniture and parts thereof.
	Pakistan	-	-
		Turkey	6908
	UAE	7113	Articles of jewelry and parts thereof
		8418	Refrigerators, freezers and other refrigerating or freezing equipment
		8702	Motor vehicles for the transport of ten or more persons
		1701	Cane or beet sugar and chemically pure sucrose, in solid form
		2710	Petroleum oils and oils obtained from bituminous minerals, other than crude
Malaysia	Jordan	6908	Glazed ceramic flags and paving
		Pakistan	-
		Turkey	-
	UAE	3901	Polymers of ethylene, in primary forms.
Pakistan	Jordan	3004	Medicaments
		3102	Mineral or chemical fertilisers, nitrogenous
		8415	Air conditioning machines
	Malaysia	8415	Air conditioning machines
	Turkey	-	-
	UAE	2710	Petroleum oils and oils obtained from bituminous minerals, other than crude
Turkey	Jordan	-	-
	Malaysia	-	-
	Pakistan	-	-
	UAE	-	-
UAE	Jordan	-	-
	Malaysia	-	-
	Pakistan	-	-
	Turkey	-	-

ENDNOTES

1. The Agreement was signed by seventeen countries, namely, Bangladesh, Cameroon, Egypt, Guinea, Iran, Jordan, Lebanon, Libya, Malaysia, Maldives, Pakistan, Senegal, Syria, Tunisia, Turkey, Uganda, and the United Arab Emirates (UAE).
2. Members of the Trade Negotiating Committee for establishing the TPS-OIC excludes Maldives.
3. The MFN applied rates are selected in this study since it is the base rate to be used to monitor the tariff reduction process as stated in Article 2 (General Provisions) of the Protocol on the Preferential Tariff Scheme for TPS-OIC (2005).
4. Other indices include the Comparative Export Performance (CEP) Index as in Serin and Civan (2008), and a variation of the IRCA called the Normalized Revealed Comparative Index (NRCA) as proposed by Yu, Cai and Leung (2009).
5. The analysis is confined to available weighted average Applied Tariff data obtained from the United Nations TRAINS database, which is currently the most comprehensive and up-to-date data source on tariffs.

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