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**TRADE AND DEVELOPMENT BOARD
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Item 6: Evolution of the international trading system and its trends from a development perspective

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ESCWA

United Nations Economic and Social Commission for Western Asia

Advancing Arab Economic Integration for achieving SDGs: the particular role of trade reforms

by Mehmet Eris

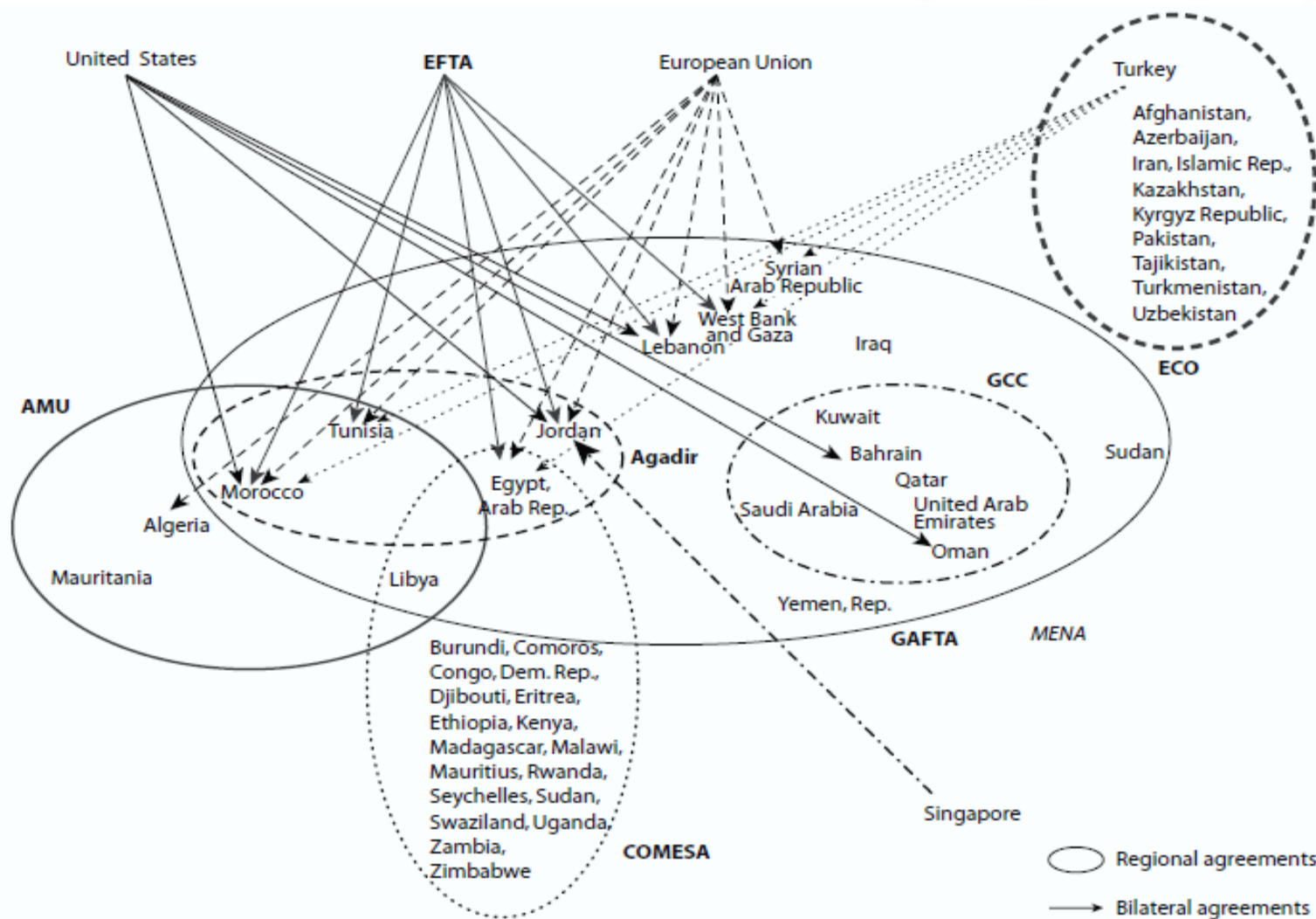
Regional Integration Section/EDID

22 September 2015



- **Trade: Cross-cutting issue**
 - links factor and product markets
 - helps accelerate pace of technological progress and adoption
 - helps spur the development of capital and financial markets
- **far-reaching influence on**
 - economic outcomes
 - income disparities within and across countries

Regional and bilateral trade agreements in the MENA region

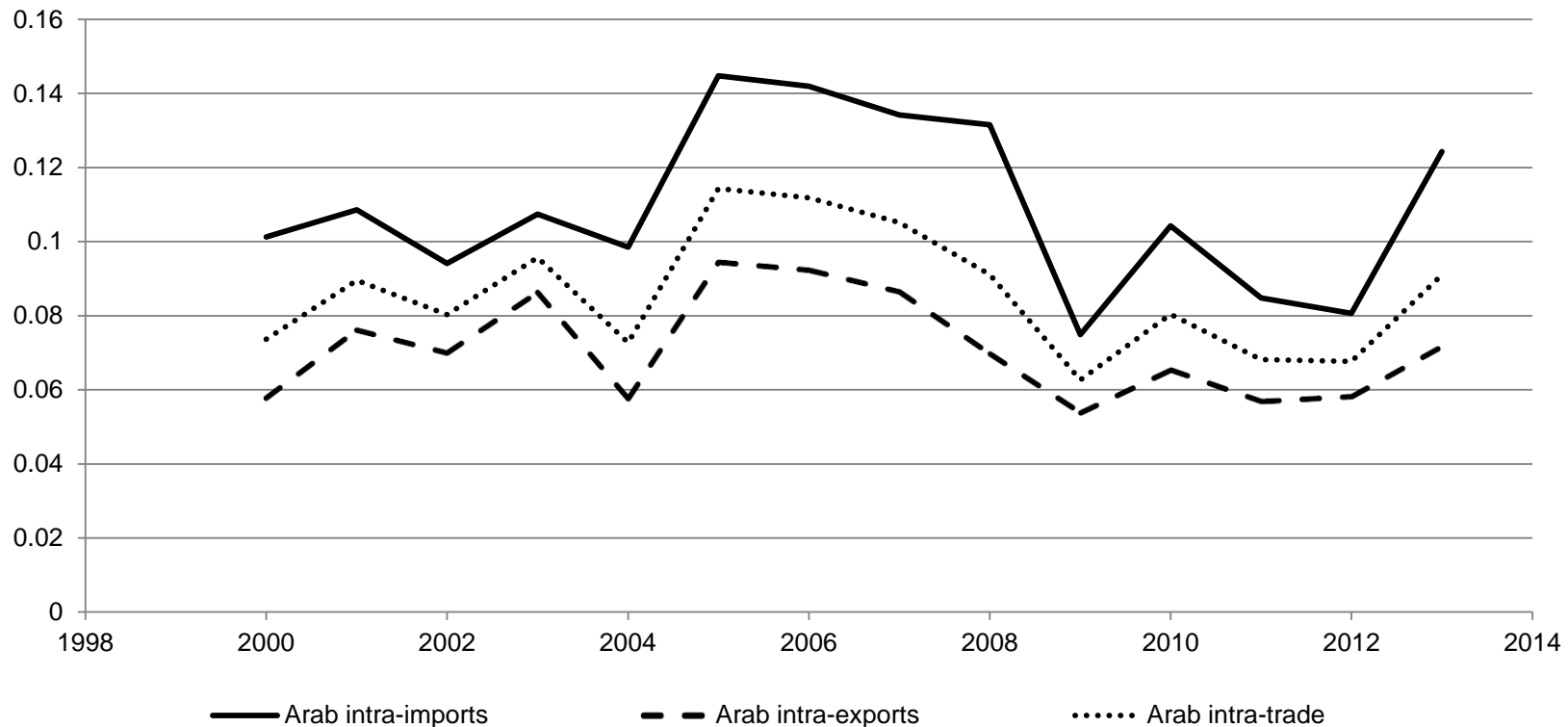


Source: World Bank (2008)

Intra-Arab trade remains limited...



Intra-Arab trade as a share of total trade

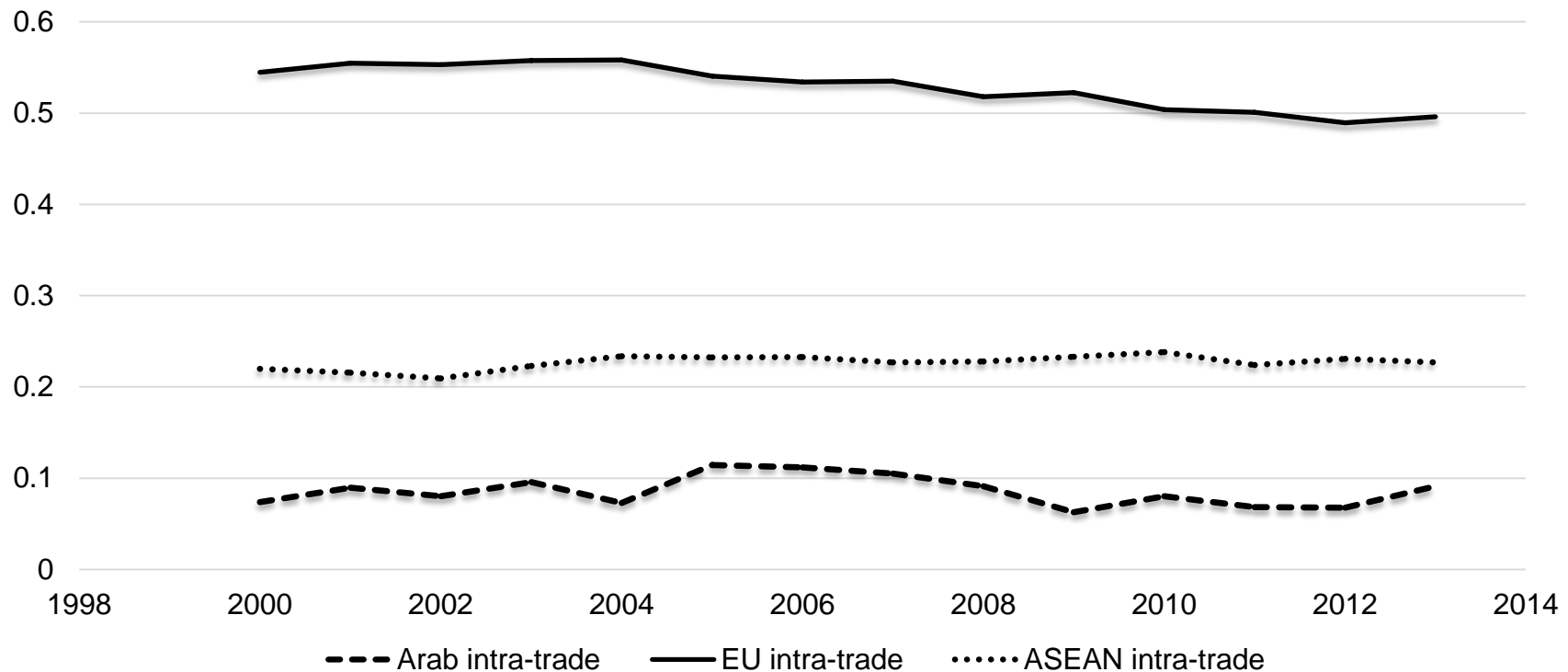


Source: ESCWA calculations based on BACI

... particularly compared with other regions



Share of intra-regional in total trade

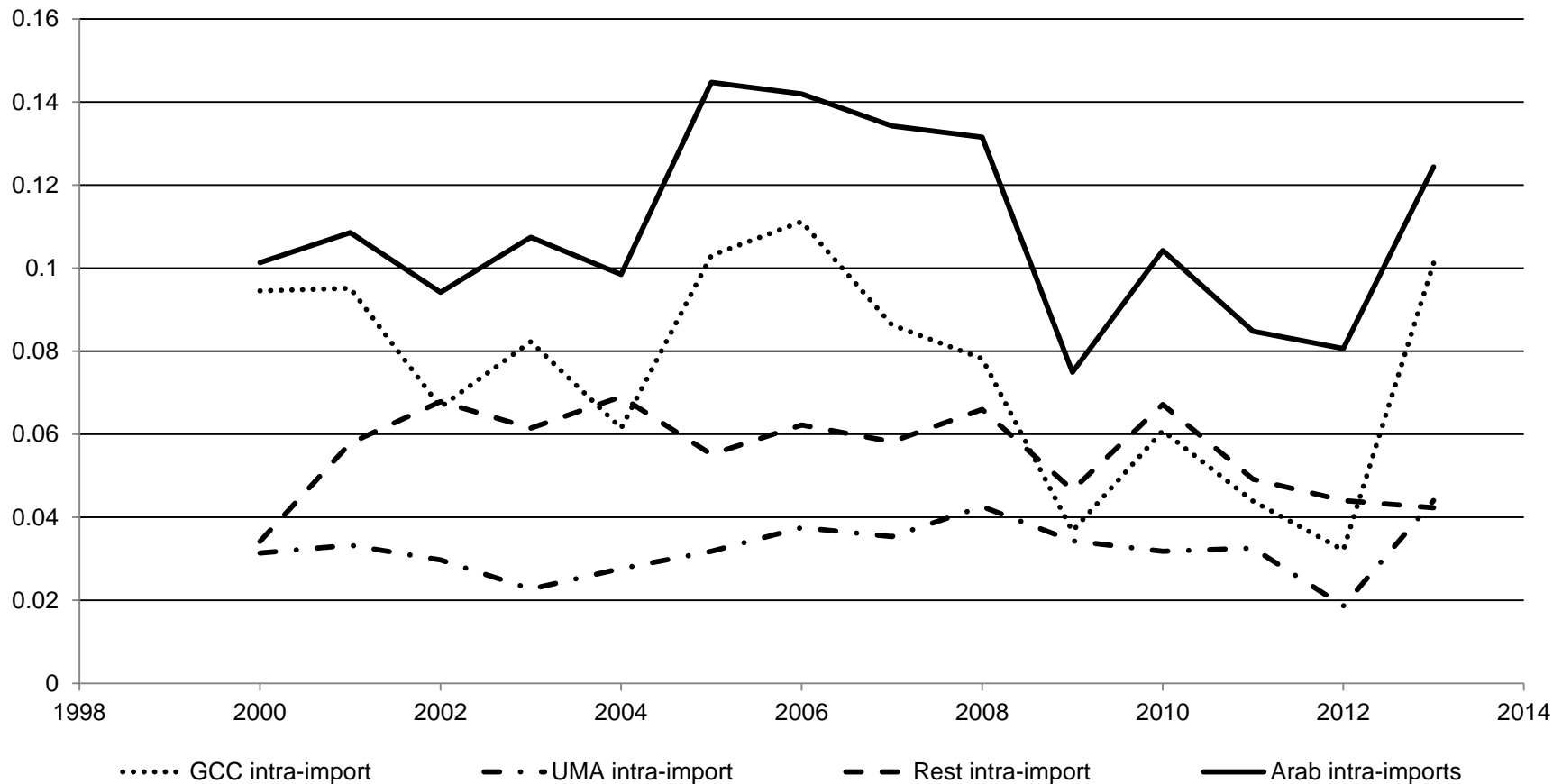


Source: ESCWA calculations based on BACI

There are differences across sub-regions

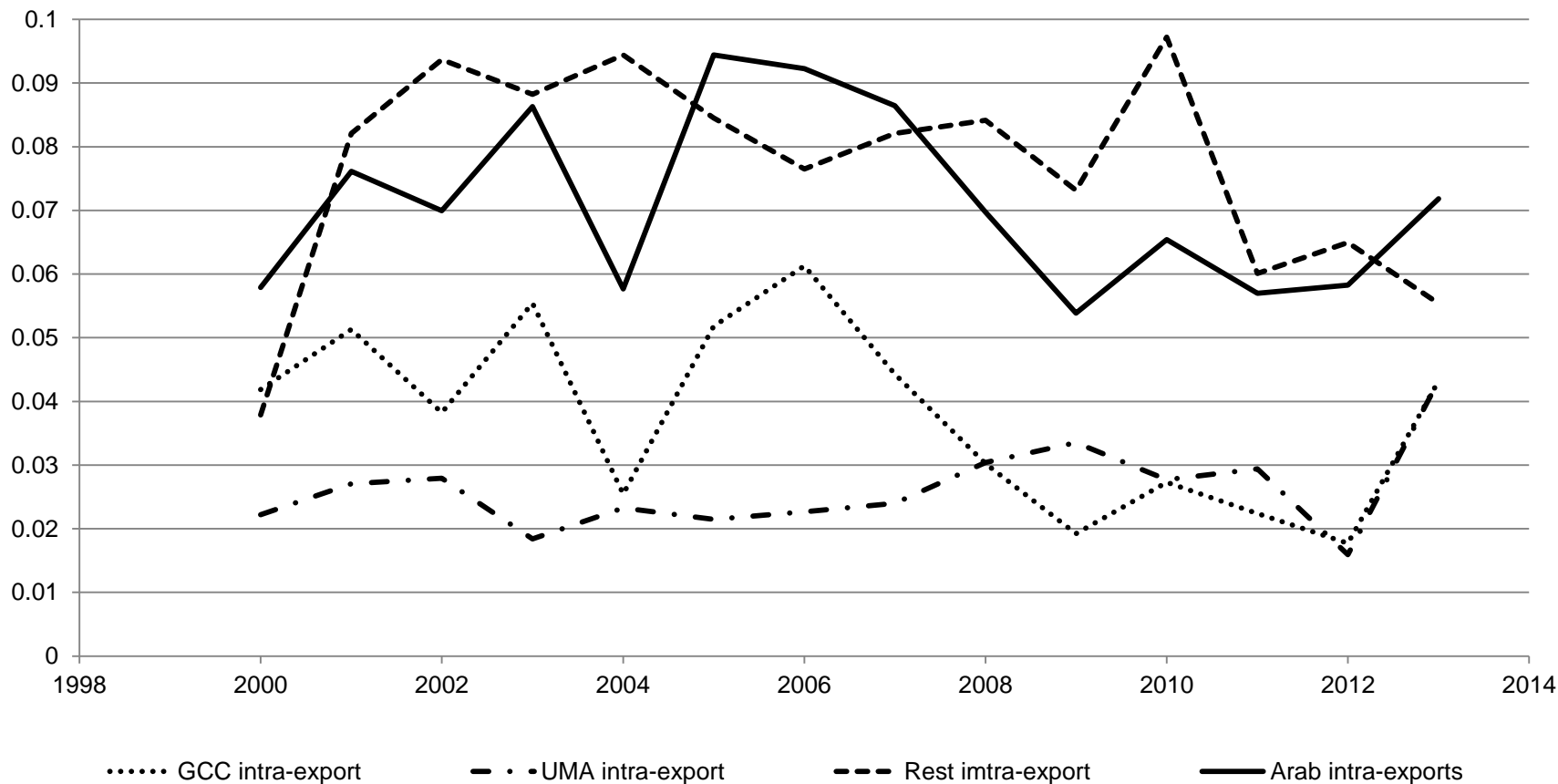


Intra-sub-regional imports as a share of total imports



Source: ESCWA calculations based on BACI

Intra-sub-regional exports as a share of total exports



A diagnosis tool to monitor progress and inform policy making

It is developed to:

- help understand challenges and opportunities
- identify binding constraints to regional integration
- monitor implementation of agreements and evaluate implications
- measure progress against comparator countries and regions (the EU, ASEAN, and some key external partners)

Focuses on three channels:

- trade
- FDI
- worker's remittances

Structure: 3 levels

Global

GLOBALIZATION Index

Are Arab countries falling behind best performers?

What are the main channels of integration?

Are there regional patterns?

Regional

FLOW INTENSITY Index

Which countries are the engine of economic integration at the regional level?

What are the linkages between regional and global integration?

How vulnerable countries are to external shocks?

How regional integration can help as an engine of economic growth?

Bilateral

Bilateral FLOW INTENSITY SCOREBOARDS

What are the nature of, main channels of, potential for further economic integration?

How supportive of economic integration are domestic policies ?

What are the strengths and weaknesses of individual countries?

3 SCOREBOARDS

Enablers

Structure of the economy

Mining value-added (% of GDP)
 Fossil fuel energy consumption (% of total)
 Gross national savings
 Lending rates

Labor Force quality

Life expectancy at birth
 Urban to rural pop
 Literacy rate
 School enrolment rates (primary, secondary and tertiary)
 Mean years of schooling
 Ratio of female to male labor force participation rates
 Apparent productivity of labor

Infrastructure quality

Internet bandwidth
 Electricity production

Conflict

Policies

Trade

R&D expenditure (% GDP)

Investment

Taxes on goods and services
 Corporate taxes
 Chinn-Ito Openness index

Labor force

Gov exp in education (% total exp)
 Gov exp in education (% GDP)
 Health exp Gov (% total exp)
 Health exp Gov (% GDP)

Infrastructure

General Gov final conso expenditures (% GDP)
 Rail lines (total route km)
 Air transport freight (million ton)
 Length of total road
 Length of paved road

Outcomes

Logistics

Container port throughput
 Liner shipping connectivity index
 Air transport, passengers carried

Trade

Merchandise and services exports and imports (% GDP)

Investment

FDI stocks & flows, in /outflows
 Portfolio stocks & flows, in/outflows

People

Emigrants and Immigrants, tourists, students

Macro convergence

Net ODA
 Foreign Reserves
 Inflation
 GDP per capita

Sample AEISI Bilateral Analysis



Bilateral Level of the AEISI: Arab Countries (Algeria... Yemen), 2000-2013

BRI Index: e.g. TUNISIA

Benchmark
Medium term

ASEAN – Vietnam

Benchmark
Long term

EU – Poland

LAS's Countries

EU Countries

ASEAN Countries

ALGERIA

POLAND

VIETNAM

Bilateral Level -
VIETNAM

Bilateral Level -
POLAND

(total % GDP)

With all ASEAN
Countries

With all EU
Countries

Export/ GDP

FDI inflows/ GDP

Remittances inflows/ GDP

Scoreboards

Potentials

Outcomes

Policies

Po | Pl | Ou

Po | Pl | Ou



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Indicators

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Indicators

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Indicators

Thank you!