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**Table A1.1: Selected economic indicators**

	2007		2005-2007					Global competitiveness (2007-08 rank) (best 1; worst 131)
	Population (million)	GDP per capita (PPP)	Real GDP	Export growth (percent)	Investment (gross)	Foreign investment (net) (percent of GDP)	Trade openness (export + Import)	
China	1,321	4,105	<b>11.4</b>	26.3	42.4	3.2	68.0	34
India	1,124	2,225	<b>9.2</b>	25.1	32.2	0.8	40.9	48
Algeria	34.4	6,019	<b>3.8</b>	4.5	31.7	1.0	68.6	81
Djibouti	0.8	1,860	<b>4.3</b>	-0.9	23.1	4.5	90.6	n/a
Egypt	73.6	4,611	<b>6.1</b>	23.9	17.9	3.8	61.9	77
Iran	70.9	9,326	<b>5.9</b>	-4.4	34.7	0.0	62.0	n/a
Jordan	5.7	4,322	<b>6.7</b>	9.0	24.6	8.9	141.9	49
Lebanon	3.8	9,515	<b>0.7</b>	10.7	21.2	10.4	64.7	n/a
Morocco	30.7	3,618	<b>3.8</b>	6.7	25.7	2.3	78.7	64
Syria	19.4	4,010	<b>4.5</b>	13.3	21.2	1.3	66.5	80
Tunisia	10.3	6,404	<b>5.2</b>	5.0	23.8	2.3	101.4	32
Yemen	22.3	2,179	<b>3.7</b>	n/a	n/a	-0.3	n/a	n/a
Bahrain	0.8	32,559	<b>6.8</b>	n/a	22.7	n/a	146.6	43
Kuwait	3.3	42,465	<b>6.6</b>	5.8	18.8	0.2	93.8	30
Oman	2.6	19,907	<b>6.9</b>	14.1	17.8	0.8	99.7	42
Qatar	0.9	70,084	<b>10.1</b>	n/a	34.4	n/a	97.0	31
Saudi Arabia	24.3	21,119	<b>5.3</b>	n/a	17.6	n/a	82.3	35
UAE	4.5	32,787	<b>8.1</b>	11.2	23.4	n/a	167.8	37

Source: World Bank; World Economic Forum; IMF database

Note: Figures for MENA countries are 2007 estimates (2006 data for China and India); n/a: not available.

**Table A1.2: MENA's trade, 2006**  
(US\$ million)

	MENA- World	MENA - China	MENA - India
Exports of goods & services	839,926	53,872	68,728
Merchandise exports	644,364	41,329	44,416
<i>Energy</i>	538,696	35,941	37,508
<i>Manufactures</i>	76,975	4,658	4,926
Imports of goods & services	427,087	36,389	19,124
Merchandise imports	240,073	16,590	13,924
<i>Source:</i> Comtrade, WB's GDF; IMF's Direction of Trade statistics			
Note: Merchandise imports data for India refer to 2005 data			

**Table A1.3: Total energy exports from MENA to China and India, 1997–2006**  
(US\$ million)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Algeria	4	0	94	140	159	223	210	485	730	551
Bahrain	41	134	113	83	71	74	96	199	270	296
Egypt	208	192	489	254	224	345	368	324	525	1,511
Iran	1,296	1,303	2,252	3,518	3,712	3,802	4,432	6,679	10,063	14,730
Iraq	219	211	317	2,371	999	1,968	2,179	3,195	4,653	5,270
Kuwait	970	692	1,236	1,362	1,828	2,216	2,355	3,343	4,592	6,983
Libya	11	25	16	50	74	28	60	430	1,014	1,774
Oman	1,300	704	680	3,314	1,611	1,446	2,014	4,366	4,121	6,246
Qatar	24	13	144	701	580	494	755	746	1,340	1,924
Saudi Arabia	2,523	2,067	3,110	4,169	4,653	5,573	8,119	12,337	18,891	23,848
Syria	0	0	5	20	18	34	43	36	55	65
UAE	1,232	901	1,668	1,620	1,493	1,472	1,860	3,196	4,743	6,548
Yemen	657	523	936	1,366	1,003	1,122	2,357	2,426	4,077	3,703

*Source:* UN Comtrade

**Table A1.4: MENA's merchandise imports from China and India, 2006**

MENA's imports from China							
	Food	Fuels	Manufactures			Total imports from China	Share of world imports
			Total	Machinery & Transport Equipment	Textiles		
Bahrain	11	45	266	89	37	330	3.7
Algeria	55	11	1,621	975	107	1,708	8.0
Egypt	56	7	1,094	468	133	1,199	5.8
Iran	20	43	2,292	1,384	64	2,457	6.0
Jordan	53	0	1,121	336	443	1,196	10.5
Morocco	99	13	1,132	629	195	1,260	5.4
Oman	25	0	331	199	16	368	3.4
Qatar	9	0	922	394	101	957	5.8
Saudi	113	8	5,736	2,258	1,237	5,979	8.6
Syria	19	1	721	334	73	747	6.5
Yemen	36	0	345	97	49	389	7.9
Tunisia	4	0	366	203	55	381	2.9

MENA's imports from India							
	Food	Fuels	Manufactures			Total Imports from India	Share of world imports
			Total	Machinery & Transport Equipment	Textiles		
Bahrain	35	0	94	22	27	137	1.5
Algeria	30	0	390	176	11	423	2.0
Egypt	46	57	214	71	45	356	1.7
Iran	27	814	593	124	31	1,493	3.7
Jordan	76	0	91	17	14	177	1.5
Morocco	8	1	168	55	64	184	0.8
Oman	74	2	391	147	17	578	5.3
Qatar	53	1	351	139	42	451	2.7
Saudi	634	6	1,367	339	296	2,634	3.8
Syria	13	141	170	51	67	361	3.1
Yemen	56	0	108	14	7	167	3.4
Tunisia	8	0	76	10	29	103	0.8

*Note:* The figures for Tunisia refer to 2005 data.

Food figures are based on SITC 0+1+22+4; SITC 3 for Fuels; SITC 26+65+84 for Textiles.

**Food** (SITC 0: Live animals chiefly for food; 1: Meat and meat preparations; 22: Oil seeds and oleaginous fruit; 4: Cereals and cereal preparations).

**Fuels** (32: Coal, coke and briquettes; 33: Petroleum, petroleum products ; 34: Gas, natural and manufactured; 35: Electric current).

**Textiles** (26: Textile fibers; 65: Textile yarn, fabrics; 84: Articles of apparel & clothing).

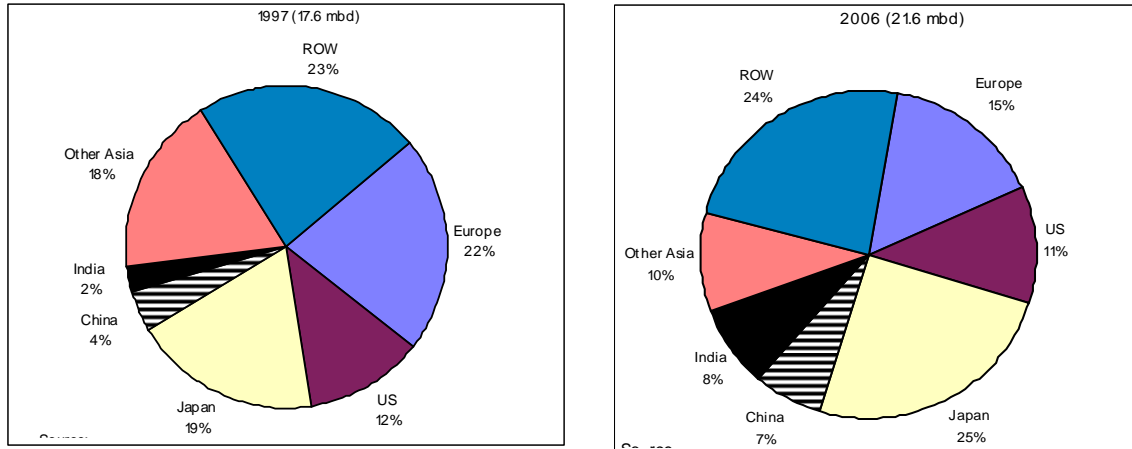
*Source:* UN Comtrade.

**Table A1.5: MENA's merchandise exports to China and India, 1995 and 2006**  
(by product)

	Exports to China		Exports to India		Exports to China		Exports to India	
	1995	2006	1995	2006	1995	2006	1995	2006
	(in millions of US dollars)				(share to total exports)			
Total Trade	2,165	41,329	4,940	44,416	100	100	100	100
<b>Mineral fuels, lubricants and related materials</b>								
33 Petroleum, petroleum products	1,113	33,355	2,788	33,545	51.4	80.7	56.4	75.5
34 Gas, natural and manufactured	250	1,993	130	2,456	11.6	4.8	2.6	5.5
32 Coal, coke and briquettes	0	0	1	6	0.0	0.0	0.0	0.0
<b>Manufactured goods classified chiefly by materials</b>								
66 Non-metallic mineral manufactures	2	3	3	773	0.1	0.0	0.1	1.7
68 Non-ferrous metals	31	223	127	410	1.5	0.5	2.6	0.9
67 Iron and steel	23	17	31	241	1.1	0.0	0.6	0.5
69 Manufactures of metal, n.e.s.	6.3	2.3	2.5	67.0	0.3	0.0	0.0	0.2
61 Leather, leather manuf., n.e.s.	1.9	13.9	2.9	56.1	0.1	0.0	0.1	0.1
65 Textile yarn, fabrics, made-up part., etc.	0.6	14.5	3.6	22.3	0.0	0.0	0.1	0.1
64 Paper, paperboard, artic. of paper, pap	0.1	0.7	2.8	10.2	0.0	0.0	0.1	0.0
62 Rubber manufactures, n.e.s.	0.1	0.2	0.2	8.5	0.0	0.0	0.0	0.0
<b>Chemicals &amp; related products</b>								
52 Inorganic chemicals	22	27	508	967	1.0	0.1	10.3	2.2
51 Organic chemicals	28	2289	201	778	1.3	5.5	4.1	1.8
56 Fertilizers, manufactured	383	109	356	672	17.7	0.3	7.2	1.5
58 Artif. resins, plastic mat., cellulose	187	1852	108	346	8.7	4.5	2.2	0.8
59 Chemical materials and products, n.e	0	2	1	36	0.0	0.0	0.0	0.1
55 Essential oils & perfume mat.; toile	0.0	1.3	0.1	7.9	0.0	0.0	0.0	0.0
53 Dyeing, tanning and colouring materials	0.0	13.8	0.3	5.8	0.0	0.0	0.0	0.0
54 Medicinal and pharmaceutical products	0.0	0.8	5.1	4.1	0.0	0.0	0.1	0.0
<b>Crude materials, inedible, except fuels</b>								
28 Metalliferous ores and metal scrap	76	556	143	835	3.5	1.3	2.9	1.9
27 Crude fertilizers and crude materials	4	419	212	454	0.2	1.0	4.3	1.0
26 Textile fibres (except wool tops)	22	95	19	63	1.0	0.2	0.4	0.1
25 Pulp and waste paper	0	1	26	49	0.0	0.0	0.5	0.1
21 Hides, skins and furskins, raw	1	0	3	13	0.0	0.0	0.1	0.0
23 Crude rubber	4	7	0	11	0.2	0.0	0.0	0.0
<b>Machinery and transport equipment</b>								
79 Other transport equipment	0	0	5	296	0.0	0.0	0.1	0.7
76 Telecommunications & sound recording	0	0	1	289	0.0	0.0	0.0	0.7
72 Machinery specialized	0	1	6	70	0.0	0.0	0.1	0.2
77 Electrical machinery, apparatus & ors	1	292	34	49	0.0	0.7	0.7	0.1
74 General industrial machinery & equip.	0	3	3	23	0.0	0.0	0.1	0.1
71 Power generating machinery and equip.	0	0	1	8	0.0	0.0	0.0	0.0
75 Office machines & automatic data ...	0	0	1	6	0.0	0.0	0.0	0.0
78 Road vehicles	0	0	7	5	0.0	0.0	0.1	0.0
<b>Food &amp; Live animals</b>								
05 Vegetables and fruit	1	13	31	85	0.0	0.0	0.6	0.2
07 Coffee, tea, cocoa, spices, manufacture	0	0	0	6	0.0	0.0	0.0	0.0
04 Cereals and cereal preparations	0	0	0	2	0.0	0.0	0.0	0.0
03 Fish, crustaceans, molluscs, preparations	4	9	0	1	0.2	0.0	0.0	0.0

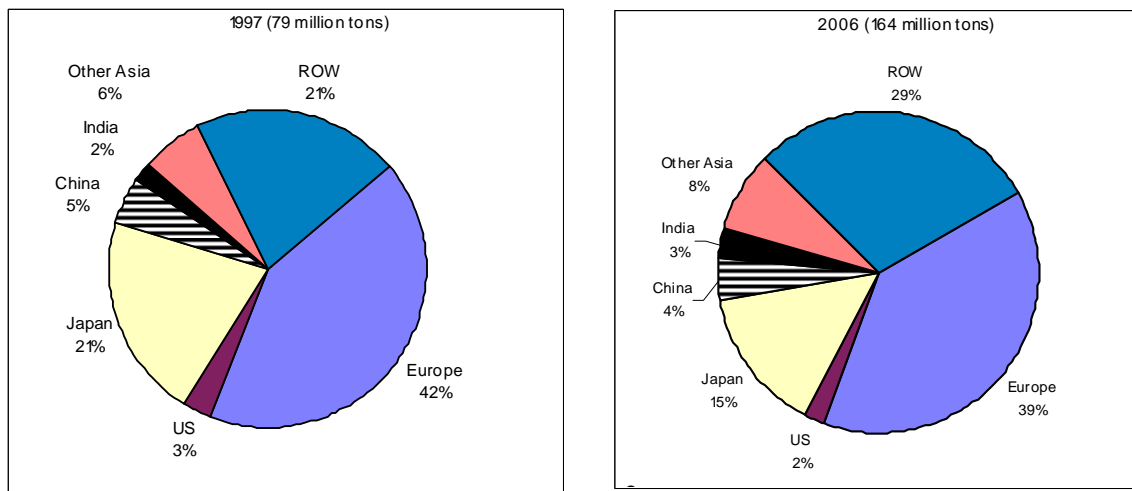
Source: UN Comtrade.

**Figure A1.1: MENA's oil exports by destinations, 1997 and 2006 (percent)**



Source: UN Comtrade

**Figure A1.2: MENA's gas exports by destinations, 1997 and 2006 (percent)**



Source: UN Comtrade

**Table A1.6: Exports growth regression**

Export supply effect ( <i>dimports</i> )	0.4077a (66.80)	Export supply effect ( <i>dimports</i> )	0.4077a (61.75)
China Export effect ( <i>dchina</i> )	-0.1753a (8.83)	India Export effect ( <i>dindia</i> )	-0.0867a (3.42)
R-squared	0.17	R-squared	0.18
Observations	497410	Observations	439880
Dummies	65564	Dummies	54566

*Note:* The regressions include 4-digit product and year effects. The estimates thus rely entirely on cross-market variation in Chinese/Indian import penetration in a given product. Robust t-statistics are shown in bracket

*Source:* Staff calculations

**Table A1.7: RCAs regression**

	Labor-abundant	GCC		Labor-abundant	GCC
RCA China	0.206 (18.17)	<b>-0.035</b> (2.75)	Primary*RCA China	0.199a	<i>-0.123a</i>
RCA India	0.044 (3.69)	<b>-0.066</b> (5.21)	Natural resources*RCA China	n.s.	n.s.
Bilateral net exports to China	4.11e-05 (6.46)	1.25e-05 (7.11)	Unsk lab*RCA China	0.145a	<i>-0.113a</i>
Bilateral net exports to India	2.12e-05 (4.43)	1.29e-05 (8.87)	Technology*RCA China	0.052a	<b>0.080a</b>
Constant	-0.819 (6.87)	-1.314 (11.84)	Skilled lab*RCA China	0.251a	<b>0.130a</b>
Year effects	yes	yes	Primary*RCA India	<i>-0.132a</i>	<i>-0.173a</i>
Country effect	yes	yes	Natural resources *RCA India	0.179a	<i>-0.074b</i>
Observations	20529	10080			
R-squared	0.19	0.20	Unsk lab*RCA India	0.411a	<b>0.225a</b>
			Technology*RCA India	<i>-0.151a</i>	<i>-0.108a</i>
			Skilled lab*RCA India	0.174a	<b>0.050a</b>

*Note:* Absolute value of t-statistics are shown in brackets. Stands for statistical significance

*Source:* Staff calculations.

**Table A1.8: Share of re-exports in total exports**

Product name	Labor- Abundant	GCC	United Arab Emirates	Bahrain	Oman	Qatar	Saudi Arabia	Share in re-export	Share in export
<b>Food &amp; Live animals</b>	<b>1.1</b>	<b>34.3</b>	<b>58</b>	<b>20.5</b>	<b>6.3</b>	<b>48.2</b>	<b>8.3</b>	<b>2.2</b>	<b>0.7</b>
Vegetables and fruit	0.3	48.9	83.8	46.4	9.1	69.1	8.6	0.7	0.1
<b>Crude materials</b>	<b>0.3</b>	<b>32.4</b>	<b>43.1</b>	<b>0.5</b>	<b>20.6</b>	<b>25.7</b>	<b>32.0</b>	<b>4.3</b>	<b>0.3</b>
Textile fibers (other than wool tops and other combined wool) and their wastes (not manufactured into yarn or fabric)	0.4	71.8	95.9	0.1	91.4	99.9	37.9	0.9	0.0
Metalliferous ores and metal scrap	0.2	25.0	29.0	0.4	42.3	2.1	67.8	2.8	0.2
<b>Chemicals</b>	<b>1.3</b>	<b>6.1</b>	<b>47.4</b>	<b>5.2</b>	<b>6.7</b>	<b>0.6</b>	<b>0.7</b>	<b>2.2</b>	<b>5.2</b>
Essential oils and resinoids and perfume materials; toilet, polishing and cleansing preparations	3.0	54.5	81.2	38.5	34.1	47.6	6.5	0.7	0.2
<b>Manufactured</b>	<b>1.0</b>	<b>57.4</b>	<b>84.5</b>	<b>2.4</b>	<b>9.5</b>	<b>56.5</b>	<b>8.0</b>	<b>8.0</b>	<b>2.0</b>
Textile yarn, fabrics, made-up articles, n.e.s., and related products	1.0	76.3	93.6	5.6	75.2	95.0	8.5	0.6	0.1
Non-metallic mineral manufactures, n.e.s.	0.6	81.9	92.1	34.4	1.7	22.3	4.1	0.6	0.2
Iron and steel	0.7	29.7	78.0	13.3	6.5	49.3	7.7	3.4	0.4
Non-ferrous metals	0.4	33.2	63.0	0.1	1.3	82.6	9.1	0.7	0.6
Manufactures of metal, n.e.s.	2.3	48.1	81.0	36.6	15.8	90.5	11.9	1.9	0.3
<b>Machinery &amp; Transport</b>	<b>9.0</b>	<b>91.4</b>	<b>97.6</b>	<b>78.7</b>	<b>66.1</b>	<b>99.1</b>	<b>72.3</b>	<b>74.3</b>	<b>1.7</b>
Power-generating machinery and equipment	25.2	96.3	99.8	99.9	100.0	100.0	83.9	2.9	0.1
Machinery specialized for particular industries	22.2	96.0	97.8	99.8	99.9	99.9	87.4	4.8	0.1
General industrial machinery and equipment, n.e.s., and machine parts, n.e.s.	12.7	68.1	88.3	23.6	81.4	95.9	34.4	3.2	0.2
Telecommunications and sound-recording and reproducing apparatus and equipment	35.3	99.8	100.0	100.0	100.0	100.0	88.6	1.7	0.0
Electrical machinery, apparatus and appliances, n.e.s., and electrical parts thereof	0.7	65.6	93.9	56.0	11.0	95.8	15.5	1.8	0.3
Road vehicles (including air-cushion vehicles)	19.5	96.2	97.5	97.8	100.0	99.8	89.9	26.3	0.5
Other transport equipment	45.3	98.2	89.5	17.6	99.7	99.2	99.9	32.7	0.5
<b>Miscellaneous</b>	<b>0.9</b>	<b>75.3</b>	<b>86.7</b>	<b>13.0</b>	<b>31.1</b>	<b>52.5</b>	<b>36.9</b>	<b>7.5</b>	<b>0.4</b>
Furniture and parts thereof; bedding, mattresses, mattress supports, cushions, and similar stuffed furnishings	4.7	72.9	86.8	7.0	6.4	88.1	57.2	0.7	0.0
Articles of apparel and clothing accessories	0.2	70.6	81.9	1.6	41.2	8.3	81.0	1.2	0.1
Professional, scientific and controlling instruments and apparatus, n.e.s.	18.2	97.8	99.0	99.3	99.5	99.7	92.3	1.3	0.0
Miscellaneous manufactured articles, n.e.s.	3.3	69.0	83.9	13.2	20.5	83.6	20.2	3.4	0.3
<b>Total</b>	<b>0.6</b>	<b>8.9</b>	<b>22.9</b>	<b>2.7</b>	<b>7.4</b>	<b>1.6</b>	<b>1.6</b>	<b>100</b>	<b>100</b>
Total without site 3	0.9	54.1	85.9	11.2	22.7	22.3	15.1	99.9	20.9

Source: UN Comtrade.

**Table A1.9: RCAs in labor-abundant countries, China and India: Top commodities, 2005**

	Code	Product	Labor Abundant	China	India	
<b><u>Food &amp; Live animals</u></b>						
1	36	Crustaceans and mollusks, fresh, chilled	5.41	5.46	0.49	Food
2	57	Fruit & nuts(not includ. oil nuts),	2.93	-0.07	-0.13	Food
3	35	Fish, dried, salted or in brine, smoked	2.72	4.74	1.07	Food
4	37	Fish, crustaceans and mollusks, prepa	2.67	5.68	4.51	Food
5	56	Vegetable, roots & tubers, prepared/pr	2.65	3.40	3.89	Food
6	75	Spices	2.28	0.85	2.85	Food
7	58	Fruit, preserved, and fruit preparation	2.20	2.05	2.27	Food
8	54	Vegetable, fresh, chilled, frozen/pres.	2.04	-0.86	1.51	Food
9	34	Fish, fresh (live or dead),chilled o	1.97	3.02	0.09	Food
10	25	Eggs and yolks, fresh, dried or other	1.35	4.76	5.09	Food
<b><u>Crude material</u></b>						
1	289	Ores & concentrates of precious met	8.53	1.88	1.25	Crude
2	244	Cork, natural, raw & waste	5.47	-3.12	-1.49	Crude
3	271	Fertilizers, crude	5.25	-4.79	2.97	Crude
4	211	Hides and skins (except fur skins),	4.01	-4.48	-3.96	Crude
5	288	Non-ferrous base metal waste and sc	3.14	-3.71	-3.68	Crude
6	291	Crude animal materials, n.e.s.	2.86	1.24	1.10	Crude
7	263	Cotton	2.78	-1.46	-2.42	Crude
8	273	Stone, sand and gravel	2.45	1.74	-1.10	Crude
9	265	Vegetable, textile, fibers, and waste	2.25	-0.55	-3.44	Crude
10	282	Waste and scrap metal of iron or steel	2.03	-5.17	-4.22	Crude
<b><u>Chemicals</u></b>						
1	522	Inorganic chemical elements, oxides	2.61	-2.58	0.34	Technology
2	562	Fertilizers, manufactured	2.59	-4.73	-1.98	Technology
3	512	Alcohols, phenols, phenol-alcohols,&	2.07	-1.03	-3.14	Technology
4	512	Alcohols, phenols, phenol-alcohols,&	1.71	-0.64	-2.74	Technology
5	511	Hydrocarbons nes, & their halogen.&	1.66	-0.96	-2.87	Technology
6	554	Soap, cleansing and polishing prepar	0.57	-0.76	-1.13	Skilled Labor
7	523	Other inorganic chemicals	0.39	-0.52	0.79	Technology
8	551	Essential oils, perfume and flavor	0.33	0.89	-0.63	Skilled Labor
9	553	Perfumery, cosmetics and toilet prep	0.06	0.64	1.32	Skilled Labor
<b><u>Manufactured goods</u></b>						
1	659	Floor coverings, etc.	4.32	3.85	2.52	Unskilled Labor
2	633	Cork manufactures	3.72	-0.29	-0.10	Natural Resources
3	689	Miscell. non-ferrous base metals emp	2.74	-2.45	1.34	Natural Resources
4	658	Made-up articles, wholly/chiefly of	2.58	3.74	4.70	Unskilled Labor
5	685	Lead	2.35	-4.42	1.76	Natural Resources
6	667	Pearls, precious& semi-prec. stones,u	2.31	-0.01	-0.86	Natural Resources
7	612	Manufactures of leather/of composit	2.13	2.52	0.83	Natural Resources
8	613	Fur skins, tanned/dressed, pieces/cutt	1.93	-1.44	1.04	Natural Resources
9	661	Lime, cement, and fabricated construc.	1.78	2.96	2.46	Natural Resources
10	611	Leather	1.51	0.87	-1.57	Natural Resources

<b><u>Equipment &amp; Machines</u></b>						
1	773	Equipment for distributing electric	1.94	-0.55	0.51	Technology
2	776	Thermionic, cold & photo-cathode val	1.75	-1.60	-2.03	Technology
3	771	Electric power machinery and parts	0.46	0.07	0.85	Technology
4	772	Elect. app. such as switches, relays, f	0.36	-0.77	-0.45	Technology
5	793	Ships, boats and floating structures	0.15	-4.25	-0.14	Unskilled Labor
<b><u>Miscellaneous manufact</u></b>						
1	842	Outer garments, men's, of textile fab	4.19	4.23	4.03	Unskilled Labor
2	843	Outer garments, women's, of textile f	4.04	6.03	4.08	Unskilled Labor
3	896	Works of art, collectors pieces & an	3.77	3.42	3.48	Skilled Labor
4	844	Under garments of textile fabrics	3.63	4.80	3.17	Unskilled Labor
5	845	Outer garments and other articles,	3.35	5.03	3.59	Unskilled Labor
6	846	Under garments, knitted or crocheted	3.10	5.25	4.24	Unskilled Labor
7	897	Jewellery, goldsmiths and other art.	2.67	2.93	2.50	Skilled Labor
8	851	Footwear	2.63	3.42	5.80	Unskilled Labor
9	951	Armored fighting vehicles, arms of	2.15	2.81	4.28	Technology
10	848	Art. of apparel & clothing accessories	1.55	4.15	4.36	Unskilled Labor

Source: UN Comtrade.

**Table A1.10: Top 20 commodities with high RCAs in labor-abundant countries, 1995 and 2005**

1995					2005						
Code	Product	RCA	Category	Code	Product	RCA	Category	Code	Product	RCA	Category
1	271	Fertilizers, crude	8.09	Crude	289	Ores & concentrates of precious met	9.70	Crude			
2	36	Crustaceans and mollusks, fresh, ...	7.49	Food	271	Fertilizers, crude	5.56	Crude			
3	289	Ores & concentrates of precious metals	7.17	Crude	333	Petrol, oils, crude,& c.o. obtain. from	4.99	Energy			
4	896	Works of art, collector's pieces & ant.	5.92	SkLab	36	Crustaceans and mollusks, fresh, chilled	4.92	Food			
5	244	Cork, natural, raw & waste	5.63	Crude	288	Non-ferrous base metal waste ...	4.43	Crude			
6	659	Floor coverings, e tc.	5.48	UnskLab	842	Outer garments, men's, textile fab.	4.22	Labor			
7	291	Crude animal materials, n.e.s.	5.37	Crude	659	Floor coverings, etc.	4.17	UnskLab			
8	333	Petrol, oils, crude,& c.o.	5.27	Energy	843	Outer garments, women's, textile fab.	4.13	UnskLab			
9	667	Pearls, precious& semi-prec. stones, ...	5.05	NatRes	244	Cork, natural, raw & waste	3.97	Crude			
10	288	Non-ferrous base metal waste ...	4.85	Crude	844	Under garments of textile fabrics	3.75	UnskLab			
11	843	Outer garments, women's, of textile ...	4.68	UnskLab	633	Cork manufactures	3.70	NatRes			
12	844	Under garments of textile fabrics	4.49	UnskLab	845	Outer garments and other articles	3.43	UnskLab			
13	842	Under garments, men's, of textile fabrics	4.20	UnskLab	341	Gas, natural and manufactured	3.37	Energy			
14	633	Cork manufactures	3.87	NatRes	846	Under garments, knitted or crocheted	3.26	UnskLab			
15	57	Fruit & nuts(not includ. oil nuts),	3.83	Food	667	Pearls, precious& semi-prec. stones, ...	3.04	NatRes			
16	897	Jewellery, goldsmiths and other art.	3.79	SkLab	689	Miscel. non-ferrous base metals	2.92	SkLab			
17	211	Hides and skins (except fur skins)...	3.77	Crude	37	Fish, crustaceans and molluscs, prepa	2.81	Food			
18	845	Outer garments and other articles,...	3.69	UnskLab	57	Fruit & nuts(not includ. oil nuts),	2.78	Food			
19	334	Petroleum products, refined	3.62	Energy	211	Hides and skins (except fur skins),	2.72	Crude			
20	851	Footwear	3.60	UnskLab	522	Inorganic chemical elements, oxides	2.68	Technology			

Source: UN Comtrade.

**Table A1.11: Top 20 commodities with high RCAs in GCC countries, 1995 and 2005**

1995				2005			
	Code	Product	RCA	Category	Product	RCA	Category
1	341	Gas, natural and manufactured	8.52	Energy	333	13.51	Energy
2	274	Sulphur and unroasted iron pyrites	7.51	Crude	341	9.50	Energy
3	333	Petrol. oils, crude,& c.o.	6.99	Energy	274	7.66	Crude
4	289	Ores & concentrates of precious met	6.85	Crude	289	5.45	Crude
5	334	Petroleum products, refined	5.97	Energy	334	5.08	Energy
6	282	Waste and scrap metal of iron or st	5.74	Crude	212	4.42	Crude
7	512	Alcohols, phenols, phenol-alcohols,&	5.39	Technology	512	4.33	Technology
8	288	Non-ferrous base metal waste and sc	5.35	Crude	667	4.23	Nat Res
9	211	Hides and skins (except fur skins),	4.92	Crude	288	3.92	Crude
10	562	Fertilizers, manufactured	4.52	Technology	562	3.44	Technology
11	667	Pearls, precious& semi-prec. stones	4.36	Nat Res	611	3.25	Nat Res
12	681	Silver, platinum & other metals	4.27	Nat Res	516	3.15	Technology
13	268	Wool and other animal hair	3.98	Crude	613	3.14	Nat Res
14	516	Other organic chemicals	3.95	Technology	211	3.04	Crude
15	611	Leather	3.93	Nat Res	282	2.80	Crude
16	261	Silk	3.59	Crude	268	2.75	Crude
17	351	Electric current	3.43	Energy	511	2.52	Technology
18	511	Hydrocarbons nes, & their halogen...	3.40	Technology	583	2.49	Technology
19	35	Fish, dried, salted or in brine ; ...	3.33	Food	261	2.26	Crude
20	36	Crustaceans and mollusks, fresh, ...	3.09	Food	36	1.87	Food

Source: UN Comtrade.

**Table A1.12: Labor-abundant countries: Products with high RCAs**  
And associated fastest growing imports from China and India

Code	Product	LA's RCA	Share to total LA's	Growth of imports from China and India	Growth of imports from world	Imports from China and India to total imports	Category
		2005	2005	2000-05	2000-05	2005	
1	843 Outer garments, women's, textile fab.	4.04	6.69	27.0	1.0	27.0	Unskilled Labor
2	842 Outer garments, men's, textile fab	4.19	5.22	10.0	-2.0	29.7	Unskilled Labor
3	57 Fruit & nuts(not includ. oil nuts),	2.93	4.69	17.0	16.0	3.0	Food
4	845 Outer garments and other articles, ...	3.35	3.97	17.0	6.0	24.6	Unskilled Labor
5	562 Fertilizers,manufactured	2.59	3.94	24.0	19.0	2.2	Technology
6	522 Inorganic chemical elements,oxides	2.62	3.92	19.0	-4.0	8.2	Technology
7	773 Equipment for distributing electricity	1.94	3.82	21.0	12.0	4.8	Technology
8	54 Vegetab.,fresh,chilled,frozen/pres.	2.04	2.83	9.0	2.0	11.2	Food
9	776 Thermionic,cold & photo-cathode ...	1.75	2.72	53.0	11.0	9.4	Technology
10	271 Fertilizers,crude	5.25	2.70	46.0	-7.0	0.6	Crude materials
<b>Top 10 exports (to total exports)</b>			<b>40.5</b>				
11	672 Ingots and other primary forms	0.38	2.52	40.0	34.0	2.4	Skilled Labor
12	661 Lime,cement,and fabricated construc.	1.78	1.85	19.0	7.0	6.6	Natural Resources
13	36 Crustaceans and molluscs, fresh, ...	5.41	1.63	34.0	18.0	8.2	Food
14	659 Floor coverings,etc.	4.32	1.61	15.0	2.0	12.2	UnskLab
15	772 Elect.app.such as switches, relays...	0.36	1.60	28.0	11.0	5.2	Technology
16	511 Hydrocarbons nes, & their halogen...	1.66	1.15	64.0	34.0	7.5	Technology
17	684 Aluminium	1.07	1.15	39.0	17.0	7.7	NatRes
18	263 Cotton	2.78	1.09	51.0	6.0	0.2	Crude materials
19	282 Waste and scrap metal of iron ...	2.03	1.09	48.0	28.0	0.1	Crude materials
20	793 Ships,boats and floating structures	0.15	1.03	87.0	32.0	4.7	Unskilled Labor

Source: UN Comtrade.

**Table A1.13: GCC countries: Products with high RCAs**  
And associated fastest growing imports from China and India

Code	Product	RCA	Share to total GCC' Exports	Growth of imports from China and India %	Growth of imports from world %	Imports from China and India to total imports %
		2005	2005	2000-05	2000-05	2005
1	583 Polymerization and copolymerization	2.46	12.1	12.9	3.3	5.9
2	764 Telecommunications equipment	0.69	6.3	12.2	8.9	6.5
3	562 Fertilizers,manufactured	3.37	2.4	11.5	1.0	8.6
4	752 Automatic data processing machines	0.18	0.9	53.5	7.9	41.6
5	274 Sulphur and unroasted iron pyrites	9.46	0.9	7.8	-52.7	9.2
6	665 Glassware	2.05	0.8	10.2	-16.5	27.9
7	759 Parts of and accessories suitable ...	0.02	0.7	26.9	-7.3	22.2
8	691 Structures & parts of struc.;iron...	0.38	0.7	20.4	0.7	11.9
9	582 Condensation, polycondensation & ...	0.63	0.7	29.1	8.2	12.8
10	642 Paper and paperboard,cut to size	0.42	0.6	0.9	-5.2	6.7
11	661 Lime, cement, and fabricated construct..	0.22	0.5	13.5	-5.4	24.0
12	533 Pigments,paints,varnishes & related	0.53	0.5	1.3	-5.7	3.7
13	776 Thermionic,cold & photo-cathode ...	1.33	0.3	2.7	-9.8	7.7
14	692 Metal containers for storage	0.35	0.3	20.7	1.1	7.0
15	273 Stone,sand and gravel	1.46	0.3	18.7	-17.4	22.8
16	111 Non alcoholic beverages, n.e.s.	0.41	0.2	17.2	-4.8	0.5
17	664 Glass	0.18	0.2	15.8	-1.4	22.0
18	423 Fixed vegetable oils,soft,crude	0.37	0.2	21.6	8.4	0.4
19	694 Nails,screws,nuts,bolts etc.of iron	0.32	0.2	8.7	0.4	34.7
20	635 Wood manufactures, n.e.s.	0.61	0.2	9.5	-4.0	24.2

Source: UN Comtrade.

**Table A1.14: Labor-abundant countries: Slowest growing exports to China and India (percent)**

	Code	Product	Labor abundants' exports to China	Labor abundants' exports to China		Category
			Share of LAs' exports to the	Share of China's total imports		
			2005	2005	2000-2005	
1	287	Ores and concentrates of base metal	37.74	2.29	-12	Crude materials
2	522	Inorganic chemical elements, oxides	35.83	32.97	-4	Technology
3	512	Alcohols, phenols, phenol-alcohols	31.2	1.73	-18	Technology
4	233	Synth. rubb. lat.;synth. rubb....	27.57	0.59	-11	Crude materials
5	689	Miscell.non-ferrous base metals	13.19	1.65	-22	Natural Resources
6	511	Hydrocarbons nes,& their halogen	11.9	3.81	-10	Technology
7	684	Aluminium	10.56	16.6	-4	Natural Resources
8	562	Fertilizers,manufactured	6.5	4.4	0	Technology
9	686	Zinc	5.06	0.65	-46	Natural Resources
10	659	Floor coverings,etc.	0.31	4.47	-4	Unskilled Labor
11	281	Iron ore and concentrates	0.27	0.22	-21	Crude materials
12	73	Chocolate & other food prep.	0.15	0.05	-56	Food
13	651	Textile yarn	0.06	0.07	-7	Unskilled Labor
14	812	Sanitary, plumbing, heating, lighting	0.06	0.17	-32	Unskilled Labor
15	671	Pig iron, spiegeleisen, sponge iron	0.03	0.01	-80	Natural Resources
16	62	Sugar confectionery and other sugar	0.02	0.01	-17	Food
17	291	Crude animal materials	0.02	0.01	-43	Crude materials

Source : Comtrade

	Code	Product	Labor abundants' exports to China	Labor abundants' exports to China		Category
			Share of LAs' exports to world	Share of China's total imports		
			2005	2005	2000-2005	
1	522	Inorganic chemical elements,oxides	35.83	32.97	-4	Technology
2	511	Hydrocarbons nes,& their halogen	11.9	3.81	-10	Technology
3	512	Alcohols,phenols,phenol-alcohols	11.84	5.68	-4	Technology
4	684	Aluminium	10.56	16.6	-4	Natural Resources
5	281	Iron ore and concentrates	0.27	0.22	-21	Crude
6	651	Textile yarn	0.06	0.07	-7	Unskilled labor
7	812	Sanitary,plumbing,heating,lighting	0.06	0.17	-32	Unskilled labor
8	635	Wood manufactures	0.01	0.02	-61	Natural Resources

Source : Comtrade

**Table A1.15: Labor-abundant countries: Fastest growing exports to China and India (percent)**

	Code	Product	Labor abundants' exports to China	Labor abundants' exports to China (=Chinese imports from LA)		Category
			Share of Labor abundants' exports to the world	Share of China's total imports		
			2005	2005	2000-2005	
1	265	Vegetable textile fibres and waste	54.7	6.29	1.7	Crude materials
2	273	Stone,sand and gravel	49.8	17.05	1.2	Crude materials
3	513	Carboxylic acids,& their anhydrides	42.7	0.18	21.8	Technology
4	583	Polymerization and copolymerization	18.8	0.30	18.9	Technology
5	776	Thermionic,cold & photo-cathode val	18.8	0.20	8.7	Technology
6	514	Nitrogen-function compounds	14.1	0.27	8.0	Technology
7	672	Ingots and other primary forms	10.2	1.22	14.2	Skilled labor
8	288	Non-ferrous base metal waste	8.8	0.39	235.1	Crude materials
9	682	Copper	8.0	0.30	44.0	Natural Resources
10	582	Condensation,polycondensation	5.3	0.04	71.7	Technology
11	532	Dyeing & tanning extracts	4.7	0.01	289.9	Skilled labor
12	611	Leather	3.6	0.16	6.7	Natural Resources
13	278	Other crude minerals	3.4	0.39	39.0	Crude materials
14	692	Metal containers for storage	3.3	0.18	75.5	Skilled labor
15	554	Soap,cleansing & polishing prepar	2.5	0.14	362.9	Skilled labor
16	592	Starches,inulin & wheat gluten	2.3	0.01	61.7	Technology
17	654	Textil.fabrics,woven,oth.than cotto	2.2	0.01	78.2	Unskilled labor
18	743	Pumps & compressors,fans & blowers,	1.9	0.01	58.9	Technology
19	742	Pumps for liquids,liq.elevators	1.8	0.00	132.7	Technology
20	634	Veneers,plywood,improved or reconst	1.3	0.08	253.0	Natural Resources

Source : Comtrade

	Code	Product	Labor abundants' exports to India	Labor abundants' exports to India		Category
			Share to Labor abundants' exports to the world	Share of India's imports from Labor abundant to India's total imports		
			2005	2005	2000-2005	
1	274	Sulphur and unroasted iron pyrites	51.5	29.7	4.7	Crude materials
2	686	Zinc	48.2	11.4	24.4	
3	513	Carboxylic acids,& their anhydrides	34.7	1.4	111.8	Technology
4	674	Universals,plates and sheets,of iron	24.5	1.4	120.9	Skilled labor
5	288	Non-ferrous base metal waste ...	16.7	4.0	17.5	Crude materials
6	263	Cotton	11.9	16.8	38.8	Crude materials
7	611	Leather	10.7	8.0	3.4	Natural Resources
8	282	Waste and scrap metal of iron	10.1	3.1	7.7	Crude materials
9	672	Ingots and other primary forms	9.4	4.3	13.0	Skilled labor
10	251	Pulp and waste paper	8.7	1.1	16.5	Crude materials
11	582	Condensation,polycondensation ...	8.5	0.3	106.4	Technology
12	598	Miscellaneous chemical products	7.2	0.3	83.8	Technology
13	653	Fabrics,woven,of man-made fibres	3.8	0.6	86.9	Unskilled labor
14	682	Copper	3.2	0.9	60.8	Natural Resources
15	664	Glass	2.9	0.3	20.3	Unskilled labor
16	657	Special textile fabrics and related	2.6	0.2	31.1	Unskilled labor
17	278	Other crude minerals	2.4	2.6	6.0	Crude materials
18	292	Crude vegetable materials, n.e.s.	2.3	3.1	10.0	Crude materials
19	661	Lime,cement,and fabricated construc.	1.5	9.6	31.3	Natural Resources
20	592	Starches, inulin & wheat gluten;...	0.9	0.0	25.7	Technology

Source : Comtrade

## Revealed Comparative Advantage (RCA) Analysis

The RCA analysis performed in Chapter I follows Vollrath (1991). The measure of RCA proposed by Vollrath is an index that accounts for both exports and imports, as well as the relative size of world markets to capture the overall competitiveness of each country by sector. It corrects for a number of problems associated with the traditional measures of RCA proposed by Balassa.<sup>83</sup> First, it eliminates any double counting problem by excluding the sector, and country trade values in the aggregates that are used as benchmarks to compare a country/sector RCA. Second, it is based on a measure of net exports, which allows the RCA to capture the growing importance of intraindustry trade. Third, Balassa's index is asymmetric as it varies between 0 and infinity, with values between 0 and 1 indicating that the country does not have a comparative advantage and values between 1 and +infinity signaling that the country has a comparative advantage in that sector. The measure proposed by Vollrath (1991) is symmetric with positive values indicating a revealed comparative advantage and negative values a revealed comparative disadvantage.

More formally, the RCA measure is given by:

$$RCA_{s,t}^c = \ln(RXA_{s,t}^c) - \ln(RMA_{s,t}^c) \quad (1)$$

where

$$RXA_{s,t}^c = \left( X_{s,t}^c / X_{-s,t}^c \right) / \left( X_{s,t}^{-c} / X_{-s,t}^{-c} \right) \quad (2)$$

$$RMA_{s,t}^c = \left( M_{s,t}^c / M_{-s,t}^c \right) / \left( M_{s,t}^{-c} / M_{-s,t}^{-c} \right) \quad (3)$$

where  $X_{s,t}^c$  are exports of country  $c$  in sector  $s$  at time  $t$ ,  $X_{-s,t}^c$  are total exports of country minus exports of good  $s$  at time  $t$ ,  $X_{s,t}^{-c}$  is world exports in sector  $s$  at time  $t$ , minus  $X_{s,t}^c$ , and  $X_{-s,t}^{-c}$  is total world exports minus  $X_{s,t}^{-c}$  and  $X_{-s,t}^c$ .  $M$  stands for imports and subscripts and superscripts are defined in the same way as in the case of exports.

This index has drawbacks when comparisons across countries and time are made. The average value of  $RCA_{s,t}^c$  across sectors  $s$  will vary across countries and time. The average value will depend on the degree of concentration of exports and imports in each country/year. So in order to make inferences regarding which country has a stronger comparative advantage in apparel, or whether a country's comparative advantage in apparel has increased through time, we need to normalize all  $RCA_{s,t}^c$  values by their country/year mean. More formally, the measure of RCA used with this report is given by:

$$\hat{RCA}_{s,t}^c = RCA_{s,t}^c - \sum_s \frac{RCA_{s,t}^c}{n} \quad (4)$$

where  $n$  is the number of sectors.

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<sup>83</sup> Balassa's measure of RCA of country  $c$  in sector  $s$  is given by:  $RCA_s^c = \left( X_s^c / X^c \right) / \left( X_s^w / X^w \right)$ , where  $X_s^c$  denotes exports of country  $c$  in sector  $s$ ,  $X^c$  denotes total exports of country  $c$ ,  $X_s^w$  is world trade in sector  $s$ , and  $X^w$  is total world trade.

## ANNEX II: MENA'S EXPORT GROWTH ANALYSIS

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**Table A2.1: Constant market share analysis of MENA countries' exports to the EU, 1995-2006**

	Change in exports (%)	EU demand growth effect (%)	Commodity composition (%)	Market structure (%)	Competitiveness (%)	Residual
Algeria	158.9	139.2	2.2	0.7	12.3	4.5
Egypt	163.5	140.6	-30.5	16.4	34.6	2.5
Iran	38.4	105	-72.1	-1.3	7.2	-0.4
Jordan	59.3	111	-26.9	-12.1	-17.1	4.4
Lebanon	81.2	117.2	4.4	-3.8	-41.2	4.6
Morocco	71	114.3	-26.6	6.7	-25.3	1.9
Syria	41.5	105.9	-90.6	5.2	19.6	1.4
Tunisia	113.2	126.3	4.5	8.9	-27.2	0.8
<i>China</i>	466.1	226.5	-7.0	2.7	241.2	2.7
<i>India</i>	156.8	138.7	-28.2	-2.8	47.1	2.1

Note: Excludes HS 27, 88, and 89. Calculations are based upon average market shares across 1995 and 2006. Export flows are at the eight-digit level of the combined nomenclature.

Source: Staff calculations based on Eurostat data.

**Table A2.2: Manufacturing trade by stage of production for labor-abundant MENA countries, 2006 (percent)**

	Algeria	Egypt	Iran	Jordan	Lebanon**	Morocco	Tunisia*	Syria
Share of manufacturing (%)	1	39	7	84	62	64	79	13
Intermediate goods	94.6	80.9	67	45.4	59	68.9	49.2	56.3
Parts and Components	1.7	2.3	5.5	12.6	13.7	19.6	15.1	1.6
Semi-finished goods	92.8	78.6	61.4	32.8	45.3	49.3	34.1	54.8
Final goods	4.4	18.9	32.6	54.2	40.6	28.4	46.7	43.6
Consumption goods	1.9	17.1	25.1	37.3	22.1	25.1	38	42
Capital goods	2.5	1.8	7.5	17	18.5	3.3	8.7	1.6
	Algeria	Egypt	Iran	Jordan	Lebanon**	Morocco	Tunisia*	Syria
Share of manufacturing (%)	77	44	71	59	57	65	74	55
Intermediate goods	49.6	68.8	55.1	56.7	44.4	61.3	68.3	65.2
Parts and Components	14.3	20.9	13	13.6	10.1	11.3	19.8	10
Semi-finished goods	35.3	47.9	42.1	43.1	34.3	50	48.4	55.2
Final goods	47.5	28.2	39.7	42.1	53.8	36.6	28.6	31.9
Consumption goods	14.1	9	6.9	15.2	35	11.1	9.2	5
Capital goods	33.3	19.2	32.8	26.9	18.8	25.5	19.3	26.9

\* 2005 instead of 2006

\*\* 2004 instead of 2006

Source: Staff calculations based on UN Comtrade.

**Table A2.3: Share of high-tech products in exports by production stage, 2004-06 average (percent)**

		Algeria	Egypt	Iran	Jordan	Lebanon	Morocco	Syria	Tunisia	Yemen
<i>Intermediate goods</i>		5.5	6.4	5.1	7.5	3.0	2.7	3.2	3.6	3.3
	Parts and Components	4.7	4.9	3.5	5.8	2.1	1.8	2.4	2.9	2.8
	Semi-finished goods	0.8	1.4	1.6	1.7	0.9	0.9	0.8	0.7	0.5
<i>Final goods</i>		6.0	3.6	5.7	7.6	2.4	5.0	2.7	3.4	3.4
	Consumption goods	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.0	0.2
	Capital goods	5.9	3.5	5.7	7.5	2.2	4.9	2.6	3.3	3.2
<i>Intermediate goods</i>		1.1	0.4	0.4	3.4	1.2	1.2	0.1	0.9	3.2
	Parts and Components	0.7	0.3	0.2	2.7	1.1	1	0.1	0.8	3.2
	Semi-finished goods	0.4	0.1	0.2	0.7	0.1	0.2	0.0	0.1	0.0
<i>Final goods</i>		0.5	21.5	0.5	4.3	0.4	0.3	0.1	1.1	5.7
	Consumption goods	0.0	19.0	0.0	0.1	0.2	0.0	0.0	0.0	0.2
	Capital goods	0.5	2.5	0.5	4.2	0.2	0.3	0.1	1.1	5.5

Source: Staff calculations based on UN Comtrade.

**Table A2.4: Key contributors to export growth and decline at the intensive margin**

	Increase of existing products to old markets			Decrease of existing products to old markets		
	Code	Product	Change in China's share of world market	Code	Product	Change in China's share of world market
<b>Algeria</b>	281410	Anhydrous ammonia	0.00%	290511	Methanol (methyl alcohol)	-0.75%
	280429	Rare gases (excl. argon)	0.01%	290121	Ethylene	1.25%
	740400	Waste and scrap copper	1.00%	720712	Semi-fin products of iron and steel	7.41%
	030613	Frozen shrimps and prawns	2.98%	720110	Pig iron, non-alloy...	-17.70%
	790111	Zinc not alloyed unwrought...	-6.04%	281410	Anhydrous ammonia	0.00%
	Top 5 contribution to overall effect 72.39%			Top 5 contribution to overall effect 30.18%		
	Main markets: France, Spain, Italy, Tunisia, Morocco (91.83%)			Main markets: Italy, Spain, France, Morocco, Greece (63.49%)		
<b>Egypt</b>	080510	Oranges, fresh or dried	0.72%	070190	Other potatoes, fresh or chilled	1.98%
	701810	Glass beads, imitation pearls	5.13%	760110	Aluminum unwrought, not alloyed	8.62%
	620462	Women's/girls' trousers, of cotton	8.46%	520812	Unbleached plain cotton weave...	3.10%
	620342	Men's/boys' trousers, cotton	3.65%	520100	Cotton, not carded or combed	-0.39%
	760120	Aluminum unwrought, alloyed	1.48%	620520	Men's or boys' shirts of cotton	8.95%
	Top 5 contribution to overall effect 21.12%			Top 5 contribution to overall effect 22.20%		
	Main markets: US, Italy, S. Arabia, UK, Germany (59.75%)			Main markets: US, UK, Germany, Italy, France (45.35%)		
<b>Iran</b>	080250	Pistachio, fresh or dried	0.16%	570110	Carpets and other floor coverings	-5.57%
	290220	Benzene	-0.42%	080250	Pistachio, fresh or dried	0.16%
	740311	Copper cathodes	-1.56%	720712	Semi-fin products of iron and steel	7.41%
	260300	Copper ores and concentrates	0.08%	410221	Pickled skins of sheep or lambs...	-0.03%
	760110	Aluminum unwrought, not alloyed	8.62%	970600	Antiques	7.17%
	Top 5 contribution to overall effect 47.33%			Top 5 contribution to overall effect 50.64%		
	Main markets: India, S. Arabia, Hong Kong, China, Italy (71.66%)			Main markets: Germany, Japan, Italy, Thailand, France (58.29%)		
<b>Jordan</b>	611020	Jerseys, pullovers, etc, of cotton	9.70%	251010	Unground natural calcium phosphates	7.00%
	620462	Women's/girls' trousers, of cotton	8.46%	310420	Potassium chloride	-0.03%
	310420	Potassium chloride	-0.03%	310530	Diammonium Hydrogenorthophosphate	6.67%
	711319	Art. of jewelry	5.90%	310490	Mineral or chemical fertilizers...	-0.29%
	280920	Phosphoric acid...	2.47%	010410	Live sheep	-1.36%
	Top 5 contribution to overall effect 45.11%			Top 5 contribution to overall effect 45.47%		
	Main markets: US, India, S.Arabia, Algeria, China (91.60%)			Main markets: Indonesia, S. Arabia, India, Italy, Netherlands (42.48%)		
<b>Lebanon</b>	720449	Ferrous waste and scrap, iron/steel	-0.32%	290122	Propene (propylene)	0.18%
	711319	Art. of jewelry	5.90%	740400	Waste and scrap, copper	1.00%
	710239	Diamonds non-industrial	2.09%	240110	Tobacco, not stemmed/stripped	1.60%
	280920	Phosphoric acid...	2.47%	070190	Other potatoes, fresh or chilled	1.98%
	490199	Printed books, brochures, leaflets	11.02%	710239	Diamonds non-industrial	2.09%
	Top 5 contribution to overall effect 54.73%			Top 5 contribution to overall effect 20.50%		
	Main markets: Switzerland, Turkey, S. Arabia, US, Jordan (72.05%)			Main markets: S. Arabia, France, Thailand, Egypt, US (50.00%)		

<b>Table A2.4 (Cont.)</b>						
	Increase of existing products to old markets			Decrease of existing products to old markets		
			Change in China's share of world market			Change in China's share of world market
<b>Morocco</b>	620462	Women's/girls' trousers of cotton	8.46%	030759	Octopus (excl. live, fresh or chilled)	9.61%
	280920	Phosphoric acid...	2.47%	280920	Phosphoric acid	2.47%
	251010	Unground natural calcium phosphates	7.00%	620342	Men's/boys' trousers of cotton	3.65%
	610910	T-shirts, singlets...of cotton,	4.68%	310530	Diammonium hydrogenorthophosphate	6.67%
	070820	Beans, fresh or chilled	-1.20%	620640	Women's/girls' blouses, shirts of mmf	13.78%
	Top 5 contribution to overall effect 21.34%			Top 5 contribution to overall effect 21.56%		
	Main markets: Spain, France, UK, Belgium, Germany (68.15%)			Main markets: France, Germany, Japan, Italy, UK (69.44%)		
<b>Syria</b>	010410	Live sheep	-1.36%	520100	Cotton, not carded or combed	-0.39%
	150910	Virgin olive oil and fractions	0.00%	100300	Barley	0.01%
	520100	Cotton, not carded or combed	-0.39%	410221	Pickled skins of sheep or lambs	-0.03%
	010420	Live goats	-0.42%	847193	Storage units...	12.13%
	410512	Sheep, lamb skin leather	-2.22%	100110	Durum wheat	0.02%
	Top 5 contribution to overall effect 60.89%			Top 5 contribution to overall effect 54.90%		
	Main markets: S. Arabia, Italy, Jordan, Turkey, Spain (78.27%)			Main markets: Italy, Jordan, S. Arabia, Morocco, Spain (52.85%)		
<b>Tunisia</b>	620342	Men's/boys' trousers of cotton	3.65%	620342	Men's/boys' trousers of cotton	3.65%
	854430	Ignition wiring sets	6.99%	620640	Women's/girls' blouses, shirts of mmf	13.78%
	620462	Women's/girls' trousers of cotton	8.46%	620520	Men's or boys' shirts of cotton	8.95%
	853650	Electrical switches...	6.82%	620343	Men's/boys' trousers, synthetic materials	3.30%
	621210	Brassieres	16.59%	280920	Phosphoric acid	2.47%
	Top 5 contribution to overall effect 27.45%			Top 5 contribution to overall effect 17.15%		
Main markets: France, Italy, Germany, Belgium, Spain (83.75%)			Main markets: Germany, France, Luxembourg, Italy, Algeria (67.15%)			
<b>Yemen</b>	030219	Fresh or chilled salmonidae	0.18%	090111	Coffee, not roasted or decaffeinated	0.25%
	080300	Bananas, including plantains	0.03%	010410	Live sheep	-1.36%
	030749	Cuttle fish and squid	8.96%	760200	Waste and scrap, aluminum	-0.84%
	030799	Aquatic invertebrates, nes	-0.65%	010420	Live goats	-0.42%
	081090	Other fruit, fresh, nes	0.65%	740400	Waste and scrap, copper	1.00%
	Top 5 contribution to overall effect 72.20%			Top 5 contribution to overall effect 46.27%		
Main markets: S. Arabia, Thailand, Hong Kong, Spain, Japan (89.47%)			Main markets: S. Arabia, UK, Jordan, Gambia, Korea (67.84%)			

Source: UN Comtrade.

**Table A2.5: Key contributors to export growth and decline at the extensive margin**

	Increase of existing products to new markets			Increase of new products to old markets		
	Code	Product	Change in China's share of world market	Code	Product	Change in China's share of world market
<b>Algeria</b>	720449	Ferrous waste and scrap, iron or st	-0.32%	310280	Mixtures of urea and ammonium nitra	0.07%
	281410	Anhydrous ammonia	0.00%	180400	Cocoa butter, fat and oil	-0.11%
	720824	Flat rolled prod, i/nas, in coil, hr,	2.57%	290244	Mixed xylene isomers	1.07%
	251020	Ground natural calcium p'phates,	1.89%	390110	Polyethylene having a specific grav	0.18%
	390120	Polyethylene having a specific grav	0.18%	846694	Parts and accessories nes for use o	1.37%
	Top 5 contribution to overall effect 70.30%			Top 5 contribution to overall effect 49.84%		
	Main markets: Turkey, Morocco, Netherlands, Germany, India (72.05%)			Main markets: France, Spain, US, Netherlands, Italy (67.78%)		
<b>Egypt</b>	720824	Flat rolled prod, i/nas, in coil, hr,	2.57%	252329	Portland cement (excl. white)	0.66%
	252310	Cement clinkers	12.62%	720241	Ferro-chromium containing by weight	-8.19%
	310210	Urea	5.25%	721510	Bars & rods, i/nas, nfw than cold forme	0.49%
	390120	Polyethylene having a specific grav	0.18%	841121	Turbo-propellers of a power not exc	0.26%
	854430	Ignition wiring sets & other wiring sets	6.99%	722830	Bars & rods, alloy steel, o/t stainless	3.03%
	Top 5 contribution to overall effect 30.32%			Top 5 contribution to overall effect 56.20%		
	Main markets: Spain, UK, US, S. Arabia, Italy (38.45%)			Main markets: Sudan, S. Arabia, US, UK, Italy (73.91%)		
<b>Iran</b>	290511	Methanol (methyl alcohol)	-0.75%	260111	Non-agglomerated iron ores and conc	0.04%
	570110	Carpets and other textile floor cov	-5.57%	720610	Ingots, iron or non-alloy steel, of	-4.43%
	290243	p-Xylene	-3.53%	291736	Terephthalic acid and its salts	-0.12%
	720824	Flat rolled prod, i/nas, in coil, hr,	2.57%	381710	Mixed alkylbenzenes, nes	4.50%
	740919	Plate, sheet & strip of refined copper	2.47%	293361	Melamine	9.19%
	Top 5 contribution to overall effect 31.63%			Top 5 contribution to overall effect 49.09%		
	Main markets: China, India, US, S. Arabia, Korea (55.85%)			Main markets: China, India, S. Arabia, Turkey, Italy (78.58%)		
<b>Jordan</b>	310530	Diammonium hydrogenorthop'hate	6.67%	290810	Phenol or phenol-alcohol derivative	5.36%
	310520	Mineral or chemical fertilizers wit	0.78%	283421	Nitrates of potassium	4.81%
	610821	Women's/girls' briefs and panties	4.40%	610220	Woman's or girls' coats, etc, of co	15.72%
	310540	Ammonium dihydrogenorthop'hate	4.74%	280130	Fluorine; bromine	1.86%
	610343	Men's or boys' trousers, etc, of sy	-4.41%	610822	Women's or girls' briefs, etc, of m	16.98%
	Top 5 contribution to overall effect 29.39%			Top 5 contribution to overall effect 35.08%		
	Main markets: US, Japan, S. Arabia, Ethiopia, Israel (57.63%)			Main markets: US, S. Arabia, Egypt, Korea, China (57.24%)		
<b>Lebanon</b>	280920	Phosphoric acid	2.47%	290110	Acyclic hydrocarbons, saturated	-0.06%
	240110	Tobacco, not stemmed/stripped	1.60%	850213	Generating sets, diesel or semi-dies	1.57%
	050400	Guts, bladders, stomachs of animals	5.74%	283526	Phosphates of calcium, nes	3.53%
	852520	Transmission apparatus, for radiote	14.25%	844900	Mach for the mfr or fin of felt or	1.80%
	392330	Carboys, bottles, flasks and simila	3.30%	854460	Electric conductors, for a voltage	1.63%
	Top 5 contribution to overall effect 21.91%			Top 5 contribution to overall effect 28.59%		
	Main markets: Jordan, Egypt, S. Arabia, India, UK (31.18%)			Main markets: Egypt, S. Arabia, Jordan, US, Italy (62.70%)		

<b>Table A2.5 (cont.)</b>						
	Increase of existing products to new markets			Increase of new products to old markets		
	Code	Product	Change in China's share of world market	Code	Product	Change in China's share of world market
<b>Morocco</b>	854441	Electric conductors, for a voltage n	15.38%	701990	Glass fibers (including glass wool)	4.51%
	854430	Ignition wiring sets	6.99%	852692	Radio remote control apparatus	-2.00%
	854219	Monolithic integrated circuits, nes	5.14%	721420	Bars & rods, i/nas, hr, hd or he, cntg in	6.22%
	854129	Transistors....	8.22%	940120	Seats, motor vehicles	14.89%
	310540	Ammonium dihydrogenorthop'hate	4.74%	930690	Munitions of war & pts thereof and ot	0.10%
	Top 5 contribution to overall effect 41.11%			Top 5 contribution to overall effect 16.66%		
	Main markets: Spain, Singapore, China, Hong Kong, Italy (54.99%)			Main markets: France, Spain, Algeria, Belgium, Italy (65.0%)		
<b>Syria</b>	100110	Durum wheat	0.02%	520515	Uncombed single cotton yarn, with >	-1.95%
	520100	Cotton, not carded or combed	-0.39%	310210	Urea	5.25%
	251010	Unground natural calcium p'phates	7.00%	841112	Turbo-jets of a thrust exceeding 25	1.36%
	610832	Women's or girls' pajamas, etc, of	1.97%	854459	Electric conductors, for a voltage	2.58%
	220210	Waters (incl. mineral and aerated),	0.51%	520842	Colored plain cotton weave, with >	1.36%
	Top 5 contribution to overall effect 31.59%			Top 5 contribution to overall effect 34.89%		
Main markets: Jordan, Egypt, Sudan, Algeria, China (55.38%)			Main markets: Egypt, Italy, Jordan, S. Arabia, Turkey (74.3%)			
<b>Tunisia</b>	854430	Ignition wiring sets & other wiring sets	6.99%	870894	Steering wheels, steering columns a	0.85%
	721049	Flat rolled prod, i/nas, plated or	2.61%	721039	Flat rolled prod, i/nas, electro pl	-0.29%
	870821	Safety seat belts for motor vehicle	1.91%	630399	Curtains and interior blinds; curta	25.77%
	640340	Footwear, with a metal toe-cap, lea	15.42%	630493	Furnishing articles of synthetic fi	43.89%
	853710	Boards, panels, including numerical	4.48%	030349	Frozen tunas, nes	7.62%
	Top 5 contribution to overall effect 18.56%			Top 5 contribution to overall effect 33.26%		
Main markets: France, Italy, UK, Poland, Spain (55.04%)			Main markets: France, Algeria, Italy, Germany, Belgium (71.08%)			
<b>Yemen</b>	030232	Fresh or chilled yellowfin tunas	-0.12%	070310	Onions and shallots, fresh or chill	6.84%
	030749	Cuttle fish and squid	8.96%	030420	Frozen fish fillets	17.17%
	410221	Pickled skins of sheep or lambs	-0.03%	160414	Prepared or preserved tuna, skipjac	0.25%
	030379	Frozen fish, nes	7.01%	151790	Edible preparations of fats and oil	-1.05%
	240120	Tobacco, partly or wholly stemmed	2.58%	230210	Brans, sharps and other residues of	0.84%
	Top 5 contribution to overall effect 58.48%			Top 5 contribution to overall effect 44.45%		
	Main markets: Italy, France, S. Arabia, Paraguay, Germany (57.31%)			Main markets: S. Arabia, Egypt, Ethiopia, Oman, France (78.7%)		

Source: UN Comtrade.

### ANNEX III: MENA'S RESPONSE TO INCREASED COMPETITION IN THE APPAREL MARKETS

Since the removal of the Multi-fiber Agreement in 2005, trade in apparels has become practically free. Apparels represent a very high share of all textile and clothing exports of MENA countries to US and EU markets (see table A3.1). It is also an important element of textile and clothing exports of China and India although not to the same extent. India's share of apparel in total textile and clothing exports, for instance, lingers between 60 and 62 percent, lower than China's 75 to 80 percent. Both countries have significantly expanded their exports to US and EU markets since 2005.

**Table A3.1: Share of apparel in total textile and clothing exports, 2004 and 2007 (percent)**

US	2004	2007	EU	2004	2007
Egypt	75	80	Egypt	56	57
Jordan	100	10	Jordan	97	93
Morocco	98	97	Morocco	95	95
Tunisia	96	97	Tunisia	92	90
China	61	70	China	81	82
India	61	62	India	60	66
World	78	77	World	66	69

Source: Eurostat and Office of Textile and Apparel.

China almost doubled its exports to the EU and almost tripled those to the US. The total volume of apparel exports to both markets exceeds MENA's apparel export by a factor of six. India exports a bit more than MENA but it doubled its exports to EU and US markets.

How did MENA countries perform? The labor-abundant MENA countries did quite well despite the hefty competitive pressures. Exports to the US increased from \$1.5 billion in 2004 to almost \$2 billion in 2007. An increase was also recorded in the EU markets (from €5.4 billion to €5.6 billion). In contrast, apparel exports from the GCC countries clearly suffered from the competition. Exports to both markets dropped significantly, and because they were not very high to begin with, are now exported in almost negligible amounts (\$203 million and €14 billion respectively).

**Table A3.2: US imports value (in US\$ million) and EU imports value (in €million)**

	USA				EU			
	2004	2005	2006	2007	2004	2005	2006	2007
<b>Labor-abundant</b>	<b>1,522.3</b>	<b>1,649.9</b>	<b>2,033.9</b>	<b>1,997.5</b>	<b>5,495.9</b>	<b>5,183.7</b>	<b>5,339.0</b>	<b>5,647.4</b>
Egypt	422.3	444.3	624.8	697.3	338.5	328.7	379.4	413.9
Jordan	956.2	1,082.5	1,253.2	1,145.4	9.7	8.0	8.5	8.4
Lebanon	4.1	2.4	1.9	2.0	9.5	10.1	10.4	10.3
Morocco	74.3	55.9	99.8	88.0	2,441.4	2,287.4	2,385.9	2,528.2
Syria	21.5	12.0	6.9	7.0	92.1	77.2	70.5	75.6
Tunisia	44.0	52.8	47.2	57.8	2,604.7	2,472.3	2,484.3	2,611.0
<b>GCC</b>	<b>617.9</b>	<b>441.6</b>	<b>303.2</b>	<b>203.7</b>	<b>241.7</b>	<b>133.1</b>	<b>143.5</b>	<b>111.4</b>
Bahrain	155.9	120.0	85.2	69.5	4.0	2.3	0.9	0.4
Kuwait	32.6	11.6	1.9	0.0	1.5	0.6	0.7	1.7
Oman	125.4	53.4	22.5	10.3	9.5	3.1	1.9	0.6
Qatar	64.4	29.9	9.0	1.8	1.0	0.3	0.5	0.6
Saudi Arabia	0.1	0.2	0.3	0.2	3.3	2.1	3.2	2.6
United Arab Emirates	239.6	226.4	184.4	121.8	222.5	124.7	136.3	105.4
China	8,927.9	15,142.9	18,517.6	22,745.4	12,417.4	18,025.2	20,052.6	23,434.1
India	2,217.1	2,976.2	3,186.9	3,169.9	2,765.3	3,523.6	4,069.2	4,294.8
World	64,767.7	68,713.3	71,629.8	73,923.2	89,291.0	94,288.6	101,869.5	105,943.3

Source: Eurostat and Office of Textile & Industry (OTEXA), International Trade Adm. (ITA).

How did the labor-abundant MENA countries withstand competition? The most obvious explanation would be that they compete in market segments other than China's and India's or that in the same market segment MENA apparels are of higher quality. This hypothesis is substantiated by the trends in export volumes and values. In volumes not all labor-abundant MENA countries did well. Jordan lost exports on the EU market while the increase for Morocco and Tunisia was small, with both countries even losing on the US market (table A3.3).

**Table A3.3: Unit price of apparel products in the US, 2004–07**

Unit Price	2004	2005	2006	2007	
Egypt	2.7	2.8	3.1	3.3	22%
Jordan	4.2	4.1	4.3	4.6	10%
Morocco	5.4	8.3	9.6	11.5	113%
Tunisia	9.1	10.8	13.5	19.1	110%
China	3.0	2.6	2.8	2.8	-7%
India	3.6	3.8	3.8	3.6	0%
World	3.2	3.1	3.2	3.2	0%

*Source:* Eurostat and Office of Textile & Industry (OTEXA)

But in values, they recorded increases on both markets, clearly explained by a price effect. Indeed, data for apparel products show that prices have gone up in MENA countries, in both the US and EU markets (except Egypt, which suffered a slight decline in the EU market). For Morocco and Tunisia prices more than doubled in the US market. The prices of apparel from China and India either remained stable or dropped (China in US market).

**Table A3.4: KG price of apparel products in EU**

Unit price	2004	2005	2006	2007	
Egypt	15.9	15.8	15.4	15.0	-6%
Jordan	12.5	16.4	15.9	17.0	36%
Morocco	18.0	18.3	19.4	20.8	15%
Tunisia	23.1	24.3	25.1	26.1	13%
China	10.1	10.3	11.2	11.2	11%
India	14.5	15.6	17.0	16.3	12%

*Source:* Eurostat and Office of Textile & Industry (OTEXA)

These export and competition dynamics can also be illustrated by examining the volume and price changes of two selected fashion items: coats and knitted trousers. Taking the unit price as an indicator, the coats stand for high quality and the trousers for lower quality.<sup>84</sup> Coat prices increased in almost all markets between 2005 and 2007 but the price increase for coats from Tunisia and Morocco was much higher than that for coats from China and India.

**Table A3.5: Changes in volume and unit price of two selected fashion items, 2005–07**

	Woven coat, cotton or man made fiber				Knitted trousers, cotton or man made fiber			
	Country	Change in volume (percent)	Change in price (percent)	Kilogram price		Change in volume (percent)	Change in price (percent)	Kilogram price
EU	China	-3%	6%	11.2	China	111%	-50%	5.4
	India	-31%	8%	17.6	India	19%	4%	11.7
	Egypt	21%	-8%	22.7	Egypt	207%	-5%	12.7
	Morocco	-18%	19%	27.9	Morocco	-31%	-1%	13.9
	Tunisia	-34%	10%	36.5	Tunisia	-21%	-4%	12.5
				Unit price				Unit price
US	China	22%	4%	10.0	China	-18%	41%	4.4
	India	-39%	6%	11.6	India	13%	10%	3.5
	Egypt	-38%	-141%	3.2	Egypt	46%	21%	2.2
	Morocco	62%	18%	32.1	Morocco	56%	-40%	9.7
	Tunisia	-40%	35%	46.3	Tunisia	-62%	4%	14.7

*Source:* Eurostat and Office of Textile & Industry (OTEXA)

<sup>84</sup> Unit prices are not a perfect indicator of quality, but it is often reasonable to assume that higher quality products are more expensive than lower quality products. The literature often infers the same relationship between price and quality of goods. Hallack, J.C. 2004; Schott, P. 2004.

## ANNEX IV: THE REGULATORY FRAMEWORK OF FDI IN MENA COUNTRIES

This annex presents information (updated to 2007) on the regulatory framework for foreign direct investment in MENA. It includes information on bilateral investment treaties and double taxation treaties; it discusses the regulatory framework for foreign investment and the attractiveness of the business environment for foreign investment.

### *Bilateral Investment Treaties (BIT)*

Bilateral treaties are signed by countries to reciprocally facilitate investment and to prevent double taxation of investment income. Most countries in MENA have legal guarantees against expropriation. Equally, international investment agreements concluded by MENA countries provide for guarantees in the case of expropriation. The number of MENA BITs has increased since the mid-1990s, peaking at 45 new treaties in 2001. China and India have signed 120 and 60 BITs, respectively. Except Libya, all MENA countries have signed a BIT with China, although this has not yet entered into force for Jordan and Tunisia. Ten MENA countries have signed a BIT with India, but only 5 have now entered into force (table A4.1).

**Table A4.1: Bilateral investment treaties**

June 2007	Total	With China	With India			
	Signed	Entry into force	Signed	Entry into force	Signed	Entry in force
Algeria	36	20	1996	2002		
Bahrain	20	11	1999	2000	2004	
Djibouti	6	1	2003	?	2003	
Egypt	78	54	1994	1996	1997	2000
Iran	56	43	2000	2005		
Jordan	39	29	2001	?		
Kuwait	47	36	1985	1986	2001	2003
Lebanon	48	39	1996	1997		
Libya	19	10				
Morocco	58	36	1995	1999	1999	2001
Oman	27	21	1995	1995	1997	2000
Qatar	34	12	1999	2000	1999	1999
Saudi Arabia	17	9	1996	1997	2006	
Syria	32	24	1996	2001		
Tunisia	51	33	2004	?		
UAE	31	23	1993	1994		
Yemen		17	1998	2002	2002	

*Note:* The table provides details of bilateral investment treaties for 177 economies, concluded June 1, 2007.

*Source:* Country-specific lists of BITs (UNCTAD).

### *Double taxation treaties (DTT)*

Double taxation treaties exist between many countries on a bilateral basis to prevent double taxation (taxes levied twice on the same income, profit, capital gain, inheritance or other item). Overall, MENA countries have concluded around 375 double taxation treaties, except Djibouti, Libya, and Yemen. China and India have signed 94 and 67 double taxation treaties, respectively. Few MENA countries have signed a DTT with China and India (table A4.2).

**Table A4.2: Double taxation treaties**

June 2007	Total signed	With China signed	With India signed
Algeria	29		
Bahrain	11		
Djibouti	0		
Egypt	38	1997	1969
Iran	30		
Jordan	18		
Kuwait	34		
Lebanon	32		
Libya	3		1981
Morocco	34		1998
Oman	22		
Qatar	22		
Saudi Arabia	13		
Syria	28		
Tunisia	39	2004	
UAE	43	1993	
Yemen	9	1998	2002

Source: Country-specific lists of DTTs (UNCTAD).

### *Investment restrictions*

A major factor affecting FDI performance of MENA countries is the high entry cost resulting from the complex procedures involved in setting up foreign-owned enterprises. A recent study shows that,<sup>85</sup> while in terms of the business environment MENA economies occupy a middle position in the worldwide ranking, MENA has lost significant ground in reducing impediments to business development. Table A4.3 shows the restrictiveness of the regulatory framework for FDI in several MENA countries, on the basis of ten criteria, discussed below:<sup>86</sup>

- *Limitations on the entry of FDI:* This includes discriminatory screening and approval procedures for FDI. Investment screening and approval procedures are applied in all MENA countries' investment laws, except Morocco and Yemen.
- *Limitations on foreign purchase of domestic shares:* This refers to shares, bonds, and other securities with an original maturity of more than one year. Ten of the MENA countries restrict the ability of foreigners to buy these shares. China and India also impose restriction on it.
- *IMF Article VIII:* Acceptance of this status indicates that restrictions on payments and transfers relating to current transactions, including repatriation of profits, have been removed. All countries in MENA, except Syria, have obtained this status.
- *Restriction on transfers abroad of the proceeds of the liquidation of FDI:* They include restrictions on the permission of foreign exchange accounts, domiciliation of imports, or surrender of exports. Thirteen MENA countries report that they allow repatriation of capital without restriction, while Algeria, Libya, and Yemen operate restrictions of varying depth. China and India also operate restrictions on repatriation of capital.
- *Foreign exchange account permitted:* This means that the non-residents are allowed to hold accounts in the national currency or in foreign currency. Only Qatar imposes procedures on this.
- *Surrender requirements for export:* These regulations require the exporters to sell, sometimes at a specific exchange, foreign currency in return for local currency to the central bank or commercial bank. Four MENA countries require the recipient to sell repatriated exports to the central bank or to authorized dealers (Algeria, Morocco, Syria, and Tunisia), as well as China and India.
- *Domiciliation requirement for imports:* This is an obligation to domicile the transactions with a specified (usually domestic) financial institution. Four MENA countries request to domicile transactions with a domestic financial institution (Algeria, Bahrain, Morocco, and Tunisia), as well as China and India.

<sup>85</sup> The World Bank 2005b.

<sup>86</sup> This updates and completes a work done by OECD in 2005 concerning the regulatory framework in the MENA region. We use 7 OECD criteria that we update and add three more. (OECD, 2006)

- *Restrictions on real estate acquisition:* The number of procedures required to acquire real estate can ultimately affect the destination of international capital. Ten MENA countries present restrictions on real estate acquisition.
- *Performance requirements on foreign direct investors:* They include the following requirements: investors export a certain percentage of output or only have access to foreign exchange in relation to their exports; nationals own shares or that the share of foreign equity is reduced over time; conditions on permission to invest, including location in specific sectors, geographical area, percentages of local content or local equity, local sources of financing, and employment of host country nationals. Six MENA countries have performance requirements on FDI. Algeria just requires a minimum level of foreign equity. Kuwait requires use of local products and imposes requirements on shipping and on investment in R&D. Saudi Arabia requires a percentage of local workforce. Syria requires minimal investment and looks more favorably on proposals that include more local labor and local materials for undeveloped rural areas. Tunisia restricts FDI in the petroleum sector and in private sector infrastructure development. The UAE are highly restrictive on FDI; for example, to bid on a federal contract, a foreign supplier must be part of a company in which nationals own at least 51 percent.
- *Incentives policies:* MENA countries use investment incentives to attract FDI. They may be granted the right to invest in the whole territory, or only in special economic zones. Direct subsidies or income tax incentives can make the host state more attractive to investors. Except Kuwait and Saudi Arabia, all MENA countries use incentive policies to attract FDI.

### ***Attractiveness of the business environment for foreign investors***

Table A4.4 shows a number of indicators to measure the attractiveness of the economic environment for business. The Investment Risk Index (calculated on the basis of indicators of contract viability, profit repatriation, and payment delays) shows a relatively low risk for most MENA countries. India and China have higher risk than most countries (except for Egypt, Iran, and Syria).

Restrictions to doing business are still important but have improved. The number of procedures for starting a business and dealing with the required licenses varies among the MENA countries. Nonetheless, the number of procedures for starting a business is significantly less than that to obtain the relevant operating licenses. In both cases the number is always significantly less than for China and India.

The table also portrays the perspective of foreign and domestic enterprises operating in the MENA region regarding the transparency of government policymaking in their countries. Overall, MENA ranks better than China but worse than India. The indicator “Favoritism in decision of government official” varies from country to country. Except in Libya, Syria, and Egypt, MENA countries do not tend to present favoritism in the decision of a government official, less than in China and India. Transparency International’s Corruption Perceptions Index also differs significantly among MENA countries. Oman and the United Arab Emirates are less corrupt than Iraq and Libya. The existence of corruption in each MENA country poses a problem for the overall investment environment. The Global credit rating is the last indicator, based on information provided by senior economists and sovereign-risk analysts at leading global banks and money management and securities firms. It ranks countries according to their chance of default, 100 representing the least chance of default. There is a huge difference between GCC countries, which present less chance of default than even China and India, and the other MENA countries, which present more chance of default than China and India. However, some countries such as Morocco, Tunisia, and Algeria are not far from India.

**Table A4.3: Regulatory framework for FDI, 2007**

		Algeria	Bahrain	Djibouti	Egypt	Jordan	Kuwait	Lebanon	Libya	Morocco	Oman	Qatar	Saudi	Syria	Tunisia	UAE	Yemen	China	India
1	All-sector limitations on the entry	R	R	R	R	R	R	R	R		R	R	R	R	R	R		R	R
2	Limitations on foreign purchase of domestic shares		R				R	R	n/a	R	R	R	R	R	R	R		R	R
3	IMF Article VIII status	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y
4	Liquidation proceeds transfer abroad	R							R								R	R	R
5	Foreign exchange account permitted	Y	Y	Y	Y	Y	Y	Y	Y	Y	Y	N	Y	R	Y	Y	Y	Y	Y
6	Surrender requirements for export	R								R				R	R			R	R
7	Domiciliation requirement for imports	R	R						n/a	R				n/a	R		n/a	n/a	n/a
8	Acquisition of real estate for FDI purposes					R	R	R	R	R	R	R	R	R		R		R	
9	Performance requirements on FDI	R					R						R	R	R	R		R	R
10	FDI-targeted tax and other incentives	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	N	Y	Y	Y	Y	Y	Y

1. R: Restricted Y: Yes N: No n/a: Not Available

Source: IMF, *Annual report on Exchange Arrangements and Exchange Restrictions 2007*.

**Table A4.4: Data relatives to the attractiveness for FDI, 2007**

	Algeria	Bahrain	Djibouti	Egypt	Iran	Jordan	Kuwait	Lebanon	Libya	Morocco	Oman	Qatar	Saudi	Syria	Tunisia	UAE	Yemen	MENA	China	India
Investment Risk Index <sup>a</sup>	8.5	11.5		6.5	6.5	10	11.5	8.5	10	9.5	11.5	10	11	5	8.5	11.5	8	<b>9</b>	7	8.5
• Contract viability	2.5	4		2.5	2	3.5	3.5	2.5	3.5	3.5	4	3.5	3.5	2	3	3.5	2.5	<b>3</b>	2	3.5
• Profit repatriation	3	4		2	2.5	3.5	4	3	3.5	3	3.5	3.5	3.5	1.5	2.5	4	3.5	<b>3.3</b>	2.5	2.5
• Payment delays	3	3.5		2	2	3	4	3	3	3	4	3	4	1.5	3	4	2	<b>3.1</b>	2.5	2.5
Doing Business																				
• Starting business (number of procedures)	14		11	7	8	10	13	6		6	9		7	13	10	11	12	<b>9.8</b>	13	13
• Dealing with licenses (number of procedures)	22		14	28	19	18	25	20		19	16		18	21	20	21	13	<b>19.6</b>	37	20
• Registering property (number of procedures)	14		7	7	9	8	8	8		8	2		4	4	5	3	6	<b>6.6</b>	4	6
• Investor protection index <sup>b</sup>	5.3		2.3	5	3	4.3	6.3	5		3	5.3		5.7	4.3	3.3	4.3	4	<b>4</b>	5	6
• Closing business (cost in percent of estate)	7		18	22	9	9	1	22		18	4		22	9	7	30	8	<b>13.3</b>	22	9
Transparency of government policymaking <sup>c</sup>	90	33		92		57	52		115	49	35	36	54	112	13	20		<b>58</b>	88	45
Favoritism in decision of government official <sup>d</sup>	30	35		50		38	65		87	39	12	16	25	77	11	21		<b>39</b>	71	54
Corruption Perceptions index <sup>e</sup>	3	5	2.9	2.9	2.5	4.7	4.3	3	2.5	3.5	4.7	6	3.4	2.4	4.2	5.7	2.5	<b>4.3</b>	3.5	3.5
Global credit rating <sup>f</sup>	54.7	70.3	22.2	50.7	35.7	45.8	77.7	28.9	49	55.1	70.5	78.2	72.8	29.6	61.3	80.3	32.8	<b>53.9</b>	76.5	62.7

Sources:

a. From the Political Risk Services Group 2007. Each index ranges from 1 (high risk) to 4 (low risk), so the Investment Risk Index ranges from 1 to 12.

b. The index ranges from 0 to 10, with higher values indicating more investor protection.

c. World Economic Forum 2007, ranking of countries from 1 (more transparency) to 131.

d. World Economic Forum 2007, ranking of countries from 1 (less favoritism) to 131.

e. Transparency International, Corruption Perceptions Index 2007. Index ranging from 1 (highest corruption) to 10.

f. International Investor 2008, ranging from 0 (highest risk of default) to 100.

## ANNEX V: GTAP METHODOLOGY AND SIMULATIONS RESULTS

The simulations in this study were undertaken using the GTAP applied general equilibrium model, documented in Ianchovichina (2004). The GTAP model itself is documented comprehensively in Hertel (1997) and in the GTAP Data Base documentation (Dimaranan 2006). The base year for this simulation is 2004. The projections scenarios are based on World Bank macroeconomic projections and labor force, population, and human capital growth assumptions.

A baseline for the period 2005–20 was constructed to provide a benchmark against which the effects of higher growth rates of output might be assessed. Economy-wide rates of technical change were used to ensure consistency between the exogenous variable forecasts and the GTAP baseline forecasts of GDP. As discussed in Chapter 5, the specific increases in growth rates analyzed were 2.1 percent per year in China and 1.9 percent in India. The model allows for extensive export-oriented manufacturing where exporters have access to intermediate inputs duty-free in China and India. Product differentiation between imported and domestic goods and among imports from different regions allows for two-way trade in each product category. Factor inputs of land, capital, skilled and unskilled labor, and in some sectors a natural resource factor are included in the analysis.

In the model, economy-wide productivity growth is adjusted to maintain the targeted increase in the rate of economic growth. Consistent with Kaldor's (1957) stylized facts of economic growth, the stock of human and physical capital is increased in line with the overall output increase in these two growing economies.

The model includes the explicit treatment of international trade and transport margins, a "global" bank designed to mediate between world savings and investment, and a relatively sophisticated consumer demand system designed to capture differential price and income responsiveness across countries. The constant returns to scale version of the GTAP model was adjusted to incorporate China's duty exemptions, large-scale liberalization of the nonagricultural sector, and the introduction of an effective system of duty exemptions for inputs used to produce exports in India. Duty exemptions were incorporated in the GTAP model and data base following the methodology developed by Ianchovichina (2004). The 57 sectors of the GTAP Data Base were aggregated into 26 sectors based on their importance in China, India, and MENA.

The simulations are discussed in Chapter 5. The attached tables provide additional data and background results.

**Table A5.1: Baseline growth rates, 2004**

(annual percent changes)

<b>Country or region</b>	<b>Population</b>	<b>Unskilled labor</b>	<b>Skilled labor</b>	<b>Capital</b>	<b>GDP</b>
Australia and New Zealand	0.7	1.6	0.6	3.8	3.4
China	0.6	0.8	3.9	8.5	6.6
Japan	-0.2	0.2	-0.7	2.5	1.6
Korea, Rep.	0.3	2.0	5.8	4.9	4.7
Hong Kong, China, and Taiwan, China	0.3	0.6	2.9	4.9	4.3
Indonesia	1.1	2.7	6.5	4.7	5.2
Malaysia	1.4	-1.4	3.9	5.8	5.6
Philippines	1.5	1.8	4.5	3.4	3.5
Singapore	0.8	0.6	1.1	5.3	4.9
Thailand	0.5	0.1	3.2	3.9	4.6
Vietnam	1.1	1.4	1.9	6.0	5.4
Other Southeast Asia	1.0	1.3	4.2	3.7	3.1
India	1.1	1.6	4.0	6.1	5.5
Other South Asia	1.7	2.1	3.6	5.1	5.0
Canada	0.4	1.6	0.9	3.2	2.6
United States	0.7	1.5	0.8	3.9	3.2
Mexico	1.4	2.7	4.6	3.3	3.8
Argentina and Brazil	1.0	0.9	3.6	3.1	3.6
Other Latin America	1.4	1.6	3.9	3.4	3.3
European Union	0.0	0.4	0.1	2.6	2.3
Former Soviet Union	-0.1	0.3	0.7	3.6	3.2
Sub-Saharan Africa	1.9	2.6	3.3	3.1	3.5
Israel	1.2	0.8	1.3	3.5	3.7
Rest of world	0.8	0.8	2.5	3.0	4.1
Other MENA	1.9	2.0	3.1	3.6	3.7
Iran	1.4	1.5	4.2	6.7	5.0
Egypt	1.4	1.7	2.2	3.6	4.7
Morocco	1.3	2.0	2.5	4.4	3.9
Tunisia	1.2	1.9	4.5	4.6	4.6
Algeria	1.5	2.2	4.2	2.5	2.7
Jordan	2.0	2.6	3.1	4.5	4.5
Lebanon	1.0	1.4	1.9	2.8	3.1
Syria	1.8	2.8	4.4	2.6	4.4

*Source:* World Bank, Center for Global Trade Analysis.

**Table A5.2: Impact of improved growth and quality exports in China and India relative to baseline, 2020**

Country or region	Growth Expected value		Growth and quality Expected value		Exports (percent)		Terms of trade (\$ million)	
	(\$ million)	(percent)	(\$ million)	(percent)	Growth	Growth and quality	Growth	Growth and quality
Australia and New Zealand	5,127	0.5	8,317	0.8	1.2	2.6	5,092	7,762
China	1,033,330	28.9	1,111,113	31.1	33.3	60.9	-55,960	22,879
Japan	-1,177	0.0	6,653	0.1	3.1	5.5	2,116	6,321
Korea, Republic	4,750	0.4	11,586	1.0	3.5	5.7	-112	4,310
Hong Kong, China, and Taiwan, China	2,553	0.4	9,350	1.3	1.4	3.2	2,959	9,578
Indonesia	1,178	0.3	2,007	0.4	0.2	0.6	1,125	1,622
Malaysia	2,669	1.2	5,323	2.4	-0.7	-0.6	2,118	3,399
Philippines	-472	-0.3	-191	-0.1	0.6	1.0	-415	-186
Singapore	-247	-0.1	1,878	1.0	1.8	3.2	476	2,361
Thailand	409	0.1	2,050	0.4	1.2	2.4	121	1,268
Vietnam	565	0.7	928	1.1	-0.5	-0.9	615	1,157
Rest of Southeast Asia	450	1.9	599	2.5	-1.4	-1.9	442	583
India	393,012	30.5	413,951	32.2	41.4	68.8	-14,628	6,270
Rest of South Asia	-757	-0.2	71	0.0	1.0	2.1	-536	493
Canada	3,068	0.3	4,670	0.4	-0.7	-0.9	3,252	4,144
United States	-595	0.0	17,531	0.1	1.4	3.2	4,605	21,171
Mexico	1,802	0.2	5,231	0.5	0.9	2.7	94	724
Argentina and Brazil	2,043	0.2	3,804	0.3	0.8	1.4	2,149	3,186
Rest of Latin America	3,414	0.5	5,102	0.7	-0.1	0.4	3,248	4,374
EU-25 plus EFTA	-6,186	0.0	12,990	0.1	0.2	0.2	6,771	21,523
Former Soviet Union	8,385	0.8	10,970	1.0	0.4	1.2	7,889	9878
Sub-Saharan Africa	5,996	0.8	8,891	1.2	0.0	0.7	4,932	7,619
Rest of world	-1,094	-0.1	-315	0.0	1.0	1.2	-502	1174
Israel	3,397	1.1	3,846	1.2	-1.8	-2.0	2,610	3,114
Other MENA	16,347	3.0	20,013	3.7	-1.6	-1.0	15,343	18,733
Iran	2,460	0.9	3,239	1.2	0.2	1.7	2,119	2,856
Egypt	363	0.3	596	0.5	0.2	0.6	297	543
Morocco	50	0.1	196	0.3	1.7	1.6	-18	144
Tunisia	-57	-0.1	-58	-0.1	-0.5	-1.5	-31	33
Algeria	2,871	1.3	3,206	1.5	-0.5	-0.6	2,435	2,695
Jordan	864	1.2	1,067	1.5	-12.4	-14.6	261	454
Lebanon	206	0.3	258	0.3	10.3	11.2	277	390
Syria	493	0.5	651	0.6	2.2	2.8	241	461
<b>MENA</b>	23,593	1.5	29,168	1.9	-0.9	-0.4	20,923	26,309
<b>World</b>	1,485,215	2.7	1,675,523	3.0	4.7	8.8	0	171,033

Source: Authors' simulations with GTAP-DD.

**Table A5.3: Change in exports due to high growth in China and India relative to baseline (percent)**

<b>Good</b>	<b>Egypt</b>	<b>Morocco</b>	<b>Tunisia</b>	<b>Algeria</b>	<b>Other MENA</b>	<b>Jordan</b>	<b>Lebanon</b>	<b>Syria</b>	<b>Iran</b>
Rice	10.0	21.5	25.8	8.0	10.3	-20.0	1.6	1.8	10.2
Wheat	36.7	65.5	82.3	26.3	33.8	6.3	28.1	31.7	58.0
Grains	18.2	26.6	16.0	22.2	0.6	-14.2	6.6	10.7	19.4
Vegetables and fruits	7.4	9.9	22.8	-21.6	23.9	-13.3	12.0	6.8	39.4
Oils and fats	-0.2	0.1	1.8	-39.5	3.4	-22.8	-9.1	-6.8	1.6
Sugar	-2.0	1.2	11.2	-45.2	0.3	-25.6	-9.6	-6.8	47.8
Plant-based fibers	43.8	31.7	13.8	2.9	24.9	-12.0	20.7	44.7	18.9
Other crops	5.0	24.7	9.6	-32.1	25.9	10.8	17.0	5.5	25.8
Livestock and meat	16.7	21.1	37.0	-45.6	9.8	-6.4	2.9	0.0	6.9
Dairy	15.1	8.6	18.0	-40.1	1.5	-19.3	-3.7	-2.3	6.0
Other processed food	-0.5	-0.7	3.7	-33.9	-0.3	-17.0	-4.3	0.2	-2.2
Energy	14.7	31.2	6.9	0.7	1.0	7.4	26.1	4.4	5.6
Textiles	-5.8	-1.4	1.2	-54.0	-1.4	-23.8	-16.0	-15.1	-10.4
Apparel	-4.9	-6.2	-3.1	-54.1	-10.2	-38.4	-25.6	-22.0	-17.3
Leather	5.3	-0.8	0.8	-61.9	-3.2	-38.2	-19.2	-18.3	-26.3
Wood products	-1.6	-3.3	-0.5	-45.4	-3.9	-31.7	-15.6	-9.5	-6.2
Minerals	4.5	1.5	1.3	-16.5	3.5	-11.6	-8.2	-13.9	12.6
Chemicals	-7.8	5.8	5.4	-53.2	-0.9	-30.9	-51.1	-25.4	-9.9
Metals	-10.6	-4.7	-4.4	-57.6	4.2	-35.4	-36.5	-18.6	-3.6
Vehicles	6.2	-3.6	-2.3	-44.9	-13.5	-32.3	-27.0	-6.4	-3.3
Machinery and equipment	-4.8	-11.1	-8.8	-55.9	-19.4	-26.5	-31.8	-23.2	-20.2
Electronics	-13.9	-8.8	-15.2	-62.9	-14.6	-40.7	-39.7	-20.7	-26.5
Other manufactures	-31.9	-22.3	-17.6	-60.4	-26.7	-51.3	-54.7	-35.3	-32.7
Trade and transport	-0.9	2.0	2.0	-37.0	-1.3	-20.8	-9.2	-4.3	-5.8
Communication services	-2.5	-4.9	-1.5	-39.8	-10.7	-19.5	-7.7	-5.4	-7.0
Other services	-4.1	-2.8	-0.1	-31.3	-11.4	-17.7	-1.6	0.6	-5.3

Source: Authors' simulations with GTAP-DD.

**Table A5.4: Change in output due to high growth in China and India relative to baseline  
(percent)**

<b>Product</b>	<b>Egypt</b>	<b>Morocco</b>	<b>Tunisia</b>	<b>Algeria</b>	<b>Other MENA</b>	<b>Jordan</b>	<b>Lebanon</b>	<b>Syria</b>	<b>Iran</b>
Rice	2.0	-0.3	4.1	1.5	6.6	0.6	-1.2	0.2	0.5
Wheat	4.6	3.9	4.6	-5.7	10.0	0.6	-0.5	0.6	1.0
Grains	0.9	1.0	3.6	1.9	1.3	1.1	-0.7	0.7	0.5
Vegetables and fruits	0.7	3.0	1.4	0.2	10.0	0.5	-0.1	0.3	2.8
Oils and fats	-0.1	0.4	1.8	0.8	3.2	-1.5	-0.8	0.0	-0.9
Sugar	-0.4	-0.2	0.7	-9.6	0.3	0.8	-1.2	-0.7	4.1
Plant-based fibers	10.5	2.0	3.1	-2.0	24.4	-0.4	1.2	43.7	0.4
Other crops	2.6	6.7	3.9	-9.7	25.4	-0.3	0.1	0.3	1.6
Livestock and meat	0.8	-0.2	0.0	-4.1	0.4	1.9	-0.4	0.4	0.1
Dairy	0.5	0.0	0.0	-14.0	0.5	-0.7	-0.8	0.3	0.5
Other processed food	-0.2	-0.3	0.5	-0.5	0.4	-1.2	-0.9	0.2	0.2
Energy	2.0	14.6	1.9	0.6	0.8	2.2	2.9	0.2	1.7
Textiles	-1.8	-2.4	-0.3	-20.4	0.5	-22.9	-2.5	-2.2	-6.4
Apparel	-1.2	-4.7	-2.9	1.0	-7.7	-23.2	-3.1	-0.6	-3.8
Leather	0.9	-0.6	0.4	-10.5	-2.4	-1.5	-0.1	-1.1	-9.1
Wood products	-0.4	-1.1	-0.3	-2.7	0.0	-0.4	0.1	-0.1	-2.8
Minerals	0.9	0.3	0.4	-1.8	2.9	-0.2	-1.2	-0.6	1.2
Chemicals	-3.6	1.5	2.8	-15.9	-1.2	-10.8	-5.7	-3.2	-7.7
Metals	-5.1	-4.5	-2.9	-12.4	2.3	-4.1	-9.2	-2.7	-4.5
Vehicles	0.8	-1.4	-1.8	-23.0	-13.5	-0.1	-5.7	0.2	-2.1
Machinery and equipment	-5.0	-7.6	-8.3	-26.8	-16.3	-5.2	-8.7	-14.2	-8.8
Electronics	-3.2	-8.5	-8.8	-2.4	-13.8	-11.1	-0.1	-1.6	-5.4
Other manufactures	-9.0	-5.6	-10.5	-0.2	-21.4	-0.8	-2.8	-0.7	-5.0
Trade and transport	-0.3	0.0	-0.3	0.3	-0.2	0.6	-1.2	0.1	-0.5
Communication services	-1.0	-2.0	-0.4	0.7	-4.8	0.4	0.4	0.4	-0.1
Other services	-0.3	-0.1	0.0	1.2	1.6	1.3	0.1	0.2	0.4

Source: Authors' simulations with GTAP-DD.

**Table A5.5: Change in exports due to high growth, quality, and variety improvements in China and India relative to baseline (percent)**

<b>Good</b>	<b>Egypt</b>	<b>Morocco</b>	<b>Tunisia</b>	<b>Algeria</b>	<b>Other MENA</b>	<b>Jordan</b>	<b>Lebanon</b>	<b>Syria</b>	<b>Iran</b>
Rice	9.0	39.0	42.9	13.0	11.9	-22.2	3.3	1.9	14.8
Wheat	49.9	86.3	112.4	37.0	42.0	17.0	46.8	43.4	73.7
Grains	23.1	34.3	20.7	25.9	0.6	-15.5	9.5	15.3	24.8
Vegetables and fruits	9.8	12.8	30.6	-18.9	31.1	-14.2	16.1	9.3	52.4
Oils and fats	0.1	0.5	3.1	-38.2	4.4	-23.7	-4.5	-6.3	1.6
Sugar	-1.7	2.8	17.8	-46.1	-0.6	-27.0	-5.7	-4.5	86.4
Plant-based fibers	49.7	37.0	15.1	6.9	29.1	-15.8	27.7	59.7	19.0
Other crops	7.4	34.7	11.8	-28.1	35.8	27.3	29.5	9.8	36.5
Livestock and meat	25.5	33.5	57.6	-45.0	13.2	0.6	16.0	3.5	8.8
Dairy	24.6	14.3	30.7	-39.8	1.9	-19.4	2.4	2.1	11.3
Other processed food	-0.5	-0.6	5.3	-34.8	-1.6	-19.2	-2.3	1.7	-2.9
Energy	15.0	31.8	7.0	0.7	1.0	7.1	27.8	4.9	5.7
Textiles	-10.2	-4.2	-2.3	-57.8	-2.2	-27.7	-22.3	-21.7	-18.2
Apparel	-11.4	-12.0	-9.1	-59.3	-11.6	-45.9	-33.3	-32.0	-31.6
Leather	12.6	-8.2	-3.4	-65.5	-3.5	-44.4	-23.7	-29.8	-32.5
Wood products	1.9	-3.3	0.6	-46.5	-2.4	-35.6	-14.9	-10.7	-2.4
Minerals	8.2	1.8	0.8	-15.1	6.0	-8.7	-7.6	-16.5	22.5
Chemicals	-9.0	8.6	7.2	-56.5	0.5	-35.6	-54.3	-28.9	-6.5
Metals	-11.9	-3.8	-5.6	-59.6	19.8	-38.4	-38.2	-22.7	5.4
Vehicles	17.6	-4.8	-2.2	-47.0	-17.3	-37.0	-28.3	-3.1	-1.2
Machinery and equipment	-8.0	-16.9	-12.9	-60.7	-26.3	-33.4	-38.9	-31.0	-29.4
Electronics	-29.7	-11.9	-31.1	-71.4	-21.7	-55.4	-53.7	-35.8	-45.4
Other manufactures	-38.9	-29.3	-22.4	-65.1	-29.1	-60.0	-60.4	-44.6	-42.9
Trade and transport	0.6	5.1	5.7	-37.3	0.1	-22.8	-8.1	-4.5	-5.0
Communication services	-1.8	-3.6	1.2	-40.7	-13.3	-21.8	-6.8	-6.1	-7.2
Other services	-2.8	-1.5	2.8	-32.0	-14.5	-20.6	-0.9	-0.2	-5.9

Source: Authors' simulations with GTAP-DD.

**Table A5.6: Change in output due to high growth, quality, and variety improvement in China and India relative to baseline (percent)**

<b>Good</b>	<b>Egypt</b>	<b>Morocco</b>	<b>Tunisia</b>	<b>Algeria</b>	<b>Other MENA</b>	<b>Jordan</b>	<b>Lebanon</b>	<b>Syria</b>	<b>Iran</b>
Rice	2.0	-0.3	4.1	1.5	6.6	0.6	-1.2	0.2	0.5
Wheat	4.6	3.9	4.6	-5.7	10.0	0.6	-0.5	0.6	1.0
Grains	0.9	1.0	3.6	1.9	1.3	1.1	-0.7	0.7	0.5
Vegetables and fruits	0.7	3.0	1.4	0.2	10.0	0.5	-0.1	0.3	2.8
Oils and fats	-0.1	0.4	1.8	0.8	3.2	-1.5	-0.8	0.0	-0.9
Sugar	-0.4	-0.2	0.7	-9.6	0.3	0.8	-1.2	-0.7	4.1
Plant-based fibers	10.5	2.0	3.1	-2.0	24.4	-0.4	1.2	43.7	0.4
Other crops	2.6	6.7	3.9	-9.7	25.4	-0.3	0.1	0.3	1.6
Livestock and meat	0.8	-0.2	0.0	-4.1	0.4	1.9	-0.4	0.4	0.1
Dairy	0.5	0.0	0.0	-14.0	0.5	-0.7	-0.8	0.3	0.5
Other processed food	-0.2	-0.3	0.5	-0.5	0.4	-1.2	-0.9	0.2	0.2
Energy	2.0	14.6	1.9	0.6	0.8	2.2	2.9	0.2	1.7
Textiles	-1.8	-2.4	-0.3	-20.4	0.5	-22.9	-2.5	-2.2	-6.4
Apparel	-1.2	-4.7	-2.9	1.0	-7.7	-23.2	-3.1	-0.6	-3.8
Leather	0.9	-0.6	0.4	-10.5	-2.4	-1.5	-0.1	-1.1	-9.1
Wood products	-0.4	-1.1	-0.3	-2.7	0.0	-0.4	0.1	-0.1	-2.8
Minerals	0.9	0.3	0.4	-1.8	2.9	-0.2	-1.2	-0.6	1.2
Chemicals	-3.6	1.5	2.8	-15.9	-1.2	-10.8	-5.7	-3.2	-7.7
Metals	-5.1	-4.5	-2.9	-12.4	2.3	-4.1	-9.2	-2.7	-4.5
Vehicles	0.8	-1.4	-1.8	-23.0	-13.5	-0.1	-5.7	0.2	-2.1
Machinery and equipment	-5.0	-7.6	-8.3	-26.8	-16.3	-5.2	-8.7	-14.2	-8.8
Electronics	-3.2	-8.5	-8.8	-2.4	-13.8	-11.1	-0.1	-1.6	-5.4
Other manufactures	-9.0	-5.6	-10.5	-0.2	-21.4	-0.8	-2.8	-0.7	-5.0
Trade and transport	-0.3	0.0	-0.3	0.3	-0.2	0.6	-1.2	0.1	-0.5
Communication services	-1.0	-2.0	-0.4	0.7	-4.8	0.4	0.4	0.4	-0.1
Other services	-0.3	-0.1	0.0	1.2	1.6	1.3	0.1	0.2	0.4

*Source:* Authors' simulations with GTAP-DD.

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