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THE IMPACT OF EURO-MEDITERRANEAN PARTNERSHIPS ON TRADE INTERESTS OF THE OIC COUNTRIES

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Countries of the Mediterranean region that have or are on the way to having free trade agreements with the European Union have no alternative but to commit themselves to obligations deeper than those of the World Trade Organisation. Those obligations relate to such areas as free movement of goods, right of establishment and supply of services, payments, capital, competition and other safeguards, as well as economic and financial co-operation. This paper reports the results of a study still in progress which seeks answers to the following questions: What is the potential for bilateral trade between OIC member countries and their alternative trading partners?. And what is the short-term and long-term impact of the Euro-Med Agreements on the trade prospects of the OIC countries?.

1. INTRODUCTION AND BACKGROUND

The ongoing process of global integration has intensified since the establishment of the World Trade Organisation (WTO) in January 1995. The WTO principles and declarations (for example the declaration by the WTO Ministers meeting in Singapore in December 1996) place a lot of emphasis on member countries' commitments: to create and maintain a rule-based system that is fair, equitable, and open, that promotes trade without discriminatory treatment, and that maintains and ensures the highest degree of transparency; to liberalise trade and remove tariff and non-tariff barriers as well as other forms of protectionism from trade in goods and services; and to integrate developing, least-developed and countries in transition into the multilateral system and encourage further development and reforms.

While most countries (those that are already members of the WTO and those that are considering membership) are in the process of implementing the obligations associated with WTO principles, most countries in the Mediterranean region have gone an extra step by either signing an individual agreement with the European Union (Tunisia, Morocco, Jordan and the Palestinian Authority) or by being in the process of reaching an agreement

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with the EU (Lebanon and Egypt) or by starting to negotiate (Algeria) or discuss the idea (Syria). The countries involved in these agreements committed themselves to the implementation of obligations that are considered to be deeper than those of the WTO and are, therefore, expected to have significant impacts on these countries as well as other countries in the region (Organisation of the Islamic Conference members make up the majority of the countries expected to be directly affected). According to Hoekman and Djankov (1996) the commitments of the Mediterranean partners to these Euro-Med agreements include implementing obligations associated with the following six elements: (1) political dialogue; (2) free movement of goods; (3) right of establishment and supply of services; (4) payments, capital, competition and other safeguards; (5) economic, social and cultural co-operation; and (6) financial co-operation.

Various aspects of the Euro-Med partnerships have been discussed by many authors. Hoekman and Djankov (1996) and Laanatza (1997) provide in-depth analysis and evaluation of these agreements. They reach a number of interesting conclusions and provide many useful insights. We highlight the conclusions relevant to our main objective of assessing the impacts of the agreements on countries of the OIC region. Two of the conclusions reached by Hoekman and Djankov are that in the long run the Euro-Med agreements are expected to be beneficial to all partners involved, and that in the short run these agreements are likely to be economically welfare-reducing. The first conclusion is supported by such arguments as the following: the trade liberalisation required by the agreements is expected to improve productive capacity and efficiency; commitments by the partners to the agreements are likely to enhance the credibility of the reform paths pursued by the countries involved; and the agreements are likely to be very beneficial in inducing competition, encouraging investments and decreasing transaction costs associated with trade. The second conclusion is supported by arguments such as: the agreements are discriminatory by definition and may, therefore, involve significant trade diversion; the transition path to free trade with the EU and the gradual liberalisation of the economies involved are likely to take a long time due to the absence of binding commitments in foreign direct investment, services and government procurement and the broad safeguards; and the level of economic and financial co-operation between the partners and the degree of MFN tariffs (imposed on third countries) liberalisation are critical factors in ensuring that the agreements are welfare-improving.

Laanatza's main conclusion is that given the formidable challenges associated with fulfilling the obligations of the Euro-Med agreements (and the WTO obligations as well) a very significant restructuring of the Mediterranean

economies is expected to take place. Strong regional economic co-operation is needed to meet such challenges. She suggests strongly that the agreements be reviewed completely so as to avoid hindering the development of intra-regional trade (between the Mediterranean countries and with other countries in the region - e.g., OIC members). To support her suggestion and conclusion, she critically reviews the agreements with respect to the following elements: trade facilitation; product standards and certification systems; competition policy; government procurement; trade in services; intellectual property rights; foreign direct investment measures; market access conditions; rules of origin; and subsidies within the EU. She points out significant shortcomings with all the elements of the agreements. We restate briefly two of her arguments and refer the reader to Laanatza (1997) for the rest. Regarding rules of origin she notes that the current legal frameworks of the agreements work against the goal of creating a free-trade area in the region by 2010 since they do not allow countries that do not have similar rules of origin to conclude bilateral free trade agreements with each other. Regarding EU policy for subsidies (which significantly supports the agricultural and industrial sectors), the inequality concerning access to funds (e.g., Spain is entitled to ten times the amount Morocco could receive over the next five years) is likely to favour EU firms over their Mediterranean counterparts in competition and to attract foreign investments into the EU through the "hub-spoke" effect (i.e., investments that could have gone to one of the Mediterranean countries would instead go to the EU (the hub) and have access from there to all the Mediterranean partners (the spokes)).

It is with conclusions similar to the above that we embark, in quantifying and assessing the impact of regional economic groupings, in particular the Euro-Med partnerships, on the trade prospects of the OIC countries. In order to do so, we study the export potential of countries in the region by analysing the similarity and correspondence of their exports and imports with the imports and exports of their alternative trading partners from the OIC and the EU regions. The idea is simple: we construct trade similarity indices (to be defined below) for the periods of the mid-1980s and early 1990s and for certain commodity groups and use them to analyse the export prospects of the countries in the OIC region and the expected impacts of the Euro-Med partnerships. This is work in progress and due to time and data limitations we report here on the first half of the project where data for selected OIC members and selected industrial countries (including some of the EU members) from the period between 1982 to 1987 is used.

This study has two purposes. One to understand the potential for bilateral trade between OIC member countries and their alternative trading partners and

assess their export prospects. The other is to analyse the impact of the formation of discriminatory trade liberalisation on third partners. The potential for trade between these countries and their trading partners is assessed taking into account the commodity composition of trade of the countries involved. This is done using a measure of the similarity between the export and import vectors of pairs of countries. This would reveal both the export prospects of the countries and whether formation of partnerships by some of the countries (for example with the European Union) are likely to help or harm trade between them and other countries (OIC members).

2. THE POTENTIAL FOR TRADE

One formal way of assessing trade flows that have not yet taken place is by tests of correspondence between exports and imports of pairs of countries. Given a vector of economy i's exports and a vector of economy j's imports, the greater the similarity between the two vectors is, the greater the potential for exports from country i to country j will be. Using vector analysis, two vectors A and B are said to be similar the closer the value of the cosine of the angle between them is to 1. The value of the cosine of the angle between two vectors is given by the scalar product of the two vectors divided by the product of their magnitudes. That is,

$$Cosa = A.B \Big/ |A||B|$$

where A and B are the vectors and a is the angle between them. Denoting the vector exports of country i by X_i and the vector of imports of country j by Mj, then similarity between the exports supply of country i and the imports demand of country j can be measured by the trade similarity index, TS_{jj} (= cosine of the angle between X_j and M_j), given by

$$TS_{ij} = X_i \,.\, M_j \Big/ |X_i||M_j|$$

$$= \frac{\sum_n x_{in} m_{jn}}{\sqrt{\sum_n x_{in}^2 \sum_n m_{jn}^2}}$$

Where x_{in} = exports of commodity *n* by country *i*
m_{jn} = imports of commodity *n* by country *j*

TS_{ij} is a measure of commodity correspondence in the trade structure of the two countries. $TS_{jj} = 0$ implies that no trade will take place as the commodities of the exporting country do not correspond to the commodities of the

importing country. There is potential for trade when ($0 < TS_{jj} < 1$), with trade possibilities increasing as the value of TS_{jj} gets closer to 1. TS is an ordinal measure ranking items within a given collection from highest to lowest without measuring their magnitudes. In order to decide on what the magnitude of TS implies for the relationship, we will use the following standard rule of thumb: TS values of 0.8 to 1.00 indicate very high similarity, values of 0.6 to 0.8 indicate high similarity, values between 0.4 and 0.6 indicate moderate similarity, values between 0.2 and 0.4 indicate low similarity, and values between 0.0 and 0.2 indicate little if any similarity.

Some comments are in order. This index was developed originally by Allen (1959), and has been used in a number of studies by Linnemann (see for example Lirmemann (1966), Linnemarm and van Beers (1988), van Beers and Linnemann (1991), and van Beers and Biessen (1995). The export and import vectors at SITC-3 digit level were taken from the UN International Trade Statistics Yearbook for the 1986-87 period where available. This index is based on the total trade of the country to all destinations and does not reflect (or use) actual bilateral trade. It does, however, reflect the potential for bilateral trade flows between pairs of countries.

The TS values are calculated for a sample of 21 countries, with 5 industrial countries (France, Germany, Japan, United Kingdom and United States) and 20 countries from the OIC region (including some of the Euro-Med partners).

Table 1 gives the values of the TS indices for the expected bilateral trade flows in three-digit commodity levels between the countries in the sample as well as the average values of the indices for trade with blocs of partners taken from the sample (the blocs are: all countries in the sample, industrial countries and OIC members). One general result that emerges from the table and confirms conventional wisdom is that, countries with large, developed and diversified export bases tend to have higher similarity between their exports and the imports of other countries when compared with non-diversified economies. This result is evident by the high TS measures of most industrial countries (as exporters) and the lower TS measures of other countries (as exporters).

Table 1 reveals that Egypt, Tunisia, Syria, Oman and Indonesia (with indices bigger than 0.34) seem to have export vectors that correspond relatively better, on average, with the import vectors of other countries in the sample, compared with other OIC members in the sample. While their TS measures indicate that their exports have low similarity on average with all countries in the sample, their potential is reasonable when we note that the

values of most industrial countries in the sample fall in the 0.4 to 0.5 range. TS figures for the one and two digit commodity levels (not reported here) reveal better correspondence among all countries in the sample. Many of the OIC members have TS measures that fall below the 0.2 level for their export and their import vectors, at the three-digit commodity level. On the export side the countries with little or no similarity with the rest include Turkey, Kuwait, Pakistan, Saudi Arabia, Morocco, Jordan. Somalia, Yemen and Sudan. On the import side the list includes Saudi Arabia, Malaysia, Kuwait, Algeria, Egypt, Qatar, Somalia, Sudan and Libya. These OIC members seem to have exports and/or exports at the three digit-level that are concentrated in a few products, thus decreasing the likelihood of a good match with the import and/or export vectors of other countries. TS figures for commodities at the one- and two-digit levels are much higher. The import vectors of all countries in the sample correspond relatively better with the export vectors of industrial countries, as stated in the last paragraph, except for Bahrain, Syria, Turkey and Japan which seem to match better with members of the OIC.

The diagonal elements (TS_{jj}) of Table 1 reflect the possibilities for intra-industry trade (i.e., a country exporting and importing goods falling within the same product classification). A high value for the index would indicate that the set of commodities produced and traded by the country gives rise to product differentiation and situations where the country could export and import different varieties of the same good. The TS_{jj} values for Syria, Malaysia and the UAE are high (within the 0.51-0.78 range), while the values for the rest of OIC members in the sample are substantially lower (below 0.2 for the majority). This suggests that these countries have more possibilities, relative to the rest of the group, for intra-industry trade.

We now turn our attention to the countries of the Mediterranean region that have or are on their way to having free trade agreements with the European Union. These countries are Tunisia, Morocco, Jordan, Egypt, Algeria and Syria. Table 1 reveals that while exports of this group, on average, match better with imports of the industrial countries, Bahrain, Turkey, Jordan, Syria, Oman and, to some extent, Indonesia represent potentially good destinations for the exports of most members of the group. Table 1 also shows that while import vectors of the group correspond better with the export vectors of industrial countries, Tunisia, Oman, Libya, Indonesia, Egypt, and to some extent the UAE, represent potentially good sources of imports to the group.

Using the information revealed by Tables 2 and 3 we conclude that free trade partnerships of each of the countries in the group with the EU are likely to be harmful to Turkey, UAE, Kuwait, Malaysia, and Pakistan by attracting

some of the beneficial trade that could take place with them to the EU. This could happen also due to the fact that the limited absorptive capacity of foreign goods by the Mediterranean countries could lead to a situation where an increase in imports (say) from Germany (as a result of the partnership) leads to a decrease in imports from (say) Malaysia even if the set of imports from Malaysia is different from the set of imports from Germany. It is also likely that the partnerships would harm Tunisia, Syria and Egypt if the rules and obligations embodied in the agreements prevent them from forming preferential trading arrangements with other countries in the region.

The evidence, so far, suggests that industrial countries (including most EU members) are potentially the best trading partners for most OIC countries in the list. Actual trade figures confirm this. In the mid-eighties, approximately 40% of Jordan's imports came from Europe and approximately 20% of its exports went to Europe. The figures were, respectively: 75% and 75% for Tunisia and Algeria; 60% and 65% for Morocco; 55% and 50% for Egypt; and 50% and 70% for Syria. While the Euro-Med partnerships are to create free trade areas within approximately ten years, it is expected that trade in certain sectors (sensitive) would remain restricted. Relatively little changes have taken place regarding market access of certain commodities (agricultural goods and clothing and textiles) from the partners to the EU. While the agreements involve fundamental changes regarding market access of EU exporters into the partners' markets, the opposite is not true, except may be for industrial goods. In order to capture the effects of these and related restrictive aspects of the agreements, we calculated trade similarity indices for sensitive and non-sensitive products for the group of Mediterranean partners. The list of sensitive and non-sensitive goods, which follows similar work by Aggion et al (1992) and van Beers and Biessen (1995), is given in the Appendix.

Table 2 gives the TS values for the Mediterranean partners as exporters and importers respectively, with all countries in the sample, at the three-digit level for three categories: all goods, sensitive sectors and non-sensitive sectors. While TS values are somewhat low for both exports and imports in all categories, on average Syrian and Tunisian vectors match relatively better with the vectors of other countries in the sample. With respect to exports, however, Egyptian and Tunisian export vectors correspond relatively better to the import vectors of other countries in the sample in all commodities and in the non-sensitive sectors, while Jordanian and Moroccan vectors have the better match in the sensitive sectors category. On the import side, Jordanian and Syrian import vectors correspond better with the export vectors of other countries in the sample in the all commodities and the non-sensitive sectors, while Tunisian and Moroccan vectors match relatively better with others in the sensitive sectors.

Tables 3 and 4, which give Similarity indices for trade with the industrial countries and members of the OIC respectively, indicate that, on average, in all commodity categories, Tunisia, Algeria, and to some extent, Egypt, make relatively better trading partners with countries of the OIC. As for specific sectors, Egypt, Tunisia, Algeria and Syria seem to have exports that match relatively better with the imports of the industrial and the OIC countries in both the all sectors combined and the non-sensitive sectors. In the sensitive sectors Moroccan, Tunisian and Syrian exports match relatively better with the

members of the OIC. On the side of imports, the TS indices of all six countries with the industrial countries are very close in value ranging from 0.31 to 0.55.

Syria, Jordan and Morocco seem to have the relatively better match of their imports with the exports of members of the OIC, especially in the all-goods and the non-sensitive goods categories.

The preceding analysis reveals that the export potential of the group in the sensitive sectors is relatively weaker than that of the non-sensitive sectors, except for Morocco and Jordan. This suggests that the restrictive policies of the EU are not likely to be more harmful to these countries in sensitive as compared with non-sensitive sectors. The harm, however, could come from whether the rules and obligations embodied in the agreements would prevent the Mediterranean partners from taking advantage of export possibilities, that may have risen more recently. In order to find the likelihood of that, one needs to analyse more recent evidence on trade potential and similarity. This is forthcoming.

3. CONCLUSIONS

Using a measure of commodity composition of trade that provides insights into the export potential of countries and the bilateral trade possibilities between them, it appears that the Euro-Med agreements are likely to have some negative impacts on some of the OIC members. The analysis also suggests that, in order to take advantage of export possibilities and realise export potential for all countries involved, the agreements should be carefully reviewed. This point is in agreement with what Laanatza (1997) suggested in her analysis of the contents of the agreements themselves. We should note, however, that while this work sheds some light on the issue of the impact of the Euro-Med partnerships on OIC members, it is incomplete. More recent evidence should be reviewed in order to build a stronger picture of the trade possibilities of countries in the region. More decompositions of the data into various commodity groups are needed in order to make the effects more specific and the general picture more complete. A number of authors have been studying the determinants of actual bilateral trade. We are currently introducing the trade similarity index as an explanatory variable in such models. The benefit of doing this, for our interests here, is to find whether countries, in the region, with export potential have been able to turn that potential into actual exports.

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Appendix

Table A1: Classification Scheme of the SITC, Rev. 2 at Three-Digit Level

SITC	SITC name
001	Live animals chiefly for food
011	Meat
012	Meat salted, in brine, dried or smoked
014	Meat prepared, preserved
022	Milk and cream
023	Butter
024	Cheese and curd
025	Eggs, birds, fresh, preserved
034	Fish, fresh, chilled, frozen
036	Fish, dried, salted, smoked
036	Crustaceans, fresh, chilled, frozen, salted
037	Crustaceans, prepared, preserved
041	Wheat, meslin [sic], unmilled
042	Rice
043	Barley unmilled
044	Maize unmilled
046	Other cereals, unmilled
046	Meal and flour
047	Other meals and flours
048	Cereal preparations
064	Vegetables, fresh or simply preserved
066	Vegetables prepared or preserved
057	Fruit and nuts
068	Fruit prepared or preserved
061	Sugar and honey
062	Sugar confectionery
071	Coffee and substitutes
072	Cocoa
073	Chocolate
074	Tea and mate
07S	Spices
081	Feeding stuff for animals

SITC	SITC name
091	Margarine and shortening
098	Edible products, preps
111	Non-alcoholic beverages, n.e.s.
112	Alcoholic beverages
121	Tobacco, unmanufactured
122	Tobacco, manufactured
211	Hides and skins raw
212	Fur skins, raw
222	Oil seeds, fruits excl. flours, meals
223	Oil seeds, fruits incl. flours, meals
232	Natural rubber, gum
233	Synthetic rubber
244	Natural cork
245	Fuel wood, charcoal
246	Pulp wood
247	Other wood, rough
248	Wood shaped, sleepers
261	Pulp and waste paper
261	Silk
263	Cotton
264	Jute, bast fibres
265	Other vegetable fibres
266	Synthetic fibres
267	Other man-made fibres
268	Wool, animal hair
269	Old clothing, rags
271	Crude fertilisers
273	Stone, sand, gravel
274	Sulphur, unroasted iron pyrites
277	Natural abrasives
278	Other crude minerals
281	Iron ore, concentrates
282	Waste, scrap metal
286	Ores of uranium and thorium
287	Ores of base metals
288	Non-ferrous base metal
289	Ores of non-gold precious metals
291	Crude animal materials

292	Crude vegetable materials

SITC	SITC name
322	Coal
323	Briquettes
333	Crude, petroleum oils
334	Refined petroleum products
336	Residual petroleum products
341	Gas, natural and manufactured
351	Electric current
411	Animal oils, fats
423	Fixed vegetable oils, soft
424	Fixed vegetable oils, fluid or solid
431	Animal, vegetable oils, fats, processed
511	Hydrocarbons and derivatives
512	Alcohols and derivatives
513	Carboxylic acids and derivatives
514	Nitrogen compounds
515	Organo-inorganic compounds
516	Other organic chemicals
522	Oxides and halogen salts
523	Other inorganic chemicals
524	Radio-active and assoc. materials
531	Synthetic organic dyestuffs
532	Dyes and tanning extracts
533	Pigments, paints, etc.
541	Medicinal, pharmaceutical products
551	Essential oils
553	Perfumes, cosmetics, etc.
554	Soap, cleansing, etc.
562	Fertilisers, manufactured
572	Explosives, pyrotechnic products
582	Product of condensation, etc.
583	Product of polymerisation, etc.
584	Cellulose products
686	Other plastic products
691	Pesticides, disinfectants
692	Starches, glues, etc.
598	Miscellaneous chemical products
611	Leather

612	Manufactures of leather
613	Fur skins

SITC	SITC name
621	Materials of rubber
626	Rubber tyres
628	Articles of rubber
633	Cork manufactures
634	Reconstituted wood
635	Wood manufactures
641	Paper, paperboard
642	Paper, etc., precut
651	Textile yarn
652	Cotton fabrics, woven
653	Woven man-made fibre fabrics
654	Other woven fabrics
655	Knitted fabrics
656	Tulle, lace, etc.
657	Special fabrics
658	Made-up articles of textile materials
659	Floor coverings
661	Lime, cement, bldg. products
662	Clay, refractory bldg. materials
663	Mineral manufactures
664	Glass
665	Glassware
666	Pottery
667	Pearls, precious stones
671	Pig iron products
672	Ingots of iron
673	Iron, steel shapes, etc.
674	Universals, plates, etc. of and sheets, or iron or steel
675	Hoop, strip, of iron
676	Rails and railway track
677	Iron or steel wire
678	Iron, steel tubes, etc.
679	Iron, steel castings, etc.
681	Silver, platinum group metals
682	Copper

683	Nickel
684	Aluminium
685	Lead
686	Zinc

SITC	SITC name
687	Tin
688	Uranium, thorium products
689	Misc. non-ferrous metals
691	Structures and parts
692	Metal containers
693	Wire products
694	Nails, screws, etc.
686	Hand or machine tools
696	Cutlery
697	Household equipment
699	Base metal mfs.
711	Steam and water boilers
712	Steam engines
713	Internal combustion engines
714	Other non-elect. engines
716	Rotating elect. Plants
718	Other power machines
721	Agric machines (excl. tractors)
722	Tractors
723	Civil engineering equip.
724	Textile leather machines
726	Paper, pulp machines
726	Printing, binding machines
727	Food processing machines
728	Other specialised machines
736	Tools for working metals
737	Metal working machines
741	Heating, cooling equip.
742	Pumps for liquids
743	Other pumps and comprsrs.
744	Mechanical handling equip.
746	Other non-elect. machines and tools
749	Non-elect. parts of machines

761	Office machines
762	ADP machines
769	Parts and accessories
761	Television receivers
762	Radio broadcast recvrs.
763	Sound recorders
764	Telecomm. equip., parts
SITC	SITC name
771	Elect. power machinery
772	Switchgear, etc. parts
773	Elect. distributing equip.
774	Electric-medical X-ray equip.
776	Household type equip.
776	Thermionic equip.
778	Electrical machinery
781	Passenger motor cars excl. buses
782	Lorries, spel. [sic] motor vehicles
783	Road motor vehicles
784	Parts and accessories
786	Motorcycles
786	Trailers and non-motorised vehicles
791	Railway vehicles and equip.
792	Aircraft, etc.
793	Ships and boats, etc.
812	Sanitary, plumbing, heating, lighting
821	Furniture and parts
831	Travel goods, handbags, etc.
842	Men's, boy's outer garments
843	Women’s, girls outer garments
844	Under garments
845	Outer garments, not elastic or rubberised
846	Under garments not elastic or rubberised
847	Clothing accessories
848	Clothing accessories of headgear
851	Footwear
881	Photo equip.
882	Photo and cinema supplies
883	Cinematog. film
884	Optical goods
886	Watches and clocks

892	Printed matter
893	Articles of plastic
894	Toys, sporting goods
895	Office, stationary supplies, n.e.s.
896	Collectors' pieces, antiques
897	Gold, silver ware, jewellery
898	Musical instruments, parts
899	Misc. mfrd. articles

Table A2: Sensitive Sectors

SITC	SITC Name
001	Live animals chiefly for food
011	Meat
012	Meat salted, in brine, dried or smoked
014	Meat prepared, preserved
022	Milk and cream
023	Butter
024	Cheese and curd
025	Eggs, birds, fresh, preserved
041	Wheat, meslin, [sic] unmilled
042	Rice
043	Barley unmilled
044	Maize unmilled
045	Other cereals, unmilled
046	Meal and flour
047	Other meals and flours
048	Cereal preparations
054	Vegetables, fresh or simply preserved
056	Vegetables prepared or preserved
057	Fruit and nuts
058	Fruit prepared or preserved
061	Sugar and honey
062	Sugar confectionery
071	Coffee and substitutes
072	Cocoa
073	Chocolate
074	Tea and mate
075	Spices

081	Feeding stuff for animals
222	Oil seeds, fruits excl. flours, meals
223	Oil seeds, fruits included. Flours, meals
261	Silk
263	Cotton
264	Jute, bast [sic]fibres
265	Other vegetables fibres
266	Synthetic fibres
267	Other man-made fibres

SITC	SITC Name
268	Wool, animal hair
269	Old clothing, rags
511	Hydrocarbons and derivatives
512	Alcohols and derivatives
513	Carboxylic acids and derivatives
514	Nitrogen compounds
515	Organo-inorganic compounds
516	Other organic chemicals
522	Oxides and halogen salts
523	Other inorganic chemicals
524	Radio-active and assoc. Materials
531	Synthetic organic dyestuffs
532	Dyes and tanning extracts
533	Pigments, paints, etc.
562	Fertilisers, manufactured
572	Explosives, pyrotechnic products
582	Product of condensation, etc.
583	Product of polymerisation, etc.
584	Cellulose products
585	Other plastic products
651	Textile yarn
652	Cotton fabrics, woven
653	Woven man-made fibre fabrics
654	Other woven fabrics
655	Knitted fabrics
656	Tulle, lace, etc.
657	Special fabrics
658	Made-up articles of textile materials
659	Floor coverings

671	Pig iron products
672	Ingots of iron
673	Iron, steel shapes, etc.
674	Universals, plates, etc. of and sheets, or iron or steel
675	Hoop, strip, of iron
676	Rails and railway track
677	Iron or steel wire
678	Iron, steel tubes, etc.
679	Iron, steel castings, etc.
831	Travel goods, handbags, etc.
842	Men's, boy's outer garments

SITC	SITC Name
843	Women's, girls outer garments
844	Under garments
845	Outer garments, not elastic or rubberised
846	Under garments, not elastic or rubberised
847	Clothing accessories
848	Clothing accessories of headgear

Table A3: Non-Sensitive Sectors

SITC	SITC Name
034	Fish, fresh, chilled, frozen
035	Fish, dried, salted, smoked
036	Crustaceans, fresh, chilled, frozen, salted
037	Crustaceans, prepared, preserved
091	Margarine and shortening
098	Edible products, preps
111	Non-alcoholic beverages, n.e.s.
112	Alcoholic beverages
121	Tobacco, unmanufactured
122	Tobacco, manufactured
211	Hides and skins raw
212	Fur skins, raw
232	Natural rubber, gum
233	Synthetic rubber
244	Natural cork
245	Fuel wood, charcoal

246	Pulp wood
247	Other wood, rough
248	Wood shaped, sleepers
261	Pulp and waste paper
271	Crude fertilisers
273	Stone, sand, gravel
274	Sulphur, unroasted iron pyrites
277	Natural abrasives
278	Other crude minerals
281	Iron ore, concentrates
282	Waste, scrap metal
286	Ores of uranium and thorium

SITC	SITC Name
287	Ores of base metals
288	Non-ferrous base metal
289	Ores of non-gold precious metals
291	Crude animal materials
292	Crude vegetable materials
322	Coal
323	Briquettes
333	Crude, petroleum oils
334	Refined petroleum products
335	Residual petroleum products
341	Gas, natural and manufactured
351	Electric current
411	Animal oils, fats
423	Fixed vegetable oils, soft
424	Fixed vegetable oils, fluid or solid
431	Animal, vegetable oils, fats, processed
541	Medicinal, pharmaceutical products
551	Essential oils
553	Perfumes, cosmetics, etc.
554	Soap, cleansing, dc.
591	Pesticides disinfectants
592	Starches, glues, etc.
598	Miscellaneous chemical products
611	Leather
612	Manufactures of leather
613	Fur skins

621	Materials of rubber
626	Rubber tyres
628	Articles of rubber
633	Cork manufactures
634	Reconstituted wood
635	Wood manufactures
641	Paper, paperboard
642	Paper, etc., precut
661	Lime, cement, bldg. products
662	Clay, refractory bldg. materials
663	Mineral manufactures
664	Glass
665	Glassware
666	Pottery

SITC	SITC Name
667	Pearls, precious stones
681	Silver, platinum group metals
682	Copper
683	Nickel
684	Aluminium
685	Lead
686	Zinc
687	Tin
688	Uranium, thorium products
689	Misc. non-ferrous metals
691	Structures and parts
692	Metal containers
693	Wire products
694	Nails, screws, etc.
696	Hand or machine tools
696	Cutlery
897	Household equipment
699	Base metal mfs.
711	Steam and water boilers
712	Steam engines
713	Internal combustion engines
714	Other non-elect. engines
716	Rotating elect. plants
718	Other power machines

721	Agric machines (excl. tractors)
722	Tractors
723	Civil engineering equip.
724	Textile, leather machines
725	Paper, pulp machines
726	Printing, binding machines
727	Food processing machines
728	Other specialised machines
736	Tools for working metals
737	Metal working machines
741	Heating, cooling equip.
742	Pumps for liquids
743	Other pumps and comprsrs.
744	Mechanical handling equip.
745	Other non-elect. machines and tools

SITC	SITC Name
749	Non-elect. parts of machines
751	Office machines
752	ADP machines
759	Parts and accessories
761	Television receivers
762	Radio broadcast recvrs.
763	Sound recorders
764	Telecomm. equip., parts
771	Elect. power machinery
772	Switchgear, etc. parts
773	Elect. distributing equip.
774	Electric rnedical X-ray equip.
775	Household type equip.
776	Thermionic equip.
778	Electrical machinery
781	Passenger motor cars excl. buses
782	Lorries, spel. motor vehicles
783	Road motor vehicles
784	Parts and accessories
785	Motorcycles
786	Trailers and non-motorised vehicles
791	Railway vehicles and equip.
792	Aircraft, etc.

793	Ships and boats, etc.
812	Sanitary, plumbing, heating, lighting
821	Furniture and parts
851	Footwear
881	Photo equip.
882	Photo and cinema supplies
883	Cinematog. film
884	Optical goods
885	Watches and clocks
892	Printed matter
893	Articles of plastic
894	Toys, sporting goods
895	Office, stationary supplies, n.e.s.
896	Collectors- pieces, antiques
897	Gold, silverware, jewellery
898	Musical instruments, parts
899	Misc. mfrd. articles