Are There Prospects for Future Economic Integration Among Muslim Countries? Evidence from Selected OIC Countries

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ABSTRACT

Since mid-1980s, trade has been one of the main agenda among the Organization of Islamic Conference (OIC) member countries as a means towards achieving higher economic development. January 1st, 2009 has been declared as the target date for the establishment of the Trade Preferential System among the OIC countries, by which date intra-trade should be increased to 20%. Malaysia, which is considered to be one of the more successful economies among the OIC countries, is expected to play a pivotal role in enhancing intra-trade and ensuring that the targets are achieved. This paper investigates the degree of intra-trade activities among six OIC members, namely Egypt, Jordan, Malaysia, Saudi Arabia, Syria and Oman. It analyzes the trade structure of these OIC members utilizing "revealed comparative advantage" indices, "trade concentration", and "trade competition" profiles. The findings show only small potentials for higher intra-OIC trade, generally in chemicals and materials, food and live animals, manufactured goods, and machinery and transport equipment. This indicates that much greater efforts need to be undertaken by OIC countries to prepare themselves for the establishment of an Islamic Common Market.

Keywords: economic integration, OIC countries, trade concentration, trade divergence, revealed comparative advantage

INTRODUCTION

The last decade has seen an increasing emphasis on economic integration among various groups of countries in the world. Integration has the potential to create a

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more competitive trade environment from the removal of trade barriers and is also an important impetus for stimulating investment in the member countries from both internal and foreign sources. The larger market as a result of trade integration reduces risk and uncertainty for producers while foreign investors become more inclined to invest in productive capacity in a member country as a way to avoid being excluded by trade restrictions and a high common external tariff (Appleyard, 1995). The increased trade and investment through economic integration can, hence, spur economic development among participating countries.

The Organization of Islamic Conferences (OIC), as with other groupings, would not be left behind in trying to benefit from economic integration. The OIC is an inter-governmental grouping of fifty-seven countries. Established in Rabat, Kingdom of Morocco, on 25 September 1969, it has the objective of strengthening the solidarity and cooperation among Muslim countries in the political, economic, cultural, scientific and social fields.

Various measures have been undertaken to enhance economic cooperation and, later, integration among members. In May 1976, the idea to establish the Islamic Chamber of Commerce and Industry (ICCI) was proposed in the Seventh Islamic Conference of foreign ministers held in Istanbul, Turkey. The idea was subsequently accepted and the constitution of the ICCI adopted by the First and Second Conference of the Chambers of Commerce and Industry in October 1977 and in December 1978, respectively. The ICCI serves as an allied organ of the OIC and represents the private sector of member countries.[1] It aims at intensifying greater collaboration in the field of trade, commerce, information technology, insurance/reinsurance, shipping, banking, promotion of investment opportunities and joint ventures in the member countries.

In the late 1990s, the OIC member countries signed an agreement on a Trade Preferential System (TPS) and declared the target date for its establishment to be 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. In the TPS agreement, the exchange preferences are not only limited to tariffs, but will be progressively extended to para-tariff and non-tariff concessions. The TPS agreement also extends trade preferences to all commodities including agricultural and animal products, manufactured or semi-manufactured products.

To date, eleven Islamic Summit conferences and thirty-seven Islamic Conferences of Foreign Ministers (ICFM) have been held. The 10th Islamic Summit Conference held in Putrajaya, Malaysia on 11-18 October 2003, elected Malaysia as the Chairman of the organization until 2008. The Summit reaffirms the desire to intensify trade and economic cooperation and to increase the share of global

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[1] Its membership consists of the national chambers, unions, federations of chambers of commerce and industry of the member countries.

trade between member countries as well as with other nations. On 17 October 2003, the OIC countries adopted a resolution on the establishment of an Islamic common market.

The declaration of the establishment of the TPS represents a very important step towards increasing the intra-OIC trade to 20% by the target date. In addition, the resolution to establish an Islamic Common market presents a clear indication of the intention to move towards a higher degree of economic integration among member countries. Malaysia, being once the chairman of the OIC and being one of the member countries which is very open to international trade with more than 200% trade to GDP ratio, is expected to play a pivotal role in enhancing trade activities among the OIC countries and ensuring that the targets are achieved.

In view of the above development it is, hence, very pertinent to investigate if the OIC possesses the necessary prerequisites to enable a successful economic integration among its member countries that have different economic and trade characteristics. One of the important questions is whether the OIC countries' export structures are diverse enough to support higher intra-OIC trade activities. The ability to increase regional exports has been said to depend upon the degree to which countries' dynamic exports are incorporated in the regional export mix. This means that the extent to which the relative share of intra-OIC trade can be increased depends on the extent to which countries' dynamic exports are represented in intra-OIC trade. Apart from that, the likely success or failure of any regional economic integration is highly dependent on the range of products that members have the capacity to export or import. Members exporting a wide range of diversified goods are considered a positive factor, while concentration of exports is considered a limiting factor to the prospects of increasing regional trade (Pitigala, 2005). Such an argument is based on the product substitution theory where substitutability of products of member countries for those of non-member countries has the effect of increasing the chance of trade creation, representing a positive welfare effect of economic integration (Park, Park & Estrada, 2008).[2] Exports of member countries that are highly diversified increase the chances of substitutability of products, hence improving the prospects of a successful regional integration.

This paper investigates the degree of intra-trade activities among six OIC members, namely Egypt, Jordan, Malaysia, Saudi Arabia, Syria and Oman. Specifically, it examines the extent to which countries' dynamic exports are represented in intra-OIC trade as well as the extent of trade concentration/ trade diversification by analyzing the "trade divergence", and "trade concentration" profiles between the years 1990 and 2005. In addition, it checks for trade complementarities and the prospects for higher intra-trade among the selected

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[2] Trade creation arises when higher cost domestic products are replaced with lower cost imports from member countries. The change from an expensive to a cheaper source of supply is beneficial because it is a move toward freer trade.

countries and identifies the range of products that members have the capacity to export or import by using the "revealed comparative advantage" indices for the same years. The findings provide an indication as to whether the existing trade structure and trade potentials would facilitate intra-trade among OIC members in their effort towards economic integration. Such information will be useful for member countries to formulate strategies that would foster closer trade relations among themselves.

This paper is organized as follows. The next section provides a survey of literature on regional integration and the use of statistical indices in analyzing intra-trade activities, trade concentration and trade divergence. 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.

LITERATURE REVIEW

The "natural trading partners" hypothesis introduced by Lipsey (1960) presents one of the early works that deal with the idea of regional integration. The hypothesis suggests that the higher the proportion of intra-trade within the region, the more likely a regional agreement would result in an increase in welfare effects. The natural trading partner hypothesis was later modified by other studies, such as those by Wonnacott and Lutz (1989) and Deardoff and Stern (1994) who added location and transportation costs into the analysis in an effort to identify other factors determining regional trade. The "natural trading partners" hypothesis was later popularized as "natural trading blocs" by Krugman (1991) who put emphasis on geographical proximity. These studies found that geographical proximity between countries provides a positive contributing factor to intra-trade activities.

Other studies such as Michaely (1996) and Pitigala (2005) have proposed that natural trading partners be defined based on trade complementarity, where the natural trading partner hypothesis is likely to hold if a country imports what its trading partner exports. Michaely (1996), for instance, used the complementarity index and argued that the higher the observed values of the index between partners, the more likely it is that a regional trade agreement will succeed. Along similar argument, Pitigala (2005) utilized revealed comparative indices to assess the complementarity of intra-regional trade as a pre-requisite for the potential success of the regional arrangement among the South Asian Association for Regional Cooperation (SAARC) countries. He argues that the likely success or failure of any regional economic integration is highly dependent on the range of products that members have the capacity to export or import. Members exporting a wide range of diversified goods are considered a positive factor, while concentration of exports is considered a limiting factor to the prospects of increasing regional trade (Pitigala, 2005).

Trade concentration and diversification of exports have been shown to have impacts on regional trade arrangements. Massell (1964), who performed a cross section analysis of 36 countries and Soutar (1977) who adopted a cross section analysis of 48 less developed countries between 1957 and 1969, found a clear relationship between instability of export earnings and concentration of exports. Massel (1964) further elaborated that trade diversification would be more likely to provide the economy with greater flexibility and stability in export earnings. In a related work, Yeats (1998) reported that studies have shown that countries with highly concentrated exports may experience a relatively high degree of export earning instability that could reduce a country's ability to maintain the financial commitment required by regional arrangements.

There are many studies that analyzed the relationship between regional trade arrangements and intra-trade, to name a few (Grubel and Llyod: 1975, Greenaway: 1986, 1989, Globerman: 1992, Kim and Lee: 2003 and Chen *et al.*: 2007). These studies found some evidence that regional trade arrangements stimulate intra-trade among its member countries and vice-versa. Grubel and Llyod (1975) and Greenaway (1986, 1989) for instance, suggest that regional trade arrangements among developed countries stimulate trade by creating a more competitive trade environment as a result of the removal of trade barriers and the possibility of realizing economies of scale. Kim and Lee (2003) highlighted that regional trade arrangements among developing countries such as Mercosur have effects on trade because member countries have significant industrial base in sectors characterized by economies of scale and the existence of preferential treatment in the form of lower tariffs.

The Gini coefficient and the modified version called the Gini-Hirschman coefficient of concentration are commonly used methods for measuring commodity concentration. However, Low, Olarreaga and Suarez (1998) used three different concentration indices namely Herfindal-Hirschman concentration index, Theil-entropy coefficient and Mean Logarithm deviation to investigate if globalization has affected the concentration indices. Kali, Mendez and Reyes (2007) highlighted the fact that empirical measures of trade characteristics or trade structures are limited. They used trade dispersion among trading partners as one of the measures of trade structure. As in Low, Olarreaga and Suarez (1998), Kali, Mendez and Reyes (2007) constructed a Herfindahl-Hirschman concentration index of trade for all countries to measure trade dispersion among all trading partners. A low value of the index indicates low concentration or high dispersion, and vice versa. The study found trade concentration to be positively correlated with growth for all countries, but the effect is found to be more pronounced for poor countries.

This paper attempts to look at the potential success of economic integration among selected OIC countries by analyzing trade concentration, trade divergence and revealed comparative advantage indices as in Pitigala (2005). In line with

Low, Olarreaga and Suarez (1998), Pitigala (2005), and Kali, Mendez and Reyes (2007), this study will focus on the export component of trade, except in the case of revealed comparative advantage where both exports and imports are utilized. The advantage of using these measurements is that they allow for a more in-depth analysis at the product level as well as country-level examination which could be used to gauge the prospects for the success of economic integration. Since there has been no such effort to investigate the success of regional trade among the OIC member countries at the disaggregated level, the findings of this paper would serve to provide useful information for the formulation of strategies that would enhance regional economic integration among the members of the grouping. The details of the measurements are described in the next section.

DATA DESCRIPTION AND METHODOLOGY

The statistical analysis uses trade data of Malaysia and five other members of the OIC namely Egypt, Jordan, Oman, Saudi Arabia and Syria for the years 1990 and 2005. The two years are chosen to examine whether the OIC grouping possesses the characteristics that are conducive for the establishment of an Islamic Common Market. Values of the countries' intra-OIC trade and their trade to the rest of the world (ROW) based on the SITC Revision 2 at 4-digit level were extracted from the UNCOMTRADE data source provided by the World Integrated Trade Solution (WITS) database. The SITC 4-digit level is selected since it is the highest level of disaggregation for which comparisons can be carried out. This is due to the fact that consistent reporting of data is unattainable at further disaggregated levels, such as the SITC 6- to 8-digit levels (Pitigala, 2005).

The study confines itself to Malaysia, who is expected to play a pivotal role in enhancing trade activities among the OIC countries being one of the member countries with the most open economy as mentioned earlier, and five other selected OIC countries as listed earlier. The five countries are chosen for the reason that they are mainly located in the Middle-eastern and African region (where most members of the OIC are located geographically) and their economic, trade and preference structures are quite different from those of Malaysia's. 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.

In order to compute the share of intra-OIC exports and share of total exports, the disaggregated individual product at 4-digit level is divided by intra-OIC total exports of the individual countries and total exports of individual countries to the rest of the world, respectively. These values are used to calculate the share in the growth of total exports to the OIC and to the rest of the world, between 1990 and

2005. The share in the growth of total exports of each commodity i for country j ($S_{i,j}$) between 1990 and 2005 can be computed as:

$$S_{i,j} = \frac{\left(\dfrac{X_{i,j}^{2005} - X_{i,j}^{1990}}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}} \right)}{\left(\dfrac{\sum\limits_{i=1}^{n} X_{i,j}^{2005} - \sum\limits_{i=1}^{n} X_{i,j}^{1990}}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}} \right)} \tag{1}$$

which can be simplified to:

$$S_{i,j} = \frac{\left(X_{i,j}^{2005} - X_{i,j}^{1990} \right)}{\left(\sum\limits_{i=1}^{n} X_{i,j}^{2005} - \sum\limits_{i=1}^{n} X_{i,j}^{1990} \right)} \tag{2}$$

where $X_{i,j}^{1990}$ and $X_{i,j}^{2005}$ are export of commodity i of country j for 1990 and 2005, respectively; $\sum\limits_{i=1}^{n} X_{i,j}^{1990}$ and $\sum\limits_{i=1}^{n} X_{i,j}^{2005}$ are total exports of country j for 1990 and 2005, respectively.

The share in equation (1) is derived based on the commutative property of subtraction where,

$$\frac{\left(\sum\limits_{i=1}^{n} X_{i,j}^{2005} - \sum\limits_{i=1}^{n} X_{i,j}^{1990} \right)}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}} = \frac{\sum\limits_{i=1}^{n} \left(X_{i,j}^{2005} - X_{i,j}^{1990} \right)}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}}$$

$$= \frac{\left(X_{i,j}^{2005} - X_{i,j}^{1990} \right)}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}} + \frac{\left(X_{2,j}^{2005} - X_{2,j}^{1990} \right)}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}}$$

$$+ \ldots + \ldots \frac{\left(X_{n,j}^{2005} - X_{n,j}^{1990} \right)}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}} \tag{3}$$

Dividing equation (3) by the growth of total exports, $\dfrac{\left(\sum\limits_{i=1}^{n} X_{i,j}^{2005} - \sum\limits_{i=1}^{n} X_{i,j}^{1990}\right)}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}}$ the

equation becomes,

$$1 = \frac{\left(\dfrac{X_{i,j}^{2005} - X_{i,j}^{1990}}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}}\right)}{\left(\dfrac{\sum\limits_{i=1}^{n} X_{i,j}^{2005} - \sum\limits_{i=1}^{n} X_{i,j}^{1990}}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}}\right)} + \frac{\left(\dfrac{X_{2,j}^{2005} - X_{2,j}^{1990}}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}}\right)}{\left(\dfrac{\sum\limits_{i=1}^{n} X_{i,j}^{2005} - \sum\limits_{i=1}^{n} X_{i,j}^{1990}}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}}\right)}$$
$$+ \dots + \frac{\left(\dfrac{X_{n,j}^{2005} - X_{n,j}^{1990}}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}}\right)}{\left(\dfrac{\sum\limits_{i=1}^{n} X_{i,j}^{2005} - \sum\limits_{i=1}^{n} X_{i,j}^{1990}}{\sum\limits_{i=1}^{n} X_{i,j}^{1990}}\right)} \qquad (4)$$

thus,

$$1 = S_{i,j} + S_{2,j} + \dots + S_{n,j}, \text{ or } 1 = \sum_{i=1}^{n} S_{i,j} \qquad (5)$$

Collectively, the shares of growth computed are used to identify the dynamic exports of the individual countries, where dynamic exports are defined as products which accounted for a significant amount of total export growth to the region and to the rest of the world between 1990 and 2005. Pitigala (2005) classifies products that account for 75% of total export growth (which exclude marginal products that might not be reported on regular basis) as dynamic exports. For comparison purposes, apart from using the 75% cut-off point as in Pitigala (2005), this study also employs a cut-off point of 95% to identify dynamic exports.

The divergence and concentration of exports are based on the profile of dynamic exports at both the 75% and 95% cut-off points. Divergence of exports can be interpreted as the extent to which a country's dynamic exports to the rest of the world are represented in its regional dynamic exports. Conversely, the divergence of exports can also be defined as the extent of the departure (i.e., differences) of dynamic exports to the region from dynamic exports to the rest of the world. Hence, smaller differences (larger similarities) in the dynamic export composition provide an indication for the possibility of higher intra-trade among the selected OIC member countries.

Based on Pitigala (2005), the divergence of exports of country j (D_j) is calculated as:

$$D_j = \frac{\sum_{i=1}^{k} C_{i,OIC}^j}{\sum_{i=1}^{k} C_{i,ROW}^j},$$

where $i = 1, ..., k$; k is the number of common dynamic exports to the OIC and ROW, while $C_{i,OIC}^j$ and $C_{i,ROW}^j$ are common dynamic exports to the OIC and ROW, respectively. A high value of D_j indicates a more similar (or less different) dynamic export composition of a country to the region and to the rest of the world, hence the better the prospects of increasing regional trade. Meanwhile, the concentration of exports at the 75% (or 95%) cut-off point is measured by the number of products accounting for 75% (or 95%) of export growth to the rest of the world between the years 1990 and 2005.

Revealed comparative advantage measures a country's trade specialization in a commodity group and 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:

$$IRCA_{ij} = \frac{X_{ij}/X_i}{X_{wj}/X_w}$$

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.

ANALYSIS AND DISCUSSION OF FINDINGS

Overall Trade Patterns of Selected OIC Countries

In order to evaluate whether the OIC members possess certain fundamental conditions to become a successful grouping, this section first provides a general description of the trade structure of the OIC countries. An analysis of product-level trade data in Table 1 suggests that food & live animals, chemicals & materials, and manufactured goods have dominated intra-regional trade in OIC for the past decade. For example, in 2005, the percentage of regional exports that originated in food & live animals was close to 55% for Syria, 36% for Oman, 26% for Egypt, and 20%

Table 1 Product composition of selected OIC countries' intra-regional and extra-regional exports

	Food & live animals		Beverages & tobacco		Crude materials		Minerals & fuels		Animal & vegetable fat		Chemicals & materials		Manufactured goods		Machinery & transport equipment		Miscellaneous manufactures		Other commodities	
	OIC	ROW	OIC	ROW	OIC	ROW	OIC	ROW	OIC	ROW	OIC	ROW	OIC	ROW	OIC	ROW	OIC	ROW	OIC	ROW
Egypt																				
1990	46.51	7.48	0.14	0.14	2.71	10.37	1.32	30.35	0.01	0.03	9.95	4.54	22.54	37.01	2.82	0.58	13.19	9.50	0.82	0.00
2005	25.85	12.45	0.02	0.08	3.44	7.43	13.68	39.37	0.21	0.36	7.66	8.45	42.78	24.62	3.32	1.78	2.73	5.15	0.31	0.29
Jordan																				
1990	25.81	7.49	0.57	0.75	10.50	42.33	0.00	0.00	0.17	0.10	42.39	29.24	12.60	12.99	2.05	2.37	5.91	4.74	0.00	0.00
2005	20.25	9.32	0.20	2.13	6.86	14.81	0.04	0.01	0.61	3.16	37.05	20.08	15.90	5.43	14.79	3.48	4.31	41.56	0.00	0.02
Malaysia																				
1990	15.53	4.24	0.35	0.12	7.62	14.66	0.00	17.44	35.10	6.84	0.87	1.67	7.65	8.25	29.66	36.46	3.02	10.28	0.19	0.04
2005	5.55	2.07	0.05	0.34	2.24	2.82	0.02	11.04	32.71	4.55	3.03	5.61	28.82	7.47	20.81	57.02	6.77	8.78	0.00	0.31
Oman																				
1990	23.32	1.23	2.28	0.08	0.70	0.20	0.00	92.48	0.43	0.04	8.25	0.24	58.61	1.05	1.68	3.57	4.72	0.83	0.00	0.27
2005	36.00	1.41	1.56	0.09	0.97	0.28	0.00	93.59	11.32	0.28	13.52	1.35	24.44	1.82	2.18	0.61	8.26	0.51	1.75	0.07
Saudi Arabia																				
1990	3.84	0.59	0.17	0.09	1.62	1.05	38.42	90.73	0.74	0.01	30.72	4.50	13.03	0.75	9.14	1.21	1.58	0.72	0.74	0.35
2005	2.85	0.23	0.64	0.05	0.76	0.44	67.37	88.80	0.16	0.01	17.87	8.85	7.54	0.81	1.65	0.61	1.16	0.19	0.01	0.00
Syria																				
1990	67.22	8.25	0.75	0.52	3.89	5.68	8.45	48.45	0.00	0.00	0.90	13.88	7.59	14.52	0.50	0.13	10.65	8.56	0.05	0.00
2005	54.58	6.09	1.95	1.02	2.92	5.26	0.00	73.86	0.74	1.96	5.53	3.07	20.35	4.76	2.87	1.06	11.06	2.91	0.01	0.01

Note: Figures represent the percentage export share of each product category out of intra-regional trade (with selected OIC countries) and extra-regional trade (with ROW), respectively.

for Jordan. Except for Oman, the percentage has, however, shown a declining trend in the intra-regional trade share of this category for all these countries from 1990.

Of all the six countries, Egypt and Oman are major exporters of manufactured goods within the OIC grouping with a share of 22.54% and 58.61%, respectively, in 1990. However, this sector showed a substantial decline to only 24.44% share in regional exports in 2005 for Oman, but Egypt managed to increase its share substantially to about 43% in the same year. Malaysia emerged as one of the important supplier of manufactured goods within the grouping with a considerable export share of 28.82% in 2005 from only 7.65% in 1990. Malaysia also is found to be a major supplier of animal & vegetable fat and machinery & transport equipment to the OIC countries, with the share of 32.71% and 20.81%, respectively, in 2005.

Chemicals & minerals are found to be important for Jordan and Saudi Arabia, accounting for 42.39% and 30.72% of intra-regional trade in 1990, and 37.05% and 17.87% in 2005, respectively. For Saudi Arabia, the importance of chemicals & materials is closely associated with the production and exports of minerals & fuels, which are found to have dominated intra-regional trade of the country with an export share of 67.37% in 2005.

Minerals & fuels have also been found to be the dominating sector in OIC exports share to the rest of the world for three countries with Oman, Saudi and Syria showing significant shares. Oman's share of exports of minerals & fuels to the rest of the world accounted for 92.48% and 93.59% in 1990 and 2005, respectively; Saudi Arabia's share accounted for 90.73% and 88.80%, while Syria's share are 48.45% and 73.86% in the same years, respectively.

Other sectors that, to a certain extent, are also important exports to the rest of the world include minerals & fuels and manufactured goods for Egypt, crude materials and chemicals & materials for Jordan, and machinery & transport equipment for Malaysia. In summary, the region has established a mutual dependency in basic foods & agricultural products. In general, there appears to be a significant divergence[3] between products that are exported to the region and to the rest of the world. Primary products seem to dominate intra-regional trade while minerals & fuels dominate exports to the rest of the world.

Trade Divergence and Trade Concentration

The likely success or failure of any proposed regional trade arrangement depends on the range of products that members have the capacity to export or import. Members exporting a wide range of diversified goods present a positive signal to a successful regional trade arrangement. However, concentration of exports will limit the prospects of increasing regional trade (Pitigala, 2005).

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[3] As mentioned in the earlier section, divergence is defined as the departure of intra-regional exports from exports to the rest of the world in major product categories (Pitigala, 2005).

Table 2 presents a summary of the divergence and concentration estimates to examine the two propositions above.[4] Based on the 75% cut-off point, the figures suggest that only Jordan shows the likelihood for greater intra-trade with 26.91% of its dynamic exports being represented in intra-OIC exports. The disparity is extreme for the other countries, particularly Oman, Saudi Arabia and Syria, where none of their products that accounted for 75% of the countries' growth in exports to the rest of the world is represented in the growth of its regional exports. Since the extent to which the relative share of intra-OIC trade can be increased depends on the extent to which countries' dynamic exports to the rest of the world are represented in the OIC trade, the prospects for all the countries except for Jordan do not appear to be encouraging. A highly concentrated export for these countries, especially Saudi Arabia, also confirms their narrow export base. Saudi Arabia's dynamic exports are found to be concentrated in only 2 items, namely petrol, oil & crude oils (SITC 3330) and polyethelene (SITC 5831).

Table 2 Divergence and concentration summary

	Egypt	Jordan	Malaysia	Oman	Saudi Arabia	Syria
95% cut-off point						
Divergence of exports (%)	12.69	26.05	6.13	0	2.25	0
	(9)	(50)	(13)	(0)	(2)	(0)
Concentration of exports	42	50	23	22	35	42
75% cut-off point						
Divergence of exports (%)	12.25	26.91	2.60	0	0	0
	(4)	(17)	(7)	(0)	(0)	(0)
Concentration of exports	13	17	8	11	2	19

Notes: Figures in parentheses represent the number of product categories in intra-OIC exports that match exports to the ROW that were among its dynamic exports (account for 75% or 95% of total export growth between 1990 and 2005).
Divergence of exports = intra-OIC exports that match exports to the ROW as a share of the latter.
Concentration of exports = Number of products accounting for either 75% or 95% of export growth to the ROW between 1990 and 2005.

Based on the 95% cut-off point for dynamic exports, the number of items of regional exports that match exports to the rest of the world is higher for Jordan, Malaysia and Egypt (50, 13, and 9, respectively). The measurements for export divergence are also higher for Jordan, Egypt and Malaysia. For Jordan and Egypt, the percentage share is not much different from the figures at the 75% cut-off point. In the case of Oman and Syria, the divergence of export figures remain at 0% at the 75% cut-off point which means that there is no match at all between dynamic exports to the region and to the rest of the world. At the 95% cut-off point, Table 2 shows a relatively lower degree of trade concentration for all the selected OIC countries compared to the 75% cut-off point.

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4   The tables from which the figures are derived are available from the authors upon request.

Revealed Comparative Advantage and Trade Complementarities

Egypt

Table 3 shows that Egypt's top 50 imports comprise mainly of food & live animals (SITC 0) accounting for about 13% share of total imports, machinery & transport equipment (SITC 7) accounting for about 10% share of imports, and minerals & fuels (SITC 3) accounting for 8.8% share of imports. Others include chemicals & materials (SITC 5) with 6.3% import share, and manufactured goods (SITC 6) with 7.2% import share.

Out of Egypt's top 50 imports, only 19 items show some potential for higher intra-OIC trade based on the IRCA values of its trading partners in the grouping. In terms of the number of items, among the major product categories include 5 items from chemical & materials (SITC 5), four items from food & live animals (SITC 0), and 4 items from machinery & transport equipment (SITC 7). Malaysia seems to demonstrate the highest number of products (11 products) in which it has trade complementarities with Egypt. This is followed by Oman with 7 products, Saudi Arabia with 5 products, and Syria and Jordan, each with 3 products. All the OIC trading partners except for Syria have IRCA>1 in minerals or chemical fertilizers (SITC 5621), but the share of imports of this product from OIC trading partners in 2005 is very small, i.e., only 0.77%. Petroleum gases (SITC 3413) and petrol, oils & crude oils (SITC 3330) each show 3 countries having comparative advantage in exporting these products to Egypt. Similarly, the shares of imports of these goods from the selected OIC trading partners are, again, very small with 3.64% and almost 0%, respectively. This shows potentials for Egypt to increase its imports of these products from OIC trading partners.

Palm oil (SITC 4242) shows the highest import share from OIC countries of 14.86% with Oman and Malaysia, in particular, having a high comparative advantage in exporting this product to Egypt. This does not come as a surprise since Malaysia is a major world exporter of palm oil, hence having a natural niche on the export of this product. Polyethelene (SITC 5831) represents the second highest import share of Egypt from OIC countries with 4.99%, followed by petroleum gases (SITC 3413) and yarn (SITC 6514) representing 3.64% and 2.41% of intra-OIC imports, respectively.

Jordan

Jordan's top 50 imports are mainly dominated by minerals & fuels (SITC 3), machinery & transport equipment (SITC 7), and manufactured goods (SITC 6) accounting for 18.79%, 14.82% and 9.18%, respectively (see Table 4). Petrol, oils & crude oils (SITC 3330) represents the highest import share for Jordan at 16.37%. As with Egypt, the majority of products (38 out of the 50 products) in the list individually represent a very small share of Jordan's total imports (less than

Table 3 Major imports of Egypt and index of revealed comparative advantage (IRCA) of selected OIC partner countries

SITC	Product description	Trade value (US$ '000)	Share in total imports (%)	Trade value from selected OIC countries (US$ '000)	Share of imports from selected OIC countries (%)	IRCA				
						Jordan	Malaysia	Oman	Saudi	Syria
0411	Durum wheat,unmilled	915839.271	4.62	30508.11	2.00		0.00	0.26	0.00	35.50
3413	Petroleum gases and other gaseous	806903.271	4.07	55545.957	3.64		6.43	30.55	4.78	0.09
3330	Petrol.oils & crude oils	797563.925	4.03		0.00		0.93	11.55	12.73	9.89
6725	Blooms,billets,slabs & sheet bars	774417.048	3.91	145.128	0.01		0.46		0.01	
0440	Maize (corn),unmilled	696463.773	3.51		0.00		0.01	0.00	0.00	0.00
2482	Wood of coniferous species,sawn	435866.775	2.20	0.205	0.00	0.01	0.03	0.00	0.00	0.02
7810	Passenger motor cars,for transport	304060.154	1.53	5505.777	0.36	0.00	0.02		0.00	0.00
7849	Other parts & accessories of motor	293261.494	1.48	1526.969	0.10	0.02	0.11		0.00	0.03
0111	Meat of bovine animals, fresh, chilled	277085.875	1.40		0.00	0.25	0.01	0.01	0.01	
5417	Medicaments (including veterinary med.)	268858.198	1.36	5134.001	0.34	3.46	0.02	0.00	0.03	0.20
4242	Palm oil	267430.002	1.35	226918.763	14.86	0.15	31.05	1.18	0.00	
7649	Parts of apparatus of division 76--	233681.76	1.18	715.066	0.05	0.00	1.38	0.00	0.00	0.00
7643	Radiotelegraphic & radiotelephonic	230056.406	1.16	57.283	0.00	0.00	1.55	0.00	0.00	0.00
2222	Soya beans	193980.953	0.98		0.00		0.02		0.00	0.06
5621	Mineral or chemical fertilizers	192696.383	0.97	11732.021	0.77	41.00	1.36	7.59	3.28	0.04
2820	Waste and scrap metal of iron or steel	187666.793	0.95	309.613	0.02	0.81	0.03	0.04	0.00	0.04
7284	Mach.& appliances for specialized	186422.487	0.94	927.902	0.06	0.06	0.51	0.00	0.00	0.01
2873	Aluminium ores and concentrates	185890.823	0.94	3391.855	0.22		0.01	0.00	0.00	

Table 3 (*Cont'd*)

Code	Description									
6514	Yarn contain.85% by wgt.of synth. fibre	178751.022	0.90	36848.683	2.41	0.68	2.26	0.01	0.04	0.38
5831	Polyethylene	173741.739	0.88	76196.145	4.99	0.21	1.31	0.16	4.31	0.29
0542	Beans,peas,lentils & other legumino	166041.413	0.84	12214.805	0.80	0.00	0.07	0.00	0.01	22.68
1211	Tobacco,not stripped	154848.672	0.78	30.962	0.00	0.11	0.01	0.18	0.00	0.02
7599	Parts of and accessories	151115.281	0.76	1258.312	0.08	0.00	3.64	0.00	0.00	0.89
0813	Oil-cake & other residues	150333.949	0.76		0.00	0.03	0.45		0.00	0.89
7499	Other non-electric parts & accessories	147648.762	0.75	148.543	0.01	0.10	0.49	0.00	0.01	0.07
6821	Copper and copper alloys,refined	136174.307	0.69	4192.441	0.27	0.00	0.01	0.49	0.01	
3222	Other coal,whether/not pulverized	132744.008	0.67		0.00	0.00	0.01	0.00	0.00	0.15
7721	Elect.app.such as switches,relays	130192.018	0.66	945.214	0.06	0.07	2.98	0.02	0.01	0.00
7281	Mach.tools for specialized particul	124043.013	0.63	11.097	0.00	0.11	0.36	0.00	0.00	0.30
5989	Chemical products and preparations	122346.626	0.62	5088.771	0.33	0.23	0.78	0.00	0.07	0.14
5111	Acyclic hydrocarbons	106006.1	0.53	6191.708	0.41	0.00	0.78		1.70	
2483	Wood of non-coniferous species,sawn	105749.306	0.53	1789.557	0.12	0.02	7.27	0.00	0.02	0.02
8720	Medical instruments and appliances	101082.991	0.51	2739.939	0.18	0.01	0.49	0.00	0.00	0.00
6418	Paper & paperboard,impregnat.coat.	98012.151	0.49	9585.038	0.63	0.13	0.20		0.01	0.07
7492	Taps,cocks,valves etc.for pipes,tan	97540.292	0.49	291.038	0.02	0.00	0.21	0.00	0.00	0.00
6997	Articles of iron or steel, n.e.s.	91868.674	0.46	488.743	0.03	0.28	0.52	0.00	0.09	0.66
5839	Other polymerization and copolimeri	87608.297	0.44	7604.204	0.50	0.24	0.40	0.17	0.75	0.07
4236	Sunflower seed oil	84034.064	0.42	32.534	0.00	0.39	0.62	6.32	0.19	0.16
0342	Fish,frozen (excluding fillets)	80672.74	0.41	82.948	0.01	0.00	0.18	1.39	0.01	0.00
5156	Heterocyclic compounds;nucleic acid	79075.05	0.40	442.661	0.03	0.00	0.01	0.00	0.00	0.00
5832	Polypropylene	77244.594	0.39	23428.507	1.53	0.90	0.73	0.07	0.60	0.11

Table 3 (*Cont'd*)

6749	Other sheets and plates, of iron	77006.135	0.39	8179.244	0.54	0.02	0.32	0.01	0.06	0.00
5833	Polystyrene and its copolymers	76989.008	0.39	6074.534	0.40	0.48	1.64	0.06	0.33	0.02
0611	Sugars, beet and cane, raw, solid	73759.668	0.37		0.00		0.00		0.01	0.09
7821	Motor vehicles for transport of goods	73527.096	0.37	776.299	0.05	0.00	0.02		0.01	0.01
0224	Milk & cream, preserved, concentrated	72464.826	0.37	103.368	0.01	7.12	0.56	4.51		
0612	Refined sugars and other prod.	71335.489	0.36	149.398	0.01	0.00	0.75	0.00	0.37	0.16
6415	Paper and paperboard, in rolls or sheets	71086.897	0.36	3142.94	0.21	0.20	0.24	0.06	0.03	0.04
5823	Alkyds and other polyesters	69006.253	0.35	12234.899	0.80	0.55	0.82	0.02	0.10	0.18
0230	Butter	68670.141	0.35		0.00	0.00	0.02	0.31	0.39	0.17
	No of products with IRCA>1					**3**	**11**	**7**	**5**	**3**

Note: The shaded cells represent products with potentially higher intra-trade with their respective IRCAs that have values of greater than 1.

1% each), while the remaining 11 products (i.e., excluding petrol, oils & crude oils) constitute import share of no greater than 4%.

Based on the IRCA of trading partners, it was found that 27 products show potential improvement in intra-OIC trade. These include 6 items each from food & live animals (SITC 0) and manufactured goods (SITC 6), five items from machinery & transport equipment (SITC 7), three items from chemicals & materials (SITC 5), two items each from minerals & fuels (SITC 3) and miscellaneous manufactures (SITC 8), as well as 1 item each from beverages & tobacco (SITC 1), crude materials (SITC 2), and animal & vegetable fat (SITC 4).

As was the case with Egypt, Malaysia seems to demonstrate the highest number of products (13 products) in which it has trade complementarities with Jordan. This is followed by Egypt, Syria, Oman and Saudi Arabia with 9, 6, 4 and 2 products, respectively. Out of the 27 products that show prospects for higher intra-OIC trade, 7 products are found to have more than 1 trading partner possessing comparative advantage. Petrol, oils & crude oils (SITC 3330) again dominates intra-OIC imports with a share of 54.21%.

Malaysia

Table 5 provides Malaysia's import structure and her corresponding IRCAs of selected OIC partners. Based on the top 50 products imported by Malaysia, electronic microcircuits (SITC 7764) make up the largest share of 12.42% with US$14.11 billion of total import value. At 1-digit aggregate level the statistics reveals that Malaysia's import in 2005 are dominated by machinery & transport equipment (SITC 7) which accounts for 48.07% of the total followed by manufactured goods (SITC 6), minerals & fuels (SITC 3) and chemical & materials (SITC 5) with the shares of 4.08%, 3.39% and 2.91% of the total, respectively.

A review of complementarity of Malaysia's imports and its trading partner's comparative advantage does not seem to show much prospect for future economic integration among these countries. Only 11 of the 50 major products imported by Malaysia are found to have potential for intra-trade with Egypt registering the highest number of items (5 products) followed by Jordan and Saudi Arabia (both 3 products) and Oman and Syria (both 2 products).

These 11 products have a regional import share of only 7.48% and the extent of the disparity between imports and products with IRCA<1 among these six selected OIC countries is the highest for Malaysia. Out of the top 50 major imports which represent 62.44% of Malaysia's imports, 78% of these products show an IRCA of less than 1, suggesting the extent to which the region is lacking in "efficiency" to meet Malaysia's import needs.

Table 4 Major imports of Jordan and index of revealed comparative advantage (IRCA) of selected OIC partner countries

SITC	Product description	Trade value (US$ '000)	Share in total imports (%)	Trade value from selected OIC countries (US$ '000)	Share of imports from selected OIC countries (%)	IRCA				
						Jordan	Malaysia	Oman	Saudi	Syria
3330	Petrol.oils & crude oils	1,711,157.086	16.37	1,710,972.699	54.21	0.81	0.87	3.26	0.51	0.00
7810	Passenger motor cars, for transport	412,230.189	3.94	19.054	0.00	0.00	0.02		0.00	0.06
6552	Knitted/crocheted fabrics of fibres	411,364.425	3.93	141.619	0.00	2.25	0.45		0.00	0.04
7643	Radiotelegraphic & radiotelephonic	306,467.344	2.93	4,228.072	0.13	0.02	1.55	0.06	0.01	0.09
5417	Medicaments(including veterinary med.)	214,660.161	2.05	7,384.979	0.23	0.12	0.02	0.00	0.87	0.42
7821	Motor vehicles for transport of goods	191,716.731	1.83	24.629	0.00	0.27	0.02		0.00	0.01
8973	Jewellery of gold,silver or platinum	158,085.417	1.51	5,698.615	0.18		2.15			
6724	Puddled bars and pilings;ingots	148,128.321	1.42		0.00	1.05	0.00		2.11	0.05
7649	Parts of apparatus of division 76--	142,150.781	1.36	271.958	0.01	0.03	1.38	0.03		0.32
7929	Parts of heading 792--,excl.tyres	124,507.066	1.19		0.00	0.16	0.59	0.00	0.00	
0411	Durum wheat,unmilled	119,857.843	1.15	10,143.062	0.32	0.01	0.00	0.26	0.01	0.01
3414	Petroleum gases and other gaseous	102,527.211	0.98	102,527.211	3.25	0.34	0.18	0.00	0.00	0.09
0430	Barley,unmilled	100,470.846	0.96		0.00	0.01	0.00	0.00	0.00	0.01
4242	Palm oil	89,867.594	0.86	20,007.582	0.63	0.02	30.99	0.70	0.58	0.21
3413	Petroleum gases and other gaseous	85,232.056	0.82	59,204.910	1.88	22.91	6.29	0.16		0.63
5831	Polyethylene	83,709.518	0.80	49,353.284	1.56	0.29	1.29		0.11	0.31
7849	Other parts & accessories of motor	83,023.476	0.79	1,286.253	0.04	0.13	0.11		0.00	
0612	Refined sugars and other prod.	77,413.542	0.74	31,791.188	1.01	1.87	0.72		0.00	1.34
6531	Fabrics,woven of continuous synth.	76,562.462	0.73	14,202.403	0.45	0.02	0.64	0.46	0.04	0.08
7284	Mach. & appliances for specialized	76,140.245	0.73	1,989.531	0.06	0.01	0.51	0.17	0.00	0.09

Table 4 (*Cont'd*)

Code	Product									
7832	Road tractors and semi-trailers	0.68	70,874.170		0.00	0.21	0.02		0.00	
0980	Edible products and preparations	0.67	69,834.958	21,563.792	0.68	0.32	0.52	0.32	0.18	3.12
9710	Gold,non-monetary	0.66	68,600.041		0.00		0.86			
6783	Other tubes and pipes,of iron or steel	0.65	67,746.797	1,790.801	0.06	0.07	1.71		0.01	0.00
0440	Maize (corn),unmilled	0.63	66,185.130	122.882	0.00	0.10	0.01		0.27	0.12
3510	Electric current	0.63	65,911.823	65,911.823	2.09	0.13	0.21	0.10	0.02	0.51
0224	Milk & cream,preserved,concentrated	0.62	64,723.520	3,985.685	0.13	0.09	0.55	4.51	0.43	4.40
0422	Rice semi-milled or wholly milled	0.57	59,129.711	16,550.339	0.52	33.99	0.01			0.03
1223	Tobacco,manufactured (inc.smoking)	0.55	58,003.112	693.994	0.02	0.11	1.57		0.07	0.00
6842	Aluminium and aluminium alloys,work	0.55	57,645.789	8,973.409	0.28	0.00	0.50		0.01	0.02
6822	Copper and copper alloys,worked	0.54	56,431.625	35,662.176	1.13	2.20	1.36		0.18	0.00
0813	Oil-cake & other residues	0.53	55,260.627	1,131.421	0.04	0.43	0.45	0.69	0.14	1.53
6749	Other sheets and plates,of iron or steel	0.52	54,364.197	11,665.807	0.37	0.02	0.32		0.06	0.02
8939	Miscellaneous art.of materials	0.50	52,623.243	7,554.512	0.24	0.24	0.51		0.17	
1110	Non alcoholic beverages,n.e.s.	0.49	51,089.784	35,530.947	1.13	0.40	0.50		0.00	0.00
2483	Wood of non-coniferous species,sawn	0.49	50,907.177	277.757	0.01	0.02	7.27	0.00		0.60
7161	Motors & generators,direct current	0.49	50,823.778	40.721	0.00	0.28	0.18	1.17	0.00	0.08
5989	Chemical products and preparations	0.48	50,435.189	7,294.560	0.23	0.01	0.78	0.59	0.00	0.05
0111	Meat of bovine animals, fresh, chilled	0.44	46,109.371	129.233	0.00	0.03	0.01	0.01	0.01	0.17
7599	Parts of and accessories	0.44	45,936.901	1,263.467	0.04	0.00	3.64	0.00	0.00	0.02
7721	Elect.app.such as switches,relays	0.44	45,913.919	4,857.952	0.15	0.02	2.98	0.02	0.01	0.00
6624	Non-refract.ceramic bricks,tiles	0.44	45,804.458	14,396.907	0.46	0.22	0.49	1.66	0.17	0.94
5530	Perfumery,cosmetics and toilet prep	0.43	45,446.392	13,661.024	0.43	4.00	0.21	0.39	0.27	0.39
8720	Medical instruments and appliances	0.43	44,832.464	193.876	0.01	0.02	0.49		0.04	

Table 4 (*Cont'd*)

SITC	Product description	Trade value (US$ '000)	Share in total imports (%)	Trade value from selected OIC countries (US$ '000)	Share of imports from selected OIC countries (%)	Egypt	Jordan	Oman	Saudi	Syria
8219	Other furniture and parts	43,388.261	0.42	7,424.228	0.24	0.02	1.94	0.00	0.00	0.01
5832	Polypropylene	42,954.710	0.41	26,747.680	0.85	0.72	0.73	0.02	0.05	0.01
5169	Organic chemicals,n.e.s	42,303.808	0.40	3,136.244	0.10	10.12	0.02	0.22	0.84	1.49
8459	Other outer garments & clothing,knitwear	42,056.101	0.40	1,491.048	0.05	0.55	0.60		0.19	
6841	Aluminium and aluminium alloys	41,222.156	0.39			1.55	0.25	0.07	0.01	0.00
0012	Sheep and goats, live	39,861.425	0.38		0.00	0.27	0.00	0.55	1.05	297.73
	No of products with IRCA>1					9	13	4	2	6

Note: The shaded cells represent products with potentially higher intra-trade with their respective IRCAs that have values of greater than 1.

Table 5 Major imports of Malaysia and index of revealed comparative advantage (IRCA) of selected OIC partner countries

SITC	Product description	Trade value (US$ '000)	Share in total imports (%)	Trade value from selected OIC countries (US$ '000)	Share of imports from selected OIC countries (%)	IRCA				
						Egypt	Jordan	Oman	Saudi	Syria
7764	Electronic microcircuits	14108322.61	12.42	3.679	0.00	0.00	0.01	0.00	0.00	0.00
7768	Piezo-electric crystals,mounted	110868839.73	9.76	238.8	0.01	0.03	0.00	0.00	0.00	0.00
7599	Parts of and accessories suitable	6482933.248	5.71	41.357	0.00	0.00	0.00	0.00	0.00	0.00
3330	Petrol.oils & crude oils	3405560.535	3.00	1509138.159	71.11	0.86		11.55	12.73	0.00
7788	Other elect.machinery and equipment	2335519.888	2.06	97.948	0.00	0.01	0.01	0.00	0.00	0.00
7721	Elect.app.such as switches,relays,	1976878.041	1.74	2307.702	0.11	0.03	0.07	0.02	0.01	0.00
7649	Parts of apparatus of division 76--	1900048.452	1.67	124.741	0.01	0.03	0.00	0.00	0.00	0.00
7722	Printed circuits and parts thereof	1880593.845	1.66	1.907	0.00	0.00	0.00		0.00	0.00
7763	Diodes,transistors and sim.semi-conductors	1643928.365	1.45		0.00	0.00	0.00	0.00	0.00	0.00

Table 5 (*Cont'd*)

Code	Description									
7284	Mach.& appliances for specialized	1.29	1460872.774	15.103	0.00	0.03	0.06	0.00	0.00	0.01
9710	Gold,non-monetary	1.20	1360887.444	13.402	0.00	0.42	0.05	0.05	0.30	
7810	Passenger motor cars,for transport	1.15	1302975.569	40.643	0.00	0.00	0.00	0.00	0.00	0.00
7643	Radiotelegraphic & radiotelephonic	1.09	1240973.754		0.00	0.00	0.00	0.00	0.00	0.00
7525	Peripheral units,incl.control & ada	1.00	1141056.365	2.987	0.00	0.00	0.00	0.00	0.01	
7522	Complete digital data processing	0.92	1047109.666		0.00	0.00	0.00	0.00	0.00	
7849	Other parts & accessories of motor	0.87	990951.565	134.759	0.01	0.02	0.02		0.00	0.03
6822	Copper and copper alloys,worked	0.68	766725.588	48.579	0.00	0.05	0.35	0.28	0.07	0.05
6783	Other tubes and pipes,of iron or steel	0.64	728795.287		0.00	0.03	0.19	1.57	0.14	0.13
8742	Drawing,marking-out,disc calculator	0.62	709549.607	19.57	0.00	0.00	0.00	0.00	0.00	0.00
6821	Copper and copper alloys,refined	0.60	680620.928	8550.665	0.40	0.02	0.00	0.49	0.01	0.00
6746	Sheets & plates,rolled;thickness	0.59	667646.571	13.426	0.00	0.00	0.00	0.00	0.09	0.00
7162	Elect.motors & generators,generating	0.58	660822.868		0.00	0.06	0.01	0.00	0.01	0.01
8939	Miscellaneous art.of materials	0.56	633624.16	7.318	0.00	0.30	1.18	0.14	0.10	0.54
7712	Other electric power machinery,part	0.55	622943.289	1.329	0.00	0.00	0.00	0.00	0.00	0.01
7932	Ships,boats and other vessels	0.53	600319.893		0.00	0.07	0.00	0.00	0.00	0.00
5112	Cyclic hydrocarbons	0.53	598971.441		0.00	0.00	0.00		1.61	3.16
2820	Waste and scrap metal of iron or steel	0.50	565992.383		0.00	0.15	0.81	0.04	0.00	0.04
7781	Batteries and accumulators and part	0.48	546378.966	11.328	0.00	0.28	0.44	0.34	0.06	0.04
5831	Polyethylene	0.45	516049.968	53694.641	2.53	3.83	0.21	0.16	4.31	0.29
7924	Aircraft exceeding an unladen weigh	0.45	507481.029	1.506	0.00	0.00				
5417	Medicaments(including veterinary med.)	0.44	505004.113	301.825	0.01	0.29	3.46	0.00	0.03	0.20
5989	Chemical products and preparations,	0.44	496849.416	23.706	0.00	0.22	0.23	0.00	0.07	0.14
7929	Parts of heading 792--,excl.tyres	0.43	491842.447	965.201	0.05		0.00	0.00	0.00	0.07

Table 5 (*Cont'd*)

Code	Product	Value								
7761	Television picture tubes,cathode	488078.915	0.43		0.00		0.00	0.00	0.00	0.00
6749	Other sheets and plates,of iron or steel	478433.695	0.42	21.136	0.00	0.05	0.02	0.01	0.06	0.00
6842	Aluminium and aluminium alloys,work	451024.101	0.40		0.00	1.26	0.81	0.52	0.14	0.30
3222	Other coal,whether/not pulverized	449600.929	0.40		0.00	0.00	0.00	0.00	0.00	0.15
7149	Parts of the engines & motors of 71	449053.979	0.40		0.00		0.00	0.00	0.00	0.01
6841	Aluminium and aluminium alloys	440380.323	0.39	9812.073	0.46	2.07	0.52	0.00	0.00	0.02
8749	Parts,n.e.s.accessories for 873--,8	429392.816	0.38	3.51	0.00	0.00	0.00	0.00	0.00	0.00
6727	Iron or steel coils for re-rolling	426271.649	0.38		0.00	7.06	0.00	0.00	0.03	0.01
2320	Natural rubber latex; nat.rubber	422713.499	0.37		0.00	0.17	0.00		0.01	0.02
5823	Alkyds and other polyesters	421410.695	0.37	28.983	0.00	0.00	0.55	0.02	0.10	0.18
7528	Off-line data processing equipment.	419976.035	0.37	5.911	0.00	0.00	0.00		0.03	
7499	Other non-electric parts & accessories	412379.413	0.36	24.161	0.00	0.16	0.10	0.00	0.01	0.07
7821	Motor vehicles for transport of goods	399093.679	0.35		0.00	0.00	0.00	0.00	0.01	0.01
7731	Insulated,elect.wire,cable,bars	398556.071	0.35		0.00	0.04	1.78	0.89	0.30	0.27
5839	Other polymerization and copolimeri	395328.478	0.35	1870.442	0.09	1.02	0.24	0.17	0.75	0.07
0721	Cocoa beans,whole or broken,raw	392638.423	0.35		0.00					
5833	Polystyrene and its copolymers	374362.256	0.33	135.339	0.01	0.01	0.48	0.06	0.33	0.02
	No of products with IRCA>1					**5**	**3**	**2**	**3**	**2**

Note: The shaded cells represent products with potentially higher intra-trade with their respective IRCAs that have values of greater than 1.

Oman

Oman provides a different scenario from Malaysia as seen in Table 6. Based on the top 50 products imported by Oman, passenger motorcars (SITC 7810) makes up the largest share of 15.45% with US$1.36 billion of total import value. At 1-digit aggregate level the statistics reveals that Oman's import in 2005 are dominated by machinery & transport equipment (SITC 7) which accounts for 41.07% of the total followed by manufactured goods (SITC 6), food & live animals (SITC 0) and chemical & materials (SITC 5) with the shares of 7.37%, 4.26% and 4.09% of the total, respectively.

Based on the complementarity of its imports and IRCA of selected OIC partners, with 29 products accounting for 21.82% of Oman's imports, the region appears to be an efficient supplier of machinery & transport equipment (9.09%), chemicals & materials (6.32%), manufactured goods (4.68%), and food & live animals (2.94%). All five trading partners of selected OIC countries are found to have trade complementarities with Oman in which Jordan recorded the highest number of products with 14 out of 50 Oman's major products originated from Jordan. In addition, both Malaysia and Egypt have comparative advantage in their products with 11 and 10 having IRCA>1, respectively. Meanwhile, Saudi Arabia and Syria both have comparative advantage in 2 out of 50 major products imported by Oman.

Saudi Arabia

Table 7 shows 50 major products imported by Saudi Arabia. Passenger motor cars (SITC 7810) make up the largest share of Saudi Arabia's import with a total value of US$6.63 billion which represents 11.14% of total imports of Saudi Arabia. Other major imports are medicaments (SITC 5417), radiotelegraphic & radiotelephonic (SITC 7643), motor vehicles (SITC 7821) and parts of heading (SITC 7929) with the total amounts of US$1.57 billion (2.64%), US$1.52 billion (2.55%), US$1.37 billion (2.31%), and US$1.36 billion (2.28%), respectively.

Among the 50 major products imported by Saudi Arabia, machinery & transport equipment (SITC 7) occupies the largest share (32.94%), followed by food & live animals (SITC 0), manufactured goods (SITC 6), chemicals & materials (SITC 5), and miscellaneous manufactures (SITC 8) with the shares of 7.01%, 6.71%, 4.49%, and 2.31%, respectively. Out of these top 50 imports, 27 products (where the IRCA>1) are found to have potential for intra-trade between Saudi Arabia and selected OIC countries. Products with potential intra-trade are food & live animals (SITC 0), beverages & tobacco (SITC 1), chemicals & materials (SITC 5), manufactured goods (SITC 6), machinery & transport equipment (SITC 7), and miscellaneous manufactures (SITC 8).

Jordan and Malaysia, and to a certain extent, Egypt and Syria are found to have trade complementarities with Saudi Arabia based on the IRCA values. Both Jordan and Malaysia have comparative advantage in 11 out of the 50 major

Table 6 Major imports of Oman and index of revealed comparative advantage (IRCA) of selected OIC partner countries

SITC	Product description	Trade value (US$ '000)	Share in total imports (%)	Trade value from selected OIC countries (US$ '000)	Share of imports from selected OIC countries (%)	IRCA				
						Egypt	Jordan	Malaysia	Saudi	Syria
7810	Passenger motor cars,for transport	1363553.14	15.45	179.923	0.05	0.00	0.00	0.02	0.00	0.00
7239	Parts of the machinery of 723.41	383796.594	4.35	13577.929	3.50	0.01	0.01	0.15	0.02	0.03
7849	Other parts & accessories of motor	305777.645	3.46	470.233	0.12	0.02	0.02	0.11	0.00	0.03
7821	Motor vehicles for transport of goods	260665.518	2.95	210.814	0.05	0.00	0.00	0.02	0.01	0.01
7649	Parts of apparatus of division 76--	153219.801	1.74		0.00	0.03	0.00	1.38	0.00	0.00
0224	Milk & cream,preserved,concentrated	132967.103	1.51	8171.169	2.11	0.09	7.12	0.56	0.43	0.30
7721	Elect.app.such as switches,relays	123957.584	1.40	3881.123	1.00	0.03	0.07	2.98	0.01	0.00
7149	Parts of the engines & motors of 71	116244.429	1.32	0.401	0.00	0.00	0.00	0.19	0.00	0.01
6822	Copper and copper alloys,worked	107543.138	1.22	263.048	0.07	0.05	0.35	1.36	0.07	0.05
5417	Medicaments(including veterinary med.)	90797.527	1.03	8363.101	2.16	0.29	3.46	0.02	0.03	0.20
7234	Construction and mining machinery	87871.937	1.00	81.16	0.02	0.13	0.00	0.13	0.00	0.10
7831	Public-service type passenger motor	82461.574	0.93	6.502	0.00	0.78	6.46	0.11	0.01	0.07
7929	Parts of heading 792--,excl.tyres	80659.729	0.91	45.077	0.01		0.00	0.59	0.00	0.07
7599	Parts of and accessories	80266.508	0.91	238.239	0.06	0.00	0.00	3.64	0.00	
7119	Parts of boilers & aux.plant of 711	79248.229	0.90	2.182	0.00		0.00	0.22	0.00	
6782	seamlesstubes and pipes;blanks	77612.444	0.88	1074.944	0.28	0.18	1.88	0.23	0.09	0.54
5831	Polyethylene	76582.38	0.87	16145.882	4.16	3.83	0.21	1.31	4.31	
5530	Perfumery,cosmetics and toilet prep	76460.644	0.87		0.00	0.57	0.42	0.21	0.12	0.24
5416	Glycosides;glands or other organs	70169.754	0.79	895.534	0.23	0.07	0.47	0.01	0.00	0.00
6911	Structures & parts of struc.;iron/s	69671.787	0.79	7281.005	1.88	1.13	0.67	0.64	0.54	0.05

Table 6 (*Cont'd*)

Code	Description								
7415	Air conditioning mach.self-contained	0.78	68656.558	3.78	0.06	2.56	2.35	0.40	0.02
7492	Taps,cocks,valves etc.for pipes,tan	0.76	66919.742	0.19	0.01	0.00	0.21	0.00	0.00
7923	Aircraft not exceeding an unladen	0.75	66327.77	0.00			0.01		
7924	Aircraft exceeding an unladen weigh	0.75	66327.77	0.00		0.00	0.00		
0422	Rice semi-milled or wholly milled,	0.75	66147.576	0.01	33.61	0.00	0.01	0.00	0.00
0114	Poultry,dead & edible offals ex.live	0.72	63644.767	0.10	0.03	0.69	0.01	0.20	0.01
6783	Other tubes and pipes,of iron or steel	0.69	60853.572	0.58	0.03	0.19	1.71	0.14	0.13
2815	Iron ore and concentrates,not agglo	0.69	60593.809	0.00			0.02		
7938	Tugs,special purpose vessels,floats	0.68	59791.557	0.00	0.00		4.33	0.00	
2871	Copper ores & concentrates;copper	0.67	59122.837	0.00		0.00	0.00	0.02	
7731	Insulated,elect.wire,cable,bars	0.66	58050.132	4.18	0.04	1.78	0.67	0.30	0.27
6712	Pig iron,cast iron and spiegeleisen	0.64	56470.141	0.01	1.20	0.00	0.01	0.42	0.09
6924	Casks,drums,boxes of iron/steel	0.62	54728.859	0.82	1.17	12.58	0.69	0.60	0.21
6842	Aluminium and aluminium alloys,work	0.56	49522.007	0.70	1.26	0.81	0.50	0.14	0.30
6727	Iron or steel coils for re-rolling	0.56	49205.8	0.14	7.06	0.00	0.49	0.03	0.01
5989	Chemical products and preparations	0.54	47249.649	0.68	0.22	0.23	0.78	0.07	0.14
8973	Jewellery of gold,silver or platinum	0.52	45933.418	1.14	0.04	15.59	2.16	0.07	0.03
8939	Miscellaneous art.of materials	0.52	45901.644	0.39	0.30	1.18	0.51	0.10	0.54
6731	Wire rod of iron or steel	0.52	45841.363	1.33	0.62	0.06	0.63	0.21	
9710	Gold,non-monetary	0.49	43171.98	0.10	0.42	0.05	0.87	0.30	
7284	Mach.& appliances for spezialized	0.49	43101.889	0.03	0.03	0.06	0.51	0.00	0.01
6732	Bars & rods,of iron/steel;hollow	0.49	42866.365	0.17	6.73	0.02	0.17	0.27	1.76
8219	Other furniture and parts	0.49	42818.905	0.82	0.58	1.15	1.94	0.01	0.26
7643	Radiotelegraphic & radiotelephonic	0.46	40874.374	0.07	0.00	0.00	1.55	0.00	0.00

Table 6 (*Cont'd*)

1222	Cigarettes	39606	0.45		0.00	0.00	6.82	0.82	0.00	0.20
0585	Juices;fruit & veget.(incl.grape)	38474.326	0.44		0.00	2.20	0.31	0.15	0.76	0.62
0012	Sheep and goats, live	38152.081	0.43	0.762	0.00	0.27	34.43	0.00	1.05	298.42
7442	Lifting,handling,loading mach.conve	37984.602	0.43	9.758	0.00	0.36	0.24	0.36	0.00	0.02
0980	Edible products and preparations n.	36817.186	0.42	3215.733	0.83	0.32	1.08	0.53	0.06	0.65
6612	Portland cement,ciment fondu,slag c	36761.438	0.42	209.29	0.05	43.83	5.97	0.76	0.69	0.01
	No of products with IRCA>1				**10**	**14**	**11**	**2**	**2**	**2**

Note: The shaded cells represent products with potentially higher intra-trade with their respective IRCAs that have values of greater than 1.

Table 7 Major imports of Saudi Arabia and index of revealed comparative advantage (IRCA) of selected OIC partner countries

SITC	Product description	Trade value (US$ '000)	Share in total imports (%)	Trade value from selected OIC countries (US$ '000)	Share of imports from selected OIC countries (%)	IRCA				
						Jordan	Malaysia	Oman	Egypt	Syria
7810	Passenger motor cars, for transport	6630803.222	11.14	1055.584	0.04	0.00	0.02	0.00	0.00	0.00
5417	Medicaments(including veterinary med.)	1570994.714	2.64	108445.502	4.57	3.46	0.02	0.00	0.29	0.20
7643	Radiotelegraphic & radiotelephonic	1518870.617	2.55	4732.982	0.20	0.00	1.55	0.00	0.00	0.00
7821	Motor vehicles for transport of goods	1372315.501	2.31	580.557	0.02	0.00	0.02		0.00	0.01
7929	Parts of heading 792--,excl.tyres	1358990.243	2.28	76.853	0.00	0.00	0.59	0.00		0.07
0430	Barley,unmilled	1048283.163	1.76	0.413	0.00		0.00	0.00	0.01	0.09
7849	Other parts & accessories of motor	925436.856	1.56	10543.582	0.44	0.02	0.11	0.00	0.02	0.03
7938	Tugs,special purpose vessels,floating	903611.359	1.52		0.00		4.33	0.00	0.00	
9710	Gold,non-monetary	800523.012	1.35		0.00	0.05	0.87	0.05	0.42	0.00

Table 7 (*Cont'd*)

6842	Aluminium and aluminium alloys,work	742303.016	1.25	17684.918	0.74	0.81	0.50	0.52	1.26	0.30
7239	Parts of the machinery of 723.41 to	736478.423	1.24	848.657	0.04	0.01	0.15	0.00	0.01	0.03
7721	Elect.app.such as switches,relays	689996.812	1.16	13347.398	0.56	0.07	2.98	0.02	0.03	0.00
0012	Sheep and goats, live	647618.799	1.09	399163.212	16.81	34.43	0.00	0.56	0.27	298.42
0114	Poultry,dead & edible offals ex.live	626661.019	1.05	320.101	0.01	0.69	0.01	0.28	0.03	0.01
7149	Parts of the engines & motors of 71	614586.226	1.03	0.72	0.00	0.00	0.19	0.00		0.01
7131	Internal combustion piston engines	587213.722	0.99		0.00	0.00	6.88			0.06
5530	Perfumery,cosmetics and toilet prep	568237.61	0.95	8872.258	0.37	0.42	0.21	0.05	0.57	0.24
5989	Chemical products and preparations	536370.795	0.90	9935.217	0.42	0.23	0.78	0.00	0.22	0.14
6727	Iron or steel coils for re-rolling	533531.326	0.90	74369.077	3.13	0.00	0.49		7.06	0.01
6749	Other sheets and plates,of iron	531587.13	0.89	43931.412	1.85	0.02	0.32	0.01	0.05	0.00
0422	Rice semi-milled or wholly milled	527435.632	0.89	8308.666	0.35	0.00	0.01	0.00	33.61	0.00
0224	Milk & cream,preserved,concentrated	510918.187	0.86	41697.888	1.76	7.12	0.56	4.51	0.09	0.30
7492	Taps,cocks,valves etc.for pipes,tan	509076.723	0.86	281.077	0.01	0.00	0.21	0.00	0.01	0.00
2815	Iron ore and concentrates,not agglo	499628.12	0.84		0.00		0.02	0.04		
0980	Edible products and preparations	499038.344	0.84	46986.381	1.98	1.08	0.53	0.30	0.32	0.65
7234	Construction and mining machinery	475573.688	0.80	439.054	0.02	0.00	0.13		0.13	0.10
7649	Parts of apparatus of division 76--	468650.723	0.79	2956.606	0.12	0.00	1.38	0.00	0.03	0.00
6822	Copper and copper alloys,worked	452198.927	0.76	13461.611	0.57	0.35	1.36	0.28	0.05	0.05
1222	Cigarettes	434276.65	0.73	3181.673	0.13	6.82	0.82	0.00	0.00	0.20
6252	Tyres,pneumat.,new,of a kind used	422087.99	0.71	5116.131	0.22	0.00	0.13	0.00	2.26	
7599	Parts of and accessories	393764.808	0.66	16394.337	0.69	0.00	3.64	0.00	0.00	0.00
8219	Other furniture and parts	371449.084	0.62	48377.895	2.04	1.15	1.94	0.19	0.58	0.26
7415	Air conditioning mach.self-contained	368807.497	0.62	7740.642	0.33	2.56	2.35	0.00	0.06	0.02

Table 7 (*Cont'd*)

6624	Non-refract.ceramic bricks,tiles	0.59	353768.617	0.55	0.41	0.49	1.32	2.68	1.03
6821	Copper and copper alloys,refined	0.59	352833.473	0.03	0.00	0.01	0.49	0.02	
6531	Fabrics,woven of continuous synthetic	0.58	343955.335	0.22	0.01	0.64		0.03	4.67
7431	Air pumps,vacuum pumps & compressor	0.56	332997.364	0.79	0.00	1.34	0.00	0.02	0.04
7442	Lifting,handling,loading mach.conve	0.56	331416.43	0.29	0.24	0.36	0.00	0.36	0.02
7831	Public-service type passenger motor	0.55	329825.992	0.91	6.46	0.11		0.78	0.07
0240	Cheese and curd	0.52	311560.671	1.19	0.80	0.00	0.00	1.74	1.45
9510	Armoured fighting vehicles,arms of	0.52	310066.379	0.11	0.00	0.01	0.00		0.00
7162	Elect.motors & generators,generating	0.47	281946.574	0.02	0.01	0.65	0.00	0.06	0.01
7499	Other non-electric parts & accessories	0.44	264301.078	0.11	0.10	0.49	0.00	0.16	0.07
8720	Medical instruments and appliances	0.44	261281.806	0.06	0.01	0.49	0.00	0.02	0.00
6911	Structures & parts of struc.;iron/s	0.44	258872.337	0.36	0.67	0.64	0.23	1.13	0.05
7611	Television receivers,colour	0.43	255595.366	1.80	1.26	2.33	0.00	0.15	
8439	Other outer garments of textile fab	0.43	255503.003	0.10	10.78	0.18	0.00	0.20	0.50
8510	Footwear	0.43	253953.953	0.36	0.07	0.17	0.01	0.02	0.85
7414	Refrigerators & refr.equipment	0.42	250634.43	0.11	0.92	0.44	0.05	0.04	0.36
8422	Suits,men's,of textile fabrics	0.39	233266.365	0.06	10.21	0.01	0.48	0.48	1.34
	No of products with IRCA>1				11	11	2	7	5

Note: The shaded cells represent products with potentially higher intra-trade with their respective IRCAs that have values of greater than 1.

products imported by Saudi Arabia. Products that both Jordan and Malaysia possess comparative advantage are food & live animals (SITC 0), beverages & tobacco (SITC 1), chemicals & materials (SITC 5), manufactured goods (SITC 6), machinery & transport equipment (SITC 7), and miscellaneous manufactures (SITC 8). Egypt and Syria, on the other hand, are found to have comparative advantage in food & live animals (SITC 0), manufactured goods (SITC 6), and miscellaneous manufactures (SITC 8).

Column 6 shows the share of the 50 major products imported by Saudi Arabia from OIC countries. Sheep & goats (SITC 0012) make up the largest share of Saudi's imports from OIC members with the total amount of US$399.2 million (16.81%). This is followed by medicaments (SITC 5417), iron or steel coils (SITC 6727), and other furniture & parts (SITC 8219) with trade values of US$108.4 million (4.57%), US$74.4 million (3.13%), and US$48.4 million, respectively. The OIC countries are found to have comparative advantage in these products.

Food & live animals (SITC 0) dominates the 10 major import products of Saudi Arabia from the OIC countries with the share of 21.74%, followed by manufactured goods (SITC 6), chemicals & materials (SITC 5), machinery & transport equipment (SITC 7), and miscellaneous manufactures (SITC 8) with the respective shares of 4.98%, 4.57%, 2.71%, and 2.04%.

Syria

Table 8 shows the 50 major products imported by Syria in 2005. Similar to Saudi Arabia, passenger motorcars (SITC 7810) makes up the largest share (5.34%) in Syria's total imports amounting to US$421.7 million. Other major import products, each respectively make up more than 2% of the share in Syria's total imports are polyethylene (SITC 5831), motor vehicles (SITC 7821), maize (SITC 0440), yarn (SITC 6514), refined sugars (SITC 0612), blooms, billets, slabs & sheet bars (SITC 6725), and bars & rods of iron/steel (SITC 6732).

Manufactured goods (SITC 6) represent the largest share of major products imported by Syria with the share in total imports of 19.01%. The next major import categories are machinery & transport equipment (SITC 7), food & live animals (SITC 0), chemicals & materials (SITC 5), and crude materials (SITC 2), each consisting of 14.49%, 10.09%, 7.03%, and 3.49% of the share of Syria's imports.

Out of the 50 major imports of Syria, 27 products (where the IRCA>1) are found to have potential for intra-trade between Syria and OIC countries. Products with potential intra-trade are food & live animals (SITC 0), beverages & tobacco (SITC 1), crude materials (SITC 2), chemicals & materials (SITC 5), manufactured goods (SITC 6), machinery & transport equipment (SITC 7), and miscellaneous manufactures (SITC 8).

Based on the IRCA values, Egypt and Malaysia are found to have potential trade complementarities with Syria. Egypt and Malaysia have comparative advantage in

Table 8 Major imports of Syria and index of revealed comparative advantage (IRCA) of selected OIC partner countries

SITC	Product description	Trade value (US$ '000)	Share in total imports (%)	Trade value from selected OIC countries (US$ '000)	Share of imports from selected OIC countries (%)	IRCA				
						Jordan	Malaysia	Oman	Saudi	Egypt
7810	Passenger motor cars,for transport	421727.165	5.34	5716.727	0.65	0.00	0.02		0.00	0.00
5831	Polyethylene	223160.724	2.83	102676.067	11.75	0.21	1.31	0.16	4.31	3.83
7821	Motor vehicles for transport of goods	217875.054	2.76	625.113	0.07	0.00	0.02	0.01	0.01	0.00
0440	Maize (corn),unmilled	195429.929	2.47		0.00		0.01	0.00	0.00	0.10
6514	Yarn contain.85% by wgt.of synth. fibre	190126.307	2.41	70353.252	8.05	0.68	2.26	0.01	0.04	0.03
0612	Refined sugars and other prod.	186060.23	2.36	5345.607	0.61	0.00	0.75	0.00	0.37	1.94
6725	Blooms,billets,slabs & sheet bars	179886.239	2.28	172.976	0.02		0.46		0.01	1.01
6732	Bars & rods,of iron/steel;hollow	168997.878	2.14	956.968	0.11	0.02	0.17	0.19	0.27	6.73
6770	Iron/steel wire/wheth/not coated	147518.753	1.87	134.316	0.02	1.08	0.82	0.81	0.16	1.87
5832	Polypropylene	116220.218	1.47	72355.148	8.28	0.90	0.73	0.07	0.60	0.64
6727	Iron or steel coils for re-rolling	115670.91	1.46	6994.112	0.80	0.00	0.49		0.03	7.06
6749	Other sheets and plates,of iron	115398.256	1.46	4173.608	0.48	0.02	0.32	0.01	0.06	0.05
6612	Portland cement,ciment fondu,slag	109691.757	1.39	41866.246	4.79	5.97	0.76	2.71	0.69	43.83
0430	Barley,unmilled	109101.282	1.38		0.00		0.00	0.00	0.00	0.01
2483	Wood of non-coniferous species,sawn	109066.319	1.38	756.9	0.09	0.02	7.27	0.00	0.02	0.02
5621	Mineral or chemical fertilizers,nit	90928.553	1.15	259.983	0.03	41.00	1.36	7.59	3.28	1.03
0813	Oil-cake & other residues	88302.236	1.12		0.00	0.03	0.45		0.00	0.43
6746	Sheets & plates,rolled;thickness	81523.544	1.03	599.145	0.07	0.00	0.16		0.09	0.00
7643	Radiotelegraphic & radiotelephonic	79051.371	1.00		0.00	0.00	1.55	0.00	0.00	0.00
7649	Parts of apparatus of division 76--	78913.165	1.00	518.798	0.06	0.00	1.38	0.00	0.00	0.03

Table 8 (*Cont'd*)

Code	Commodity								
7234	Construction and mining machinery	0.99	78215.706	0.04	0.00	0.13		0.00	0.13
7849	Other parts & accessories of motor	0.86	67823.282	0.05	0.02	0.11		0.00	0.02
7284	Mach.& appliances for spezialized	0.84	66138.736	0.05	0.06	0.51	0.00	0.00	0.03
5834	Polyvinyl chloride	0.83	65489.492	1.83	0.31	0.43	0.02	0.28	0.91
0224	Milk & cream,preserved,concentrated	0.79	62421.091	0.10	7.12	0.56	4.51	0.43	0.09
2665	Synth.fibr.not carded,combed or other	0.79	62281.911	0.42	0.00	1.00		0.34	
7721	Elect.app.such as switches,relays	0.79	62179.335	0.94	0.07	2.98	0.02	0.01	0.03
0422	Rice semi-milled or wholly milled	0.76	60306.655	6.24	0.00	0.01	0.00	0.00	33.61
0741	Tea	0.76	59808.657	0.49	0.00	0.07	0.02	0.05	3.01
2222	Soya beans	0.75	58998.762	0.00		0.02		0.00	0.00
6416	Building board of wood pulp	0.73	57302.601	0.20	0.02	2.54	0.02	0.01	0.04
6733	Angles,shapes & sections & sheet	0.69	54148.17	0.24	0.36	0.10	0.01	0.44	0.81
6822	Copper and copper alloys,worked	0.67	52923.455	1.96	0.35	1.36	0.28	0.07	0.05
6418	Paper & paperboard,impregnat.coat	0.64	50159.214	0.28	0.13	0.20	0.01	0.01	0.13
5989	Chemical products and preparations	0.61	48280.152	0.88	0.23	0.78	0.00	0.07	0.22
6531	Fabrics,woven of continuous synthetic	0.60	47393.739	0.07	0.01	0.64	0.05	0.05	0.03
5232	Metallic salts and peroxysalts	0.60	47270.859	0.30	20.76	0.41	0.26	0.13	2.23
8983	Gramophone records and sim.sound	0.58	46072.59	0.03	0.04	1.49	0.00	0.01	0.01
2731	Building and monumental stone	0.57	45262.132	0.01	1.91	0.03	2.02	0.12	33.46
6841	Aluminium and aluminium alloys	0.57	45093.978	0.00	0.52	0.25	0.00	0.00	2.07
5833	Polystyrene and its copolymers	0.56	44385.381	0.82	0.48	1.64	0.06	0.33	0.01
1222	Cigarettes	0.54	42972.819	0.00	6.82	0.82	0.00	0.00	0.00
6415	Paper and paperboard,in rolls or sheets	0.54	42283.854	0.38	0.20	0.24	0.06	0.03	0.04

Table 8 (*Cont'd*)

7224	Wheeled tractors,not incl. in 744.1	42051.178	0.53	423.272	0.05	0.00	0.01		0.00	0.01
6731	Wire rod of iron or steel	41926.722	0.53		0.00	0.06	0.63	1.24	0.21	0.62
7245	Weaving,knitting mach. for preparing	36828.32	0.47		0.00	0.00	0.10	0.00	0.00	0.01
5823	Alkyds and other polyesters	35833.515	0.45	3362.134	0.38	0.55	0.82	0.02	0.10	0.00
0421	Rice in the husk or husked	35542.934	0.45	18890.233	2.16		0.00		0.01	4.26
8720	Medical instruments and appliances	35411.194	0.45	1855.47	0.21	0.01	0.49	0.00	0.00	0.02
7452	Other non-electrical mach.amp parts	35029.156	0.44	439.424	0.05	0.10	0.12	0.00	0.02	0.01
	No of products with IRCA>1					**7**	**12**	**5**	**2**	**14**

Note: The shaded cells represent products with potentially higher intra-trade with their respective IRCAs that have values of greater than 1.

14 and 12, respectively, out of 50 major products imported by Syria. These products are food & live animals (SITC 0), crude materials (SITC 2), chemicals & materials (SITC 5), manufactured goods (SITC 6), machinery & transport equipment (SITC 7), and miscellaneous manufactures (SITC 8).

Jordan, on the other hand, possesses comparative advantage in 7 products. The products that Jordan are found to have comparative advantage are food & live animals (SITC 0), beverages & tobacco (SITC 1), crude materials (SITC 2), chemicals & materials (SITC 5), manufactured goods (SITC 6). Oman and Saudi Arabia have comparative advantage in 5 and 2 products, respectively. These products are food & live animals (SITC 0), chemicals & materials (SITC 5), manufactured goods (SITC 6).

Column 6 shows shares of the 50 major products imported by Syria from OIC countries. Polyethylene (SITC 5831) constitutes the largest share (11.75%) of Syria's imports from the OIC members with the trade value of US$102.7 million. The second and third major imports from OIC countries are polypropylene (SITC 5832) and yarn (SITC 6514), each constituting about 8% of the share of Syria's imports from OIC, with the amount of US$72.4 million and US$70.4 million, respectively.

Syria's major import products from the OIC countries include chemicals & materials (SITC 5), manufactured goods (SITC 6), food & live animals (SITC 0) and machinery & transport equipment (SITC 7) with the share of 23.56%, 14.80%, 8.40%, and 0.94%, respectively. The OIC countries are found to possess comparative advantage 6 of the 10 major products that Syria imports from the OIC members. The six products fall into the following categories: food & live animals (SITC 0), chemicals & materials (SITC 5), manufactured goods (SITC 6), and machinery & transport equipment (SITC 7).

The overall results for all the six countries are summarized in Table 9. In general, all the OIC countries under study have potentials to enhance intra-trade among themselves in chemicals & materials (SITC 5), while at least five of the countries have trade potentials in food & live animals (SITC 0), manufactured goods (SITC 6), and machinery & transport equipment (SITC 7). To a lesser degree, there are also intra-trade potentials in miscellaneous manufactures (SITC 8), food & beverages (SITC 1), and crude materials (SITC 2). Based on the results above, trade complementarity analyses by using the index of revealed comparative advantage indices do not seem to indicate a very bright prospect for higher intra-OIC trade.

Table 9 Trade potentials among selected OIC countries

Country	Number of potential items (out of top 50 imports)	SITC code (at aggregated 1-digit level)
Egypt	19 (38%)	5, 0, 7
Jordan	27 (54%)	0, 6, 7, 5, 8
Malaysia	11 (22%)	5, 6
Oman	29 (58%)	7, 5, 6, 0
Saudi Arabia	27 (54%)	0, 1, 5, 6, 7, 8
Syria	27 (54%)	0, 1, 2, 5, 6, 7, 8

Note: SITC 0: Food & live animals; SITC 1: Beverages & tobacco; SITC 2: Crude materials; SITC 3: Minerals & fuels; SITC 4: Animal & vegetable fat; SITC 5: Chemicals & materials; SITC 6: Manufactured goods; SITC 7: Machinery & transport equipment; SITC 8: Miscellaneous manufactures; SITC 9: Other commodities

CONCLUSION AND POLICY RECOMMENDATIONS

This paper investigates the trade structure among six OIC member countries, namely Egypt, Jordan, Malaysia, Saudi Arabia, Syria and Oman by using trade concentration, trade divergence and revealed comparative advantage indices for the years 1990 and 2005. Trade divergence estimates suggest that only Jordan shows the likelihood for greater intra-trade with 26.91% of its dynamic exports being represented in intra-OIC exports. The prospects for all the countries except for Jordan do not appear to be encouraging. A highly concentrated export for Saudi Arabia, in particular, confirms its very narrow export base, where its dynamic exports are found to be concentrated in only 2 items, namely petrol, oil & crude oils, and polyethelene.

The revealed comparative advantage indices do not seem to indicate a very bright prospect for higher intra-OIC trade. Egypt has only 19 items out of its top 50 imports showing some potential for higher intra-OIC trade. Among the major product categories of these 19 items include chemical & materials, food & live animals, and machinery & transport equipment. Jordan has a higher number of items (27 items), which can potentially be imported more from OIC trading partners. These goods are mainly in the categories of food & live animals, manufactured goods, machinery & transport equipment, chemicals & materials, minerals & fuels, and miscellaneous manufactures.

Only 11 of the 50 major products imported by Malaysia are found to have potential for intra-trade. Malaysia has potentials to import from OIC trading partners for products falling mainly in the chemicals & materials, and manufactured goods categories. Oman has 29 products in which the region appears to be an efficient supplier. These are machinery & transport equipment, chemicals & materials, manufactured goods, and food & live animals.

Out of Saudi Arabia's top 50 imports, 27 products are found to have potential for intra-trade with OIC countries. These are in the categories of food & live animals,

beverages & tobacco, chemicals & materials, manufactured goods, machinery & transport equipment, and miscellaneous manufactures. As for Syria, 27 products have potentials for higher intra-OIC trade, namely food & live animals, beverages & tobacco, crude materials, chemicals & materials, manufactured goods, machinery & transport equipment, and miscellaneous manufactures.

The findings indicate that the OIC countries will have to undertake a monumental and serious effort to prepare themselves for the establishment of an Islamic Common Market. Members will need to develop comparative advantage in many non-traditional sectors in order to enable higher trade creation among OIC countries. This will involve strategic industrial policies to identify and develop sectors to meet the import needs of OIC trading partners. However, such measures represent long-term policies which involves a substantial period of time for the effects to be visible. As immediate measures, higher trade integration can be enhanced through the establishment of the Trade Preferential System focusing on sectors where OIC countries currently exhibit comparative advantage. From the above analysis, these sectors are chemicals & materials, manufactured goods, machinery & transport equipment, and food & live animals. Bilateral trade agreements among OIC countries can also be established to enhance trade in the targeted sectors. Such bilateral agreements can accelerate intra-OIC trade as it is easier to customize tariff reduction schemes in the potential areas identified between pairs of countries rather than formulating a more generalized tariff reduction scheme across a bigger number of countries.

This study examines the trade potentials of a subset of OIC countries. For a more comprehensive analysis, the study can be extended to include other member countries so as to obtain further insight into the trade potentials among OIC countries as a whole.

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