



International
Trade
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EXPORT IMPACT
FOR GOOD

FREE TRADE AGREEMENTS: NECESSARY BUT NOT SUFFICIENT. LESSONS FROM THE ARAB REGION'

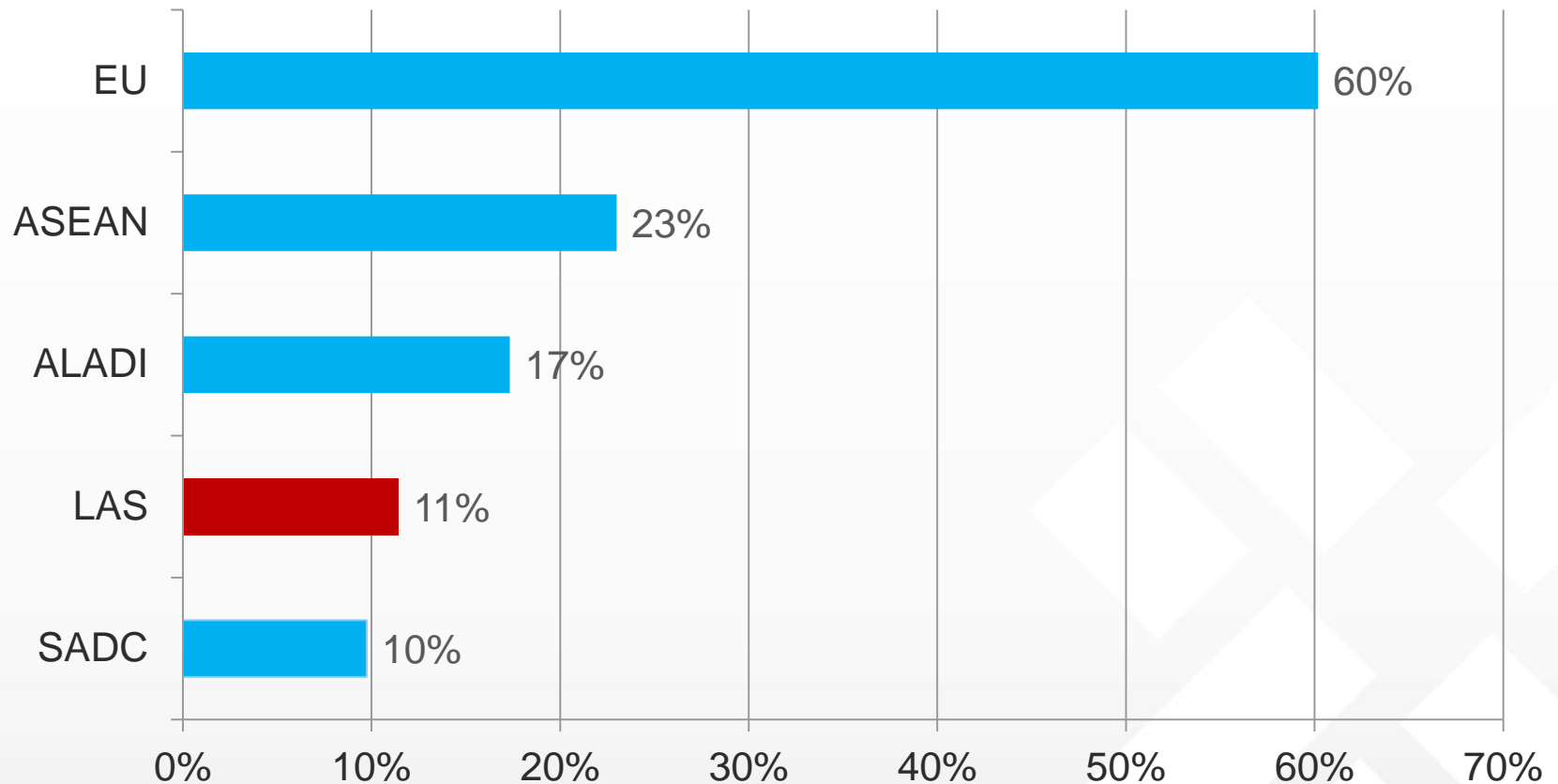
OPPORTUNITIES FOR TRADE AND EMPLOYMENT

JEAN-MARIE PAUGAM, DEPUTY EXECUTIVE
DIRECTOR, ITC

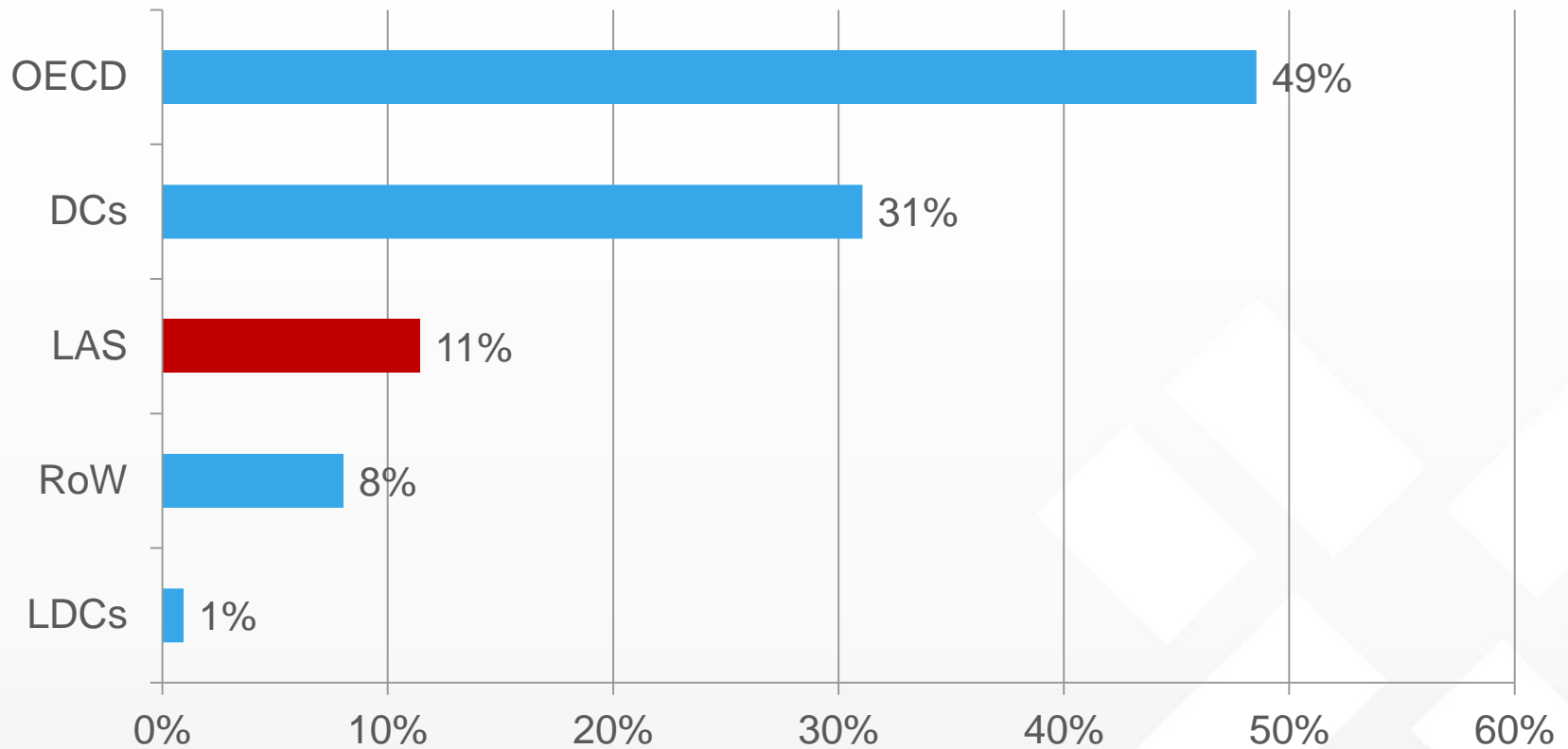
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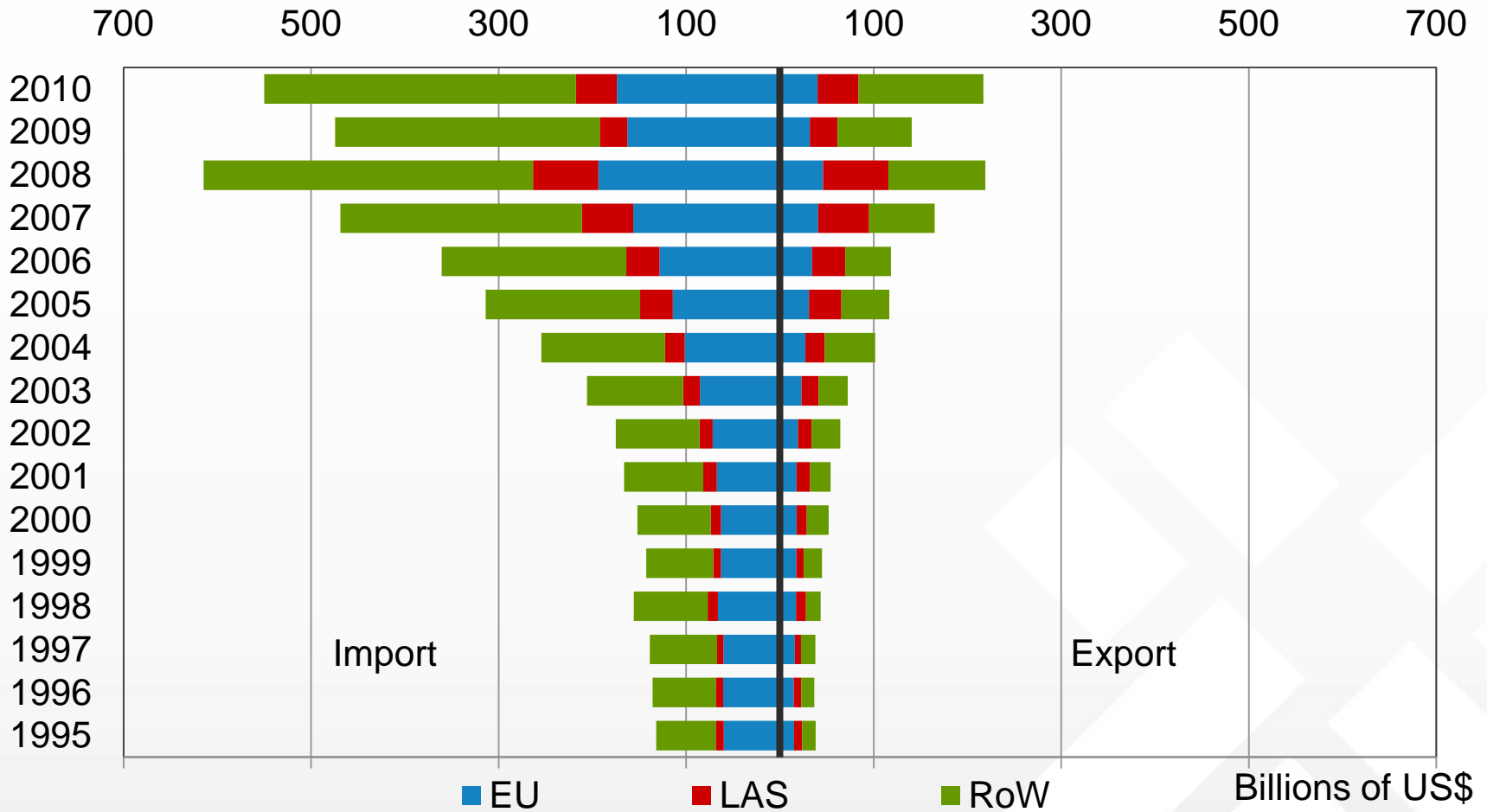
Intra-regional trade shares around the world (excl. oil)



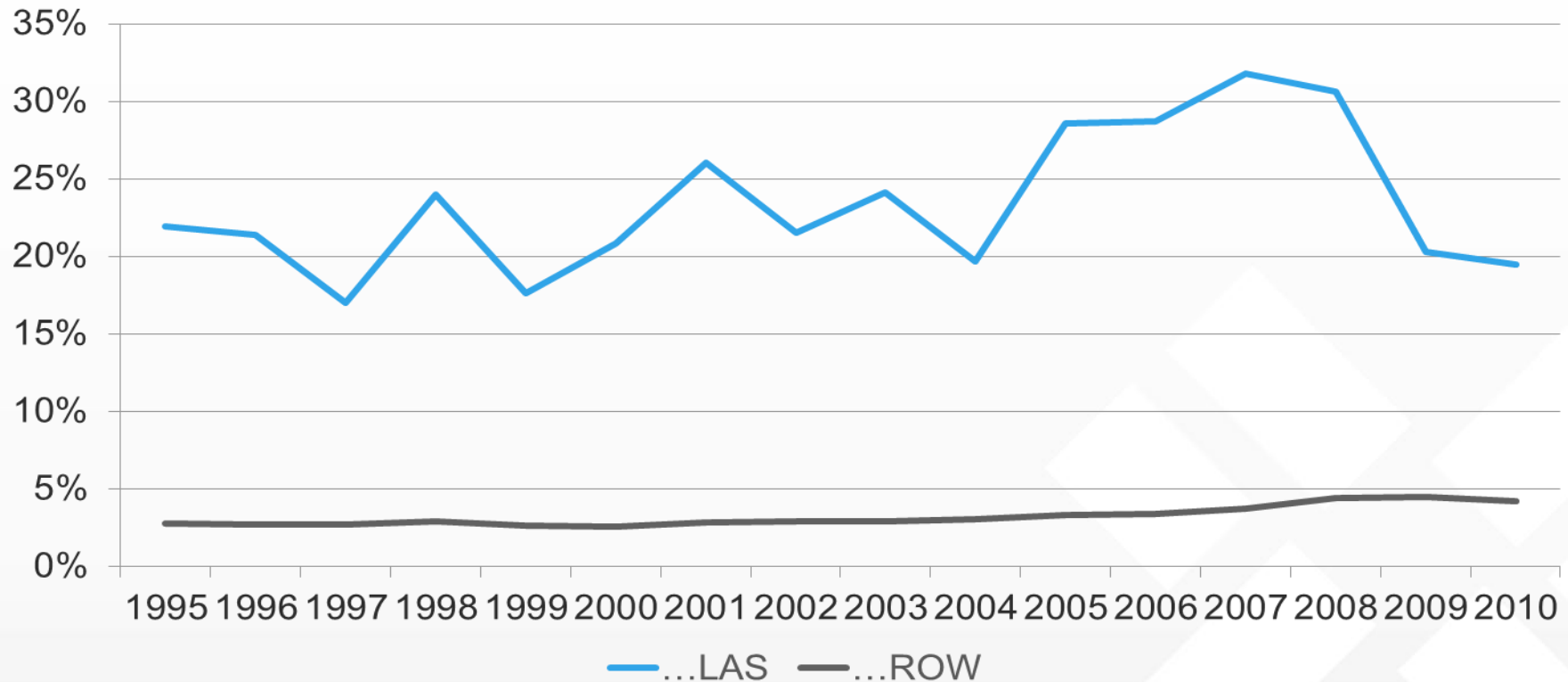
LAS trade partners (excl. oil)



Evolution of LAS' trade with the EU, LAS and the Rest of the World (excl. oil)



Evolution of LAS shares in total supply of LAS and Rest of the World (excl. oil)

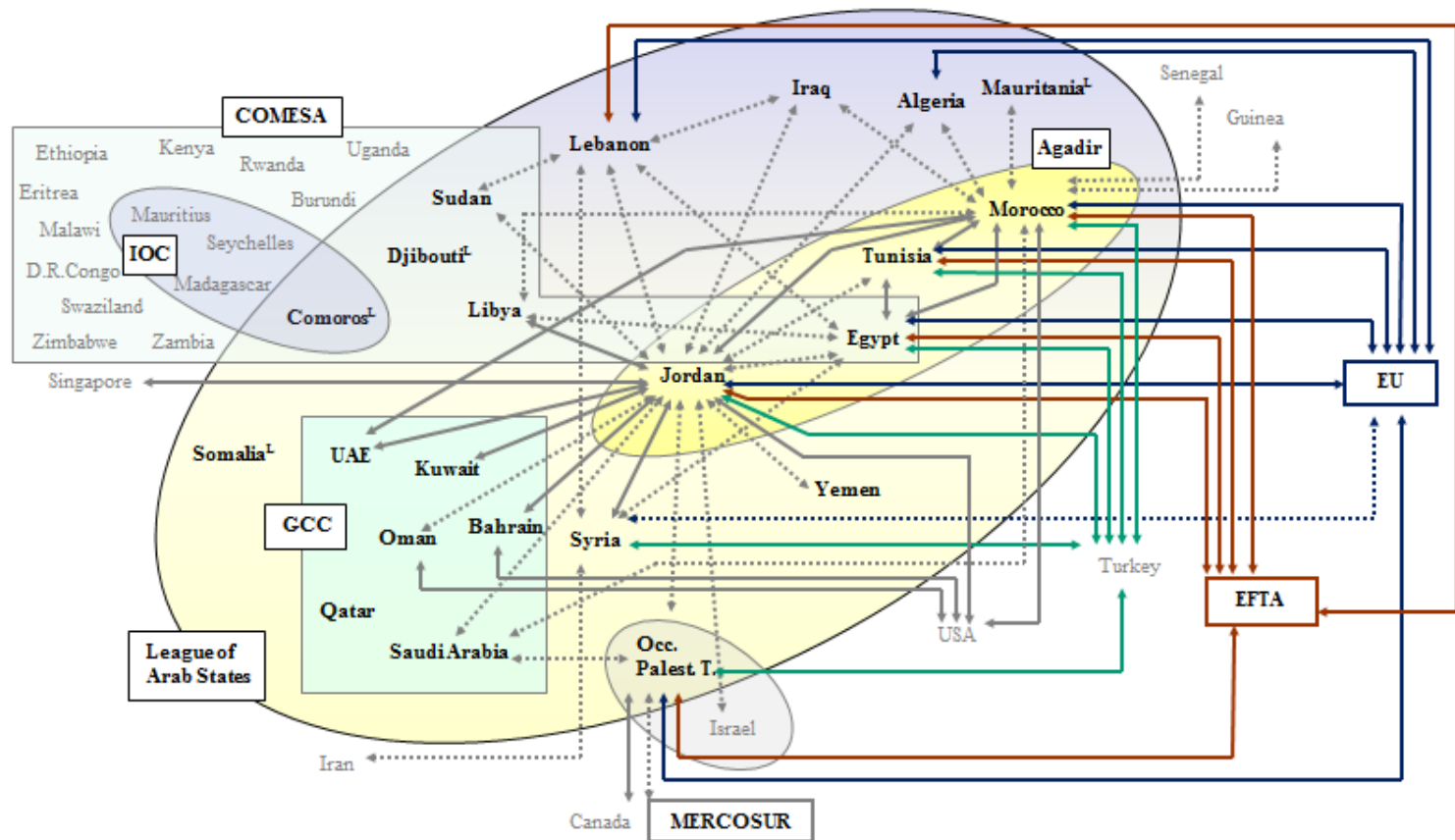


Trade complementarity of different country groups (incl. oil)

| LAS exports to... | LAS | OECD | Developing countries | LDCs |
|-----------------------------------|-----|------|----------------------|------|
| Trade Complementarity Index (TCI) | 29 | 34 | 35 | 26 |
| Actual export share | 6% | 44% | 26% | 1% |

TCI = 100 → complete overlap of trade structures
 TCI = 0 → no overlap

Trade agreements involving LAS members by 2012



Agadir Agreement for Establishing a Mediterranean Free Trade Area
COMESA Common Market for Eastern and Southern Africa
EFTA European Free Trade Association (Iceland, Lichtenstein, Norway, Switzerland)
EU European Union (27 Member States)
GCC Gulf Cooperation Council
IOC Indian Ocean Commission
MERCOSUR Southern Common Market (Argentina, Brazil, Paraguay, Uruguay)

¹ member of the League of Arab States but not applying preferences under the Greater Arab Free Trade Area

— Free Trade agreements
 Partial scope agreements
 — Agreements with the EU
 — Agreements with EFTA
 — Agreements with Turkey

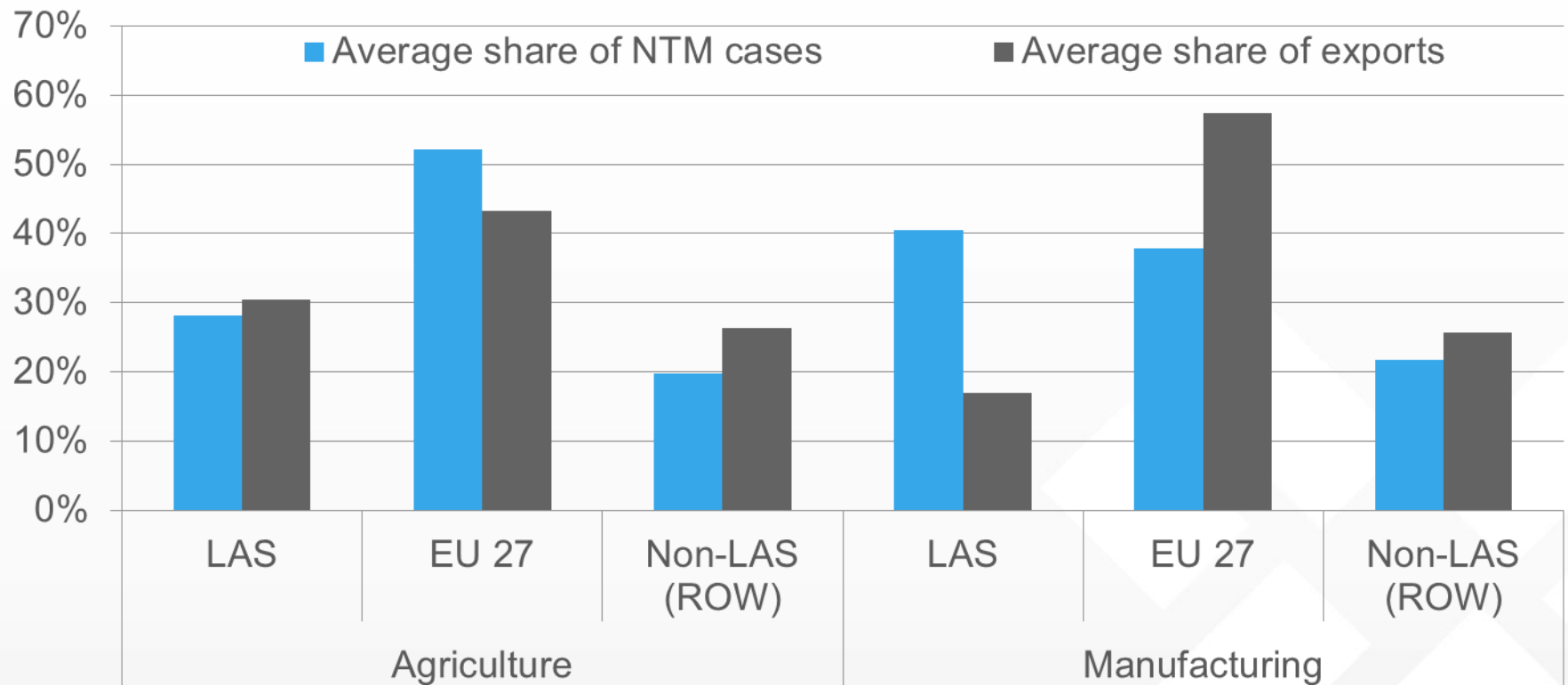
Average tariffs vary among LAS countries

| Country grouping | Weighted average tariffs |
|---|--------------------------|
| Comoros, Djibouti, Mauritania | 10-21% |
| Algeria, Egypt, Morocco, Sudan and Yemen | 1-2% |
| Bahrain, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Syria, Tunisia and United Arab Emirates | 0-0.3% |

Weighted average tariffs have been weighted according to trade values

Aggregate survey results for LAS countries (1/2)

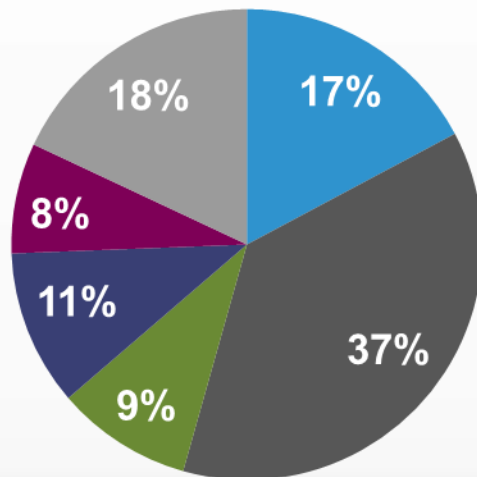
Share of burdensome NTMs and exports across trading partners



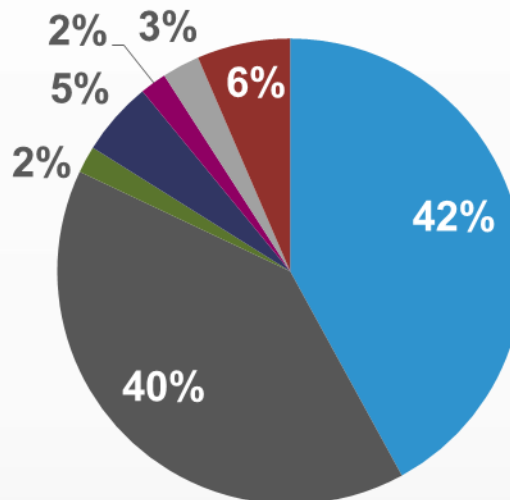
Aggregate survey results for LAS countries (2/2)

Agricultural exports: types of burdensome NTMs applied by partner countries

LAS countries



Non-LAS countries



- A. Technical regulations
- B. Conformity assessment
- D. Charges, taxes and other para-tariff measures
- E. Quantity control measures
- F. Finance Measures
- O. Rules of origin
- Other

Removing trade obstacles among LAS countries can lead to substantially increased trade and job creation

Increased total exports from Arab states by 10% and more than double intra Arab trade by 2025.

More than 2 million new jobs created in the LAS' export sectors by 2025 (growth highest in Somalia/Sudan and Oman). Main beneficiary sectors are food, metals and machinery and electronics sectors:

2 million new jobs represents an **increase of 10% of the workforce** in exporting sectors...

...and covers **5-10 % of the new jobs needed** to absorb the increase of the workforce (as estimated by World Bank and FEMISE)

Expansion of the current industrial exports will primarily benefit male unskilled and semi-skilled labour.

Policy messages (1/2)

- ✓ Regional integration requires efforts beyond the removal of 'conventional' tariffs:
 - Tariff preferences do not automatically translate into integration.
 - Non-tariff obstacles significantly hamper intra-LAS trade:
 - especially in manufacturing
 - especially due to SPS and TBT measures and Rules of Origin
- ✓ Necessary to fully implement the provisions related to elimination of non-tariff obstacles within the Greater Arab Free Trade Area (GAFTA)
- ✓ Foster public-private dialogue with the goal of removing burdensome obstacles to trade, thereby assisting companies become more competitive

Policy messages (2/2)

- ✓ Expand the services sectors in order to create new jobs, particularly for women - as women are not well represented in the current industrial sectors
- ✓ Focus on innovation and skills intensive sectors with high potential for value addition
- ✓ Invest in capacity building and skills development particularly for women
- ✓ Improve business environment and strengthen trade support institutions

ITC is contributing to regional integration and competitiveness enhancement in the Arab Region:

- ✓ ITC assists SME exporters to integrate into regional value chains, for example in Tunisia where a company adapted its products to integrate into the luxury accessories value chain in Morocco to export to a global market
- ✓ ITC provides support on the supply side to improve product design, quality and packaging of exported products, for example it has helped a Jordanian company export high-end home goods to Arab countries and Europe hence creating jobs for women
- ✓ ITC has been supporting a variety of Trade Support Institutions such as chambers of commerce in Tunisia, sectoral associations for leather in Morocco and the handicraft association in Jordan to provide improved business support services