



# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## VIRTUAL TPS-OIC TRADE NEGOTIATING COMMITTEE (TNC) MEETING

1-2 June 2021

The  
OIC  
World

# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## OUTLINE

### SCOPE

- Context
- Objectives

### Methodology

- Assumptions
- FTA and RTAs Status of 13 Countries

### Results

- Impact on Scenario 2003: Tariff Reduction scheme and TFA third parties
- Impact on Scenario 2015: Tariff Reduction scheme and TFA third parties
- Conclusion

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## Context and Objectives

### Participating countries

- Saudi Arabia, United Arab Emirates, Bahrain, Kuwait, Oman, Qatar
- Morocco, Turkey, Iran, Malaysia, Jordan, Bangladesh and Pakistan

### Preparation of the 3rd round TNC Negotiations

- Coordination meetings October 2020 and June 2021
- Other upcoming meetings

### Objectives

- Enhancing trade through preferential concession list
- Helping Bilateral negotiations between participating countries
- Studying the impact of tariff reduction PRETAS Scheme, FTA and RTAs on intra-OIC Trade, Investment, consumption, prices and GDP

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## Assumptions on tariff reduction

GTAP Model  
Version 10: Data  
2003 and 2015;  
includes 141  
Countries, regions  
and 65 sectors

### No Reduction

- 0-10%:

### Reduction by 10%

- 10-15%
- Reduction  
by 15%
- 15-20%

### Reduction by 20%

- 20-25%
- Reduction  
by 25%
- >25%

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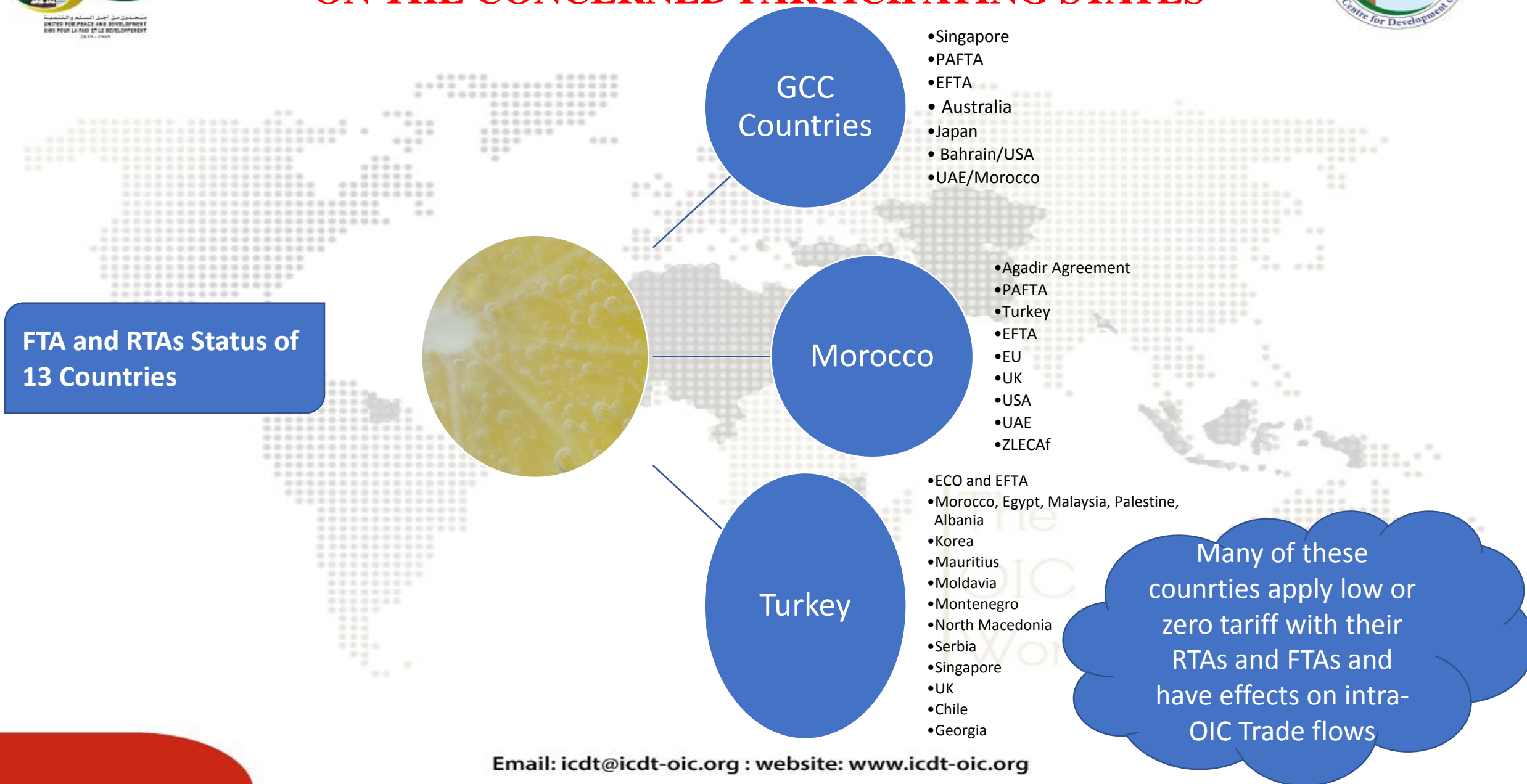
### Methodology

- Assumptions
- **FTA and RTAs Status of 13 Countries**

### Results

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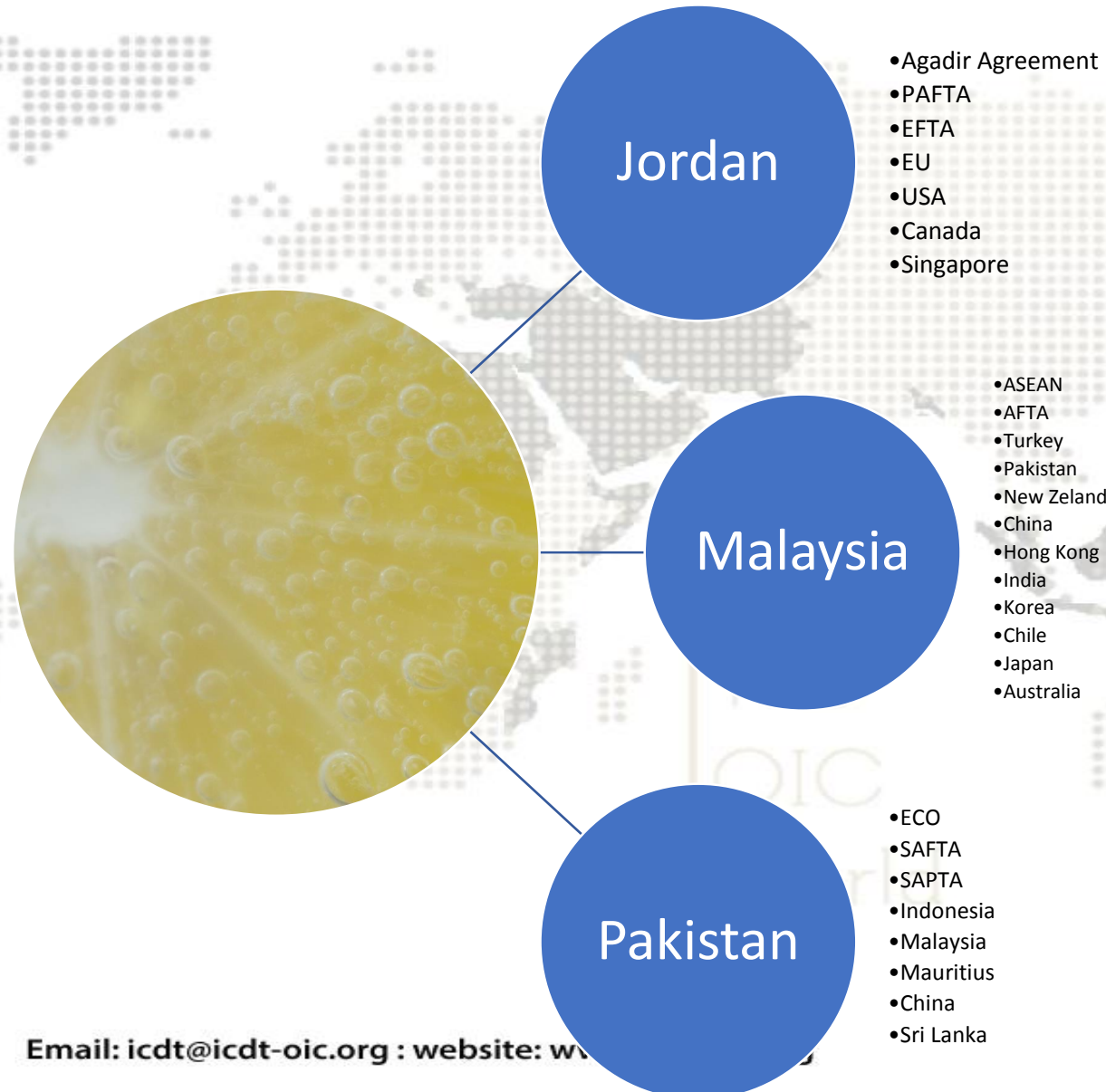




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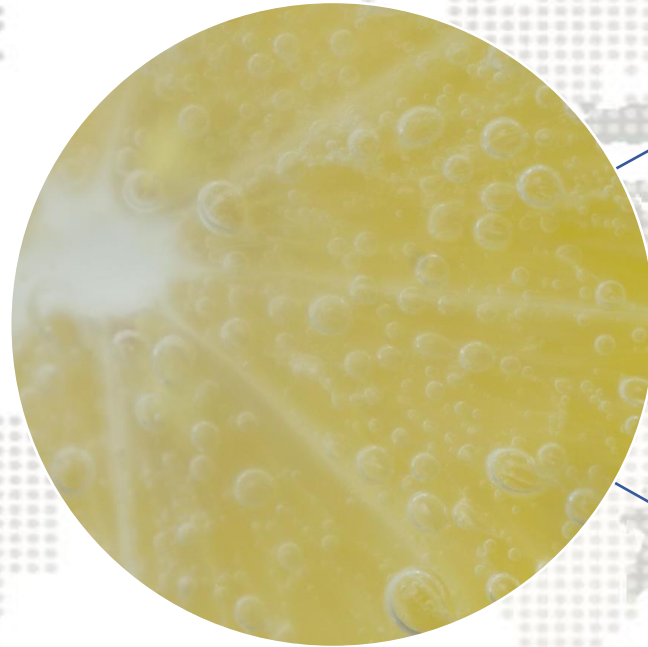
## FTA and RTAs Status of 13 Countries

Impact of RTAs  
and FTAs on 13  
participating  
countries



# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

FTA and RTAs Status of  
13 Countries



Iran

• ECO

Bangladesh

• APTA  
• SAFTA  
• SAPTA

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# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## RESULTS

Impact on  
GDP (%)

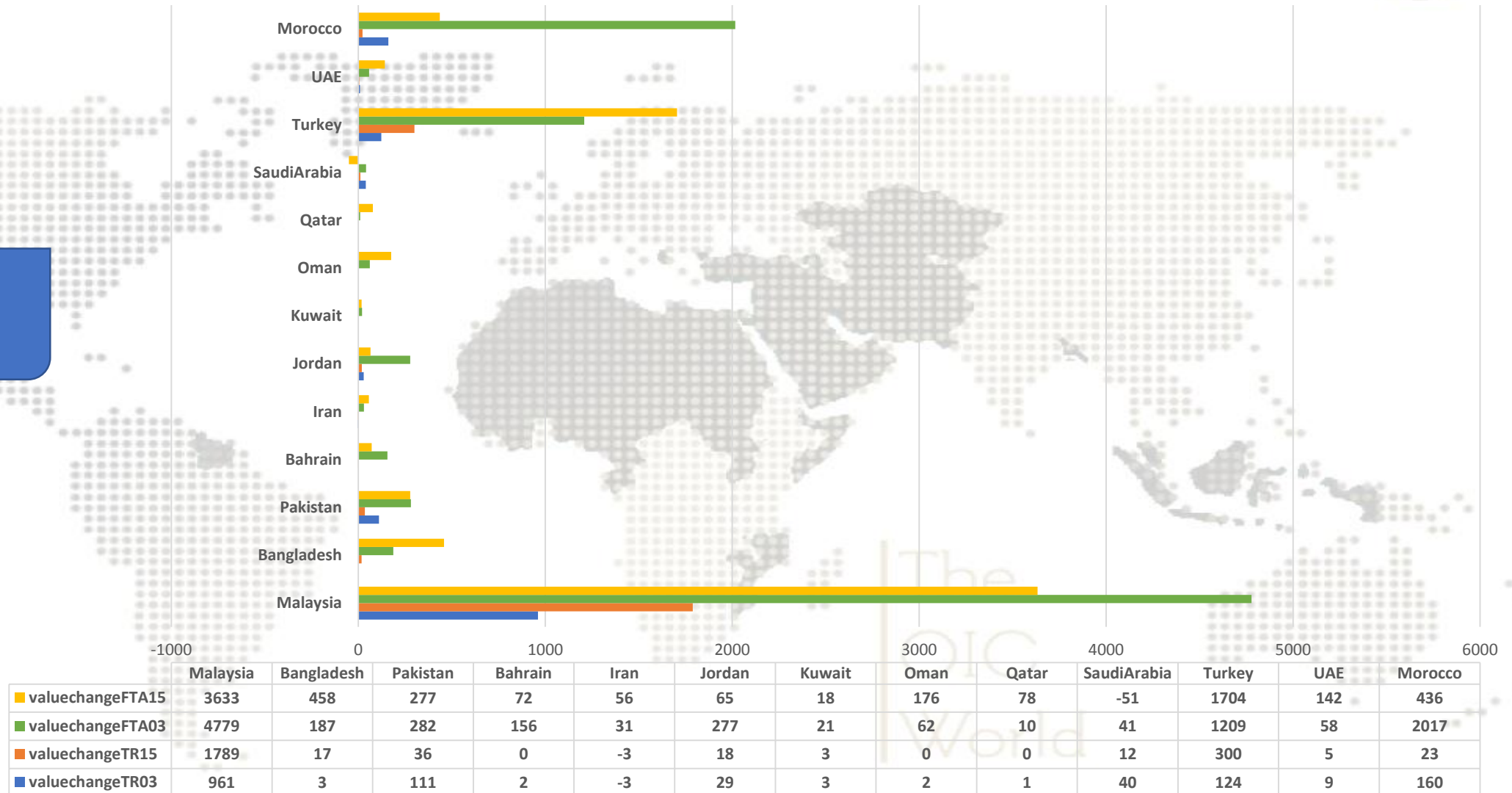




# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## RESULTS

Impact on  
GDP (US\$  
million)

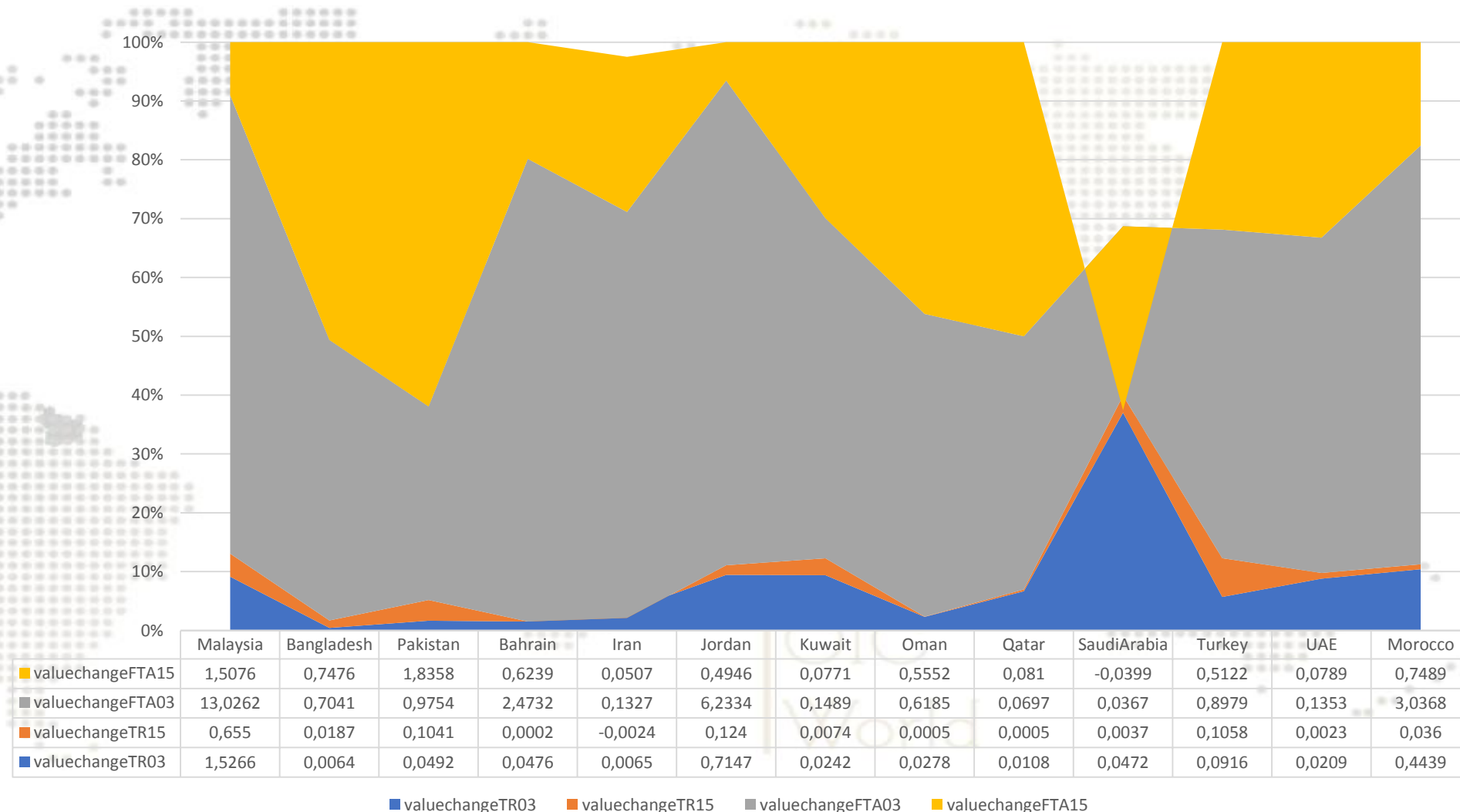




# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## RESULTS

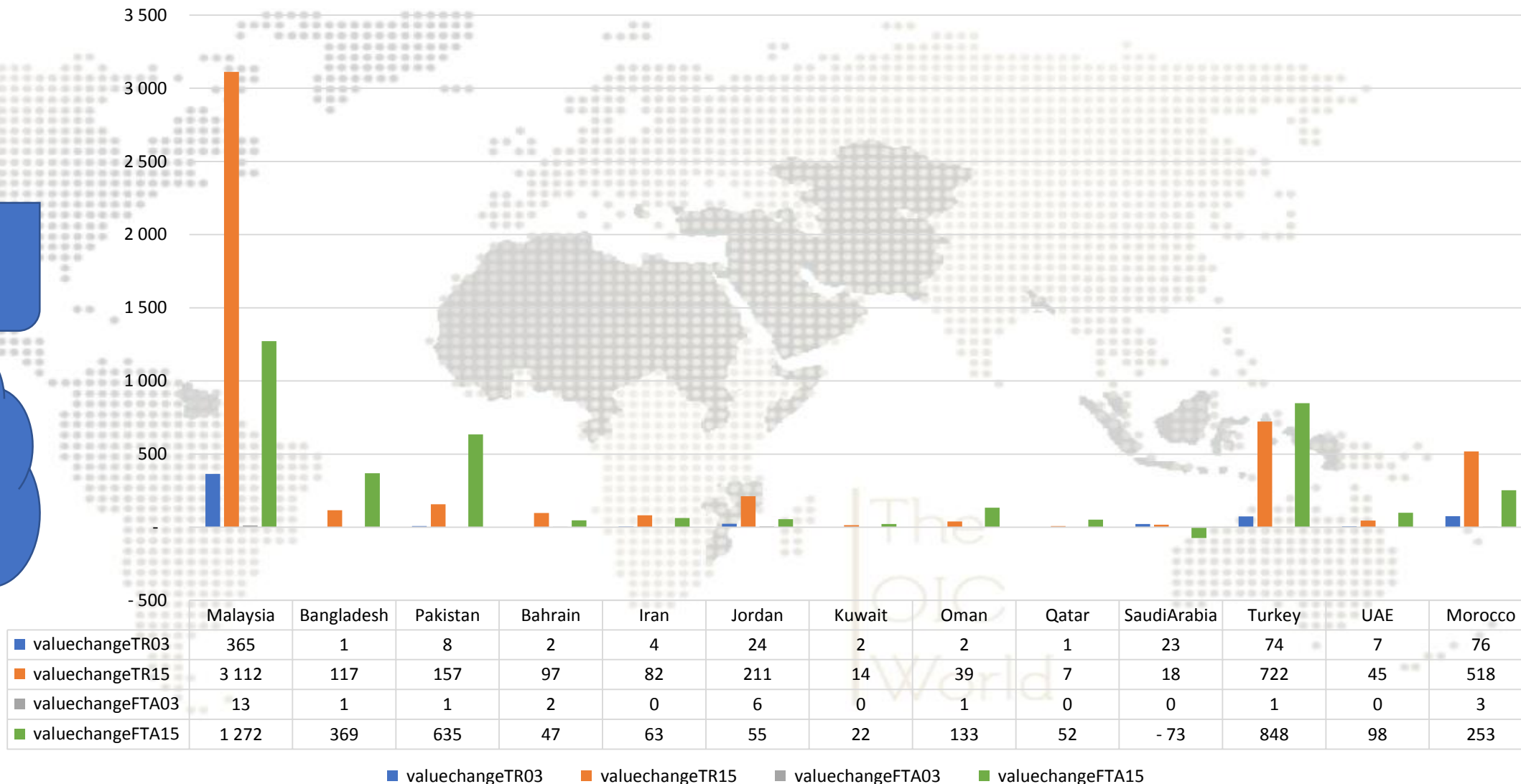
Impact on  
Investments (%)



# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## RESULTS

Impact on  
Investments  
(US\$ million)



# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## RESULTS

Impact on  
consumption

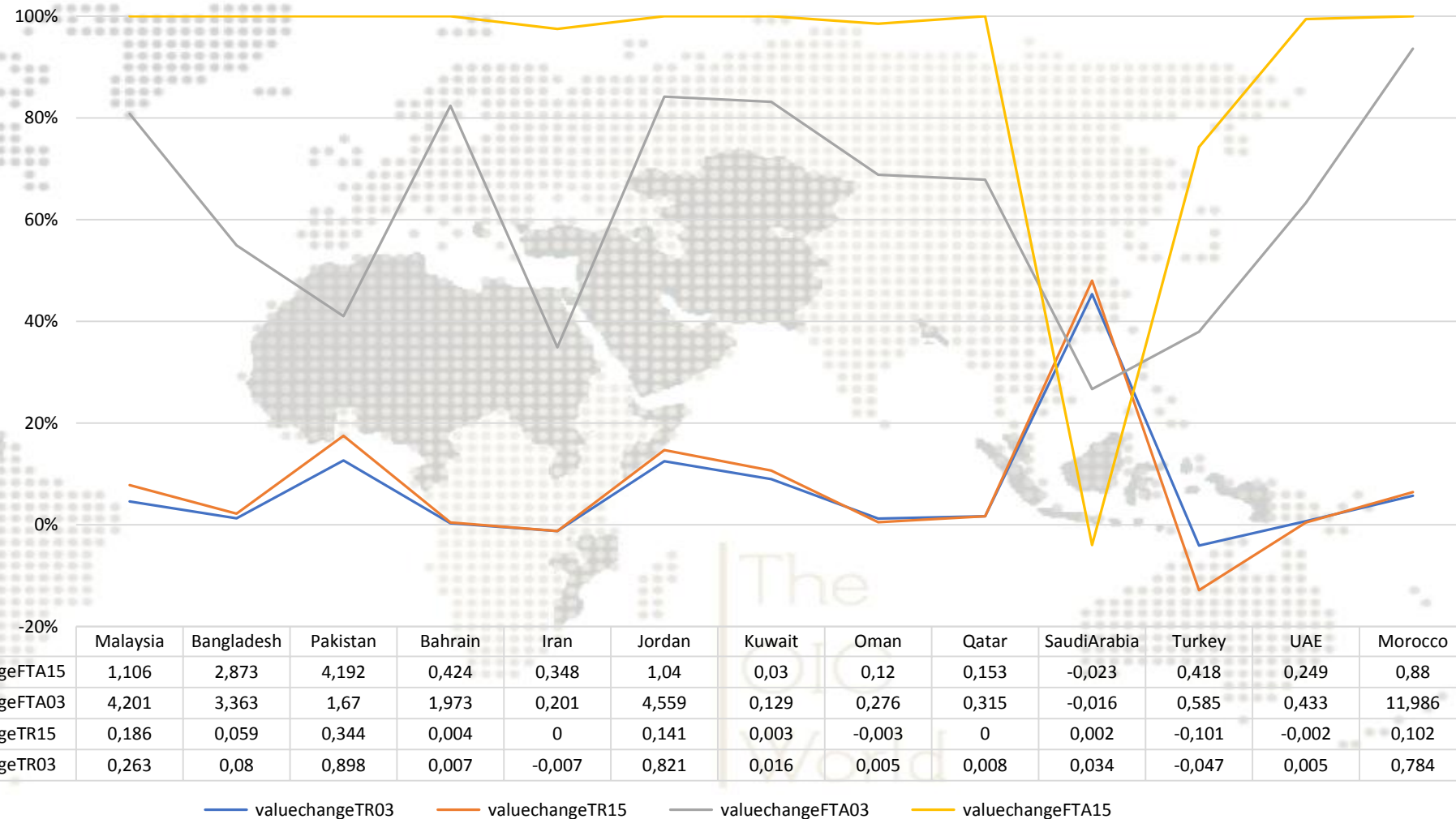
Slight impact on consumption for Oman, Bangladesh, Qatar and Kuwait

Impact on consumption and governments expenditures for Pakistan, Malaysia, UAE and Morocco (from 0.03 to 0.06%)

# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## RESULTS

Impact on  
exports (%)

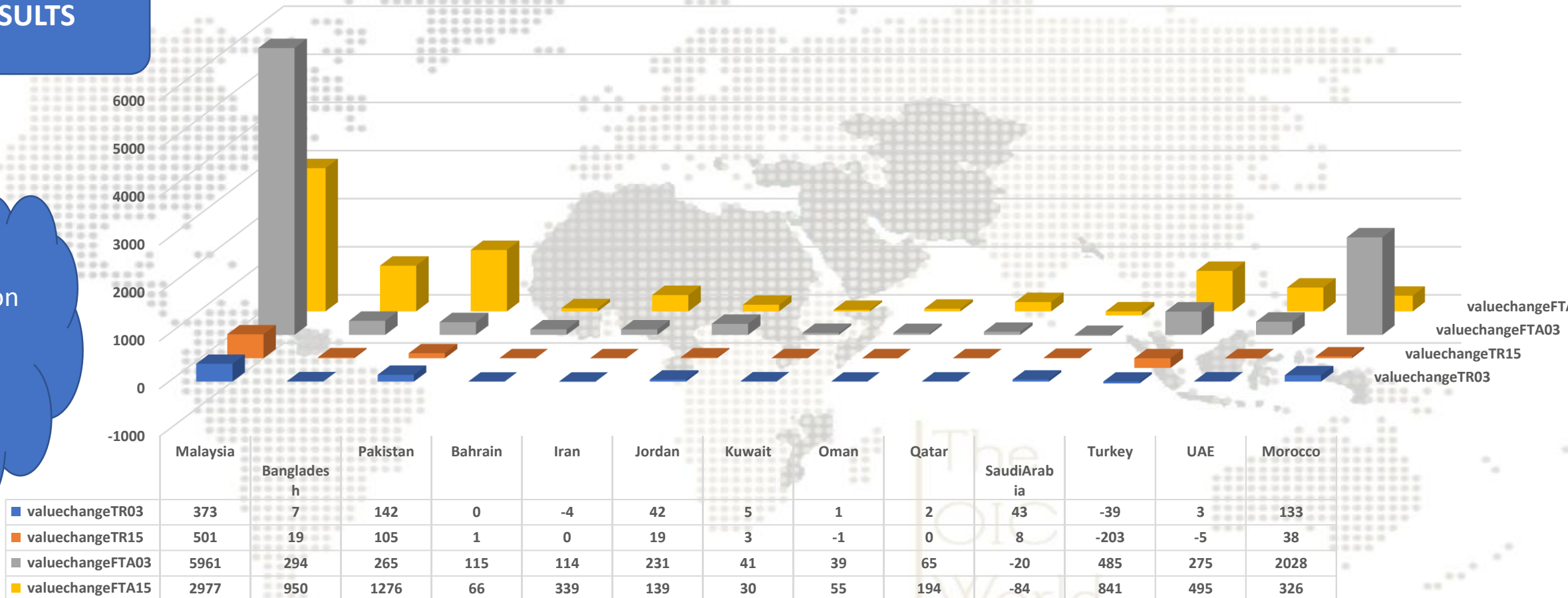




# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## RESULTS

Impact on  
exports  
(US\$  
million)

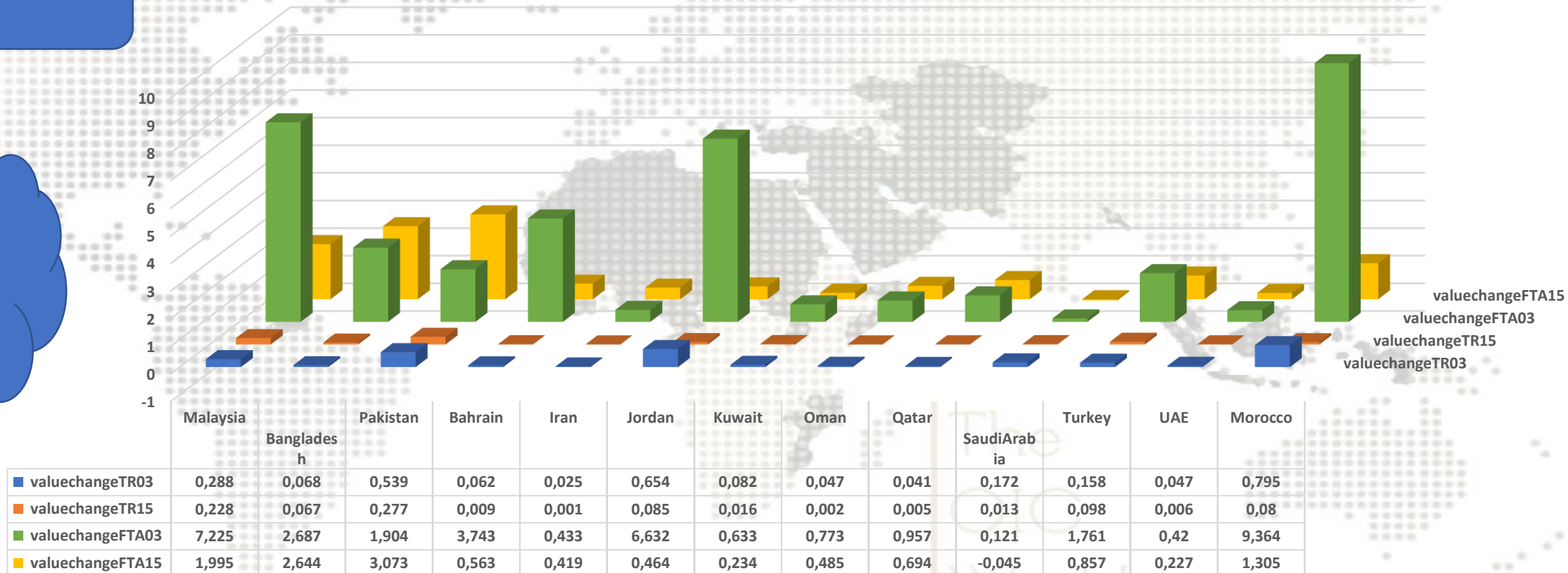




# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## RESULTS

Impact on  
imports  
(%)

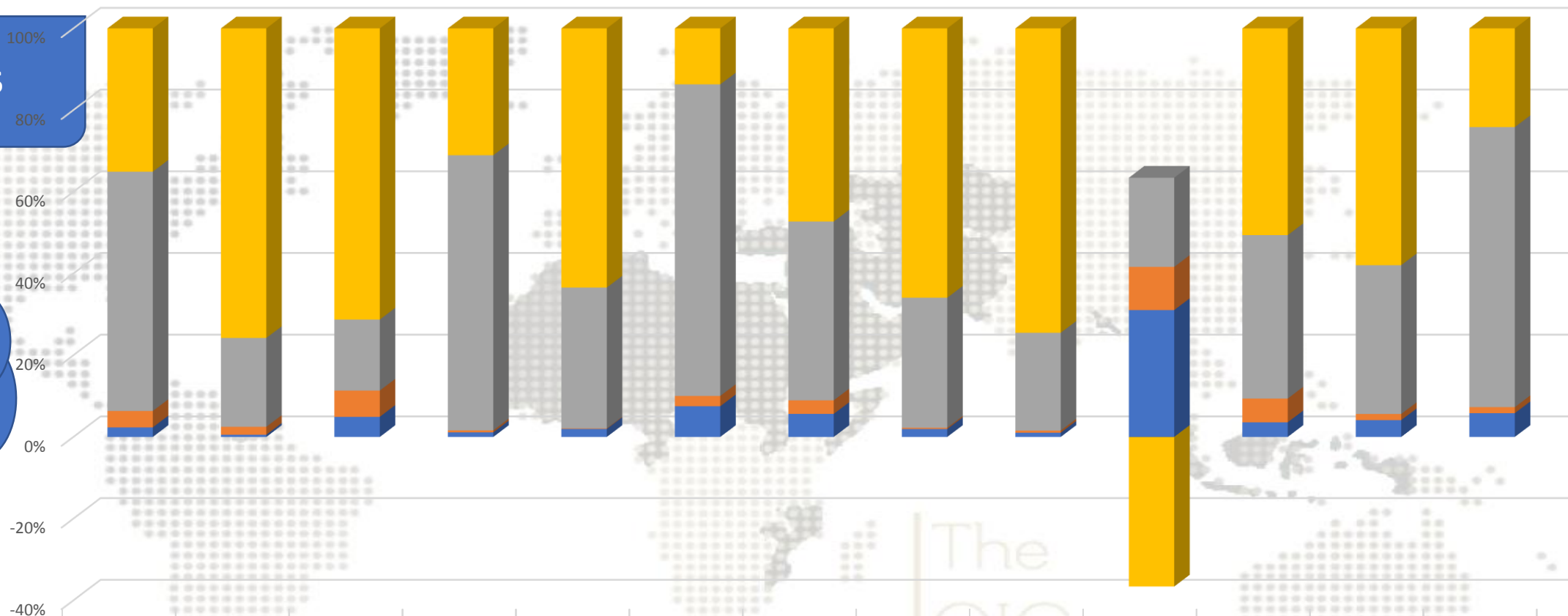


valuechangeTR03 valuechangeTR15 valuechangeFTA03 valuechangeFTA15

# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## RESULTS

Impact on  
imports  
(US\$  
million)



	Malaysia	Bangladesh	Pakistan	Bahrain	Iran	Jordan	Kuwait	Oman	Qatar	SaudiArabia	Turkey	UAE	Morocco
valuechangeFTA15	4564	1163	1782	96	361	132	118	175	281	-99	2232	489	687
valuechangeFTA03	7624	334	435	209	196	737	109	85	90	59	1765	307	1950
valuechangeTR15	522	30	161	1	1	24	8	1	2	29	256	13	42
valuechangeTR03	304	8	123	3	11	73	14	5	4	84	158	35	166

valuechangeTR03 valuechangeTR15 valuechangeFTA03 valuechangeFTA15

# POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

## RESULTS

### Impact on outputs



#### \*Malaysia:

decline of agricultural commodities like paddy, cereals, vegetables, fruits, sugarcane, plant fibres and for 2015 FTA third parties.

Increase of wheat (43.65% in 2003 and 17.82% in 2015 tariff reduction scheme and also wool and silk (3.2%) .

Increase Raw milk, bovine meat, dairy products, chemicals, rubber, electrical equipment, vehicles, machinery & equipment, electricity and services with FTA Third parties

\* **Pakistan:** increase metal products (5.97%), leather (3.02%), beverage and tobacco products (2.32%), transport equipment (2.25%), wood (2.01%), chemicals (1.87%), sugar (1.38%), vehicles (1.12%), for FTA third parties 2015 and increase of Textiles by 1.87% for FTA third parties 2003 and increase of beverages and tobacco by 3.26% for tariff reduction 2003 and by 2.32% for FTA third parties 2015

\* \* **Bangladesh:** increase oilseeds by 25.15% and wearing apparel by 2.05% for FTA third parties 2015, and that of leather, wearing apparels, plant fibres and textiles increase by 3.11%, 2.70%, 1.83% and 0.93% for FTA third parties 2003.

\* **Bahrain:** increase of textiles and wearing apparels e by 21.49% and 65.7% for FTA third parties . Increase of Services, Bovine meat, oil seeds, wool and silk, vegetable oils for the FTA third parties 2003

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## RESULTS

### Impact on outputs



\***Iran**: increase of leather, textiles, wool and silk, vegetable oils by 2.9%, 2.6%, 1.25%, and 1.49% respectively for FTA third parties 2003.

\* **Jordan**: increase of the textiles (32.3%), vegetable oil (16.06%), vehicles (14.76%), electrical equipment (10.56%), wearing apparels (8.18%), wool and silk (7.81%) for 2003 FTA third parties.



\***Kuwait**: increase of vegetable oil, bovine meat, crops, dairy products and a decline in manufacturing sector for FTA third parties -2003 and increase of raw milk and dairy products for tariff reduction scheme 2003.

\* **Oman**: increase of many agricultural products for FTA third parties 2003.



\***Qatar**: increase of manufacturing industries (1.19%), petroleum (1.17%), transport equipment (0.71%), chemicals (0.66%) for FTA third parties 2003, and decrease metals (-1.76%), vehicles (-1.47%) and crops (-1.35%) for FTA third parties 2003.



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## RESULTS

### Impact on outputs



\***Turkey**: increase of crops (57.82%), wood (2.24%), electronics (1.32%), vegetable oils (0.91%) for FTA third parties more than tariff reduction scheme 2003 and decline of some manufacturing sectors



\***UAE**: negligible increase of vegetable oil, sugar, wool and silk, processed rice, sugarcane for FTA third parties 2003, and also wool and silk, oil seeds, dairy products, wearing apparel for FTA third parties 2015.  
Increase of vegetable oil, crops, oil seeds, petroleum, textiles, wearing apparel, electronic & electrical equipment, for FTA third parties 2003



\***KSA**: increase of plant fibres, sugar, vegetable oil, sugarcane for FTA third parties 2003 and increase of sugar, sugarcane, processed rice, and textiles for the tariff reduction scheme 2003.  
\* **Morocco**: increase of petroleum, dairy products, electricity, raw milk and equipment for tariff reduction scheme 2003 instead to 2015 and increase of vegetable oils, crops, vegetables, fruits, oilseeds, woolsilk for FTA third parties 2003;



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## Conclusion

Morocco, Malaysia, Jordan and Bahrain may experience a notable increase in GDP and other macro-economic factors, while some countries like Iran, Kuwait, Oman, Qatar, Saudi Arabia, UAE, etc. experience a negligible impact during both the scenarios

Iran, Saudi Arabia, and UAE benefited from the tariff elimination amongst themselves during both 2003 and 2015.

Impact on the GDP, investment, exports, and imports of Pakistan is more when tariffs are eliminated among participating countries than that of with third parties for the year 2003, and for Kuwait the impact is slightly higher when internal FTAs are assumed to be signed during 2015.

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## Conclusion

Other countries like Malaysia, Bahrain, Turkey, Oman, Bangladesh, and Morocco benefit more from FTAs signed with external partners during both 2003 and 2015

TPSOIC should be revised and adapted with the new generation of agreements

- The impact should more significant when Member Countries became participating
- The RTAs and FTAs of Member States ratified with some third parties are more advanced than TPSOIC and contribute to hampering intra-OIC Trade, investment, consumption and output

## POTENTIAL ECONOMIC IMPACT OF THE TPS-OIC ON THE CONCERNED PARTICIPATING STATES

شكرا على انتباهكم

MERCI POUR VOTRE ATTENTION  
THANK YOU FOR YOUR KIND ATTENTION

The  
OIC  
World