GLOSSARY OF THE ISLAMIC CENTRE FOR DEVELOPMENT OF TRADE

INTRA-OIC TRADE AND INDEX TERMS

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- Ad valorem equivalent (AVE) : is a tariff presented as a percentage of the value of goods cleared through customs. It is the equivalent of a corresponding specific tariff measure based on unit quantities such as weight, number or volume.

- Arab Maghreb Union States are: Algeria, Libya, Mauritania, Morocco and Tunisia.

- C.I.F : A trade term (Incoterm) meaning Cost, Insurance and Freight. A pricing term under which the seller pays all expenses involved in the placing of merchandise on board a carrier and in addition prepays the freight and insures the goods to an agreed destination.

- Certificate of Origin: A document in which certification is made as to the country of origin of the merchandise.

- Changes in Global Demand for Major Exports: The index of global demand changes is a constant market share analysis of export performance in a country due to the relative favorable or unfavorable changes in global demand prospects. It indicates how rapidly a country's recent exports would grow relative to world trade if the country just maintained its current market for these products. This approach isolates the influence of change in global demand for specific goods from any changes in the country's market shares or from diversification into new product lines (see formula).

- Export Diversification (or Concentration) Index : Export diversification is held to be important for developing countries because many developing countries are often highly dependent on relatively few primary commodities for their export earnings (see formula).

- Export Similarity Index : Many countries have an unusual pattern of export specialization in relation to the rest of the world. Often, some product exports, typically manufacturing, have grown more rapidly than the average of world exports. It is not clear however to what extent these results reflect a common tendency among countries and to what extent the results are driven by the performance of individual countries. The export similarity (XS) index provides useful information on distinctive export patterns from country to country (see formula).

- Exports : is a trade transaction of any good or service produced and transported from one country (supplier) to another country (customer) in a legitimate fashion,

generally evaluated in US$ or in national currencies (goods and services) or in metric tons or kg (goods).

- F.O.B. : A trade term (Incoterm) meaning Free on Board, a pricing term under which the seller must deliver the goods on board the ship at the point named at his own expense.

- Food products: products gathered in the Standard International Trade Classification (SITC) in sections 0, 1 and 4 of one digit.

- Foreign trade of the OIC Member States is trade transactions relating to exports and imports of goods and services of all OIC Member Countries with the rest of the world in US$.

- Geographical concentration index or Herfindahl-Hirschmann Index defines geographical concentration degree (or diversification) is the squaring market share of the i country exports to the j country or region in the total exports of the country. It can be calculated for imports (see formula).

- Harmonized System (HS) : An international nomenclature for the classification of products. It allows participating countries to classify traded goods on a common basis for customs purposes. At the international level, the Harmonized System (HS) for classifying goods is a six-digit code system. The HS comprises approximately 5000 article/product descriptions that appear as headings and subheadings, arranged in 97 chapters, grouped in 21 sections. The six digits can be broken down into three parts. The first two digits (HS-2) identify the chapter the goods are classified in, e.g. 09 = Coffee, Tea, Maté and Spices. The next two digits (HS-4) identify groupings within that chapter, e.g. 09.02 = Tea, whether or not flavoured. The next two digits (HS-6) are even more specific, e.g. 09.02.10 Green tea (not fermented) in immediate packings of a content not exceeding 3 kg. Up to the HS-6 digit level, different countries classification codes are identical. Beyond this, countries are free to introduce national distinctions for tariffs by adding more digits to make the HS classification of products even more specific. This greater level of specificity is referred as the national tariff line level. It was developed by the World Customs Organization and the International Convention on the Harmonized System (HS Convention) entered into force on 1 January 1988 (HS88). It has been adopted by most trading nations. The HS In accordance with the preamble to the HS Convention, which recognized the importance of ensuring that HS be kept up to date in the light of changes in technology or in patterns of international trade, HS is regularly reviewed and revised. The headings and subheadings of HS are accompanied by interpretative rules, and section, chapter and subheading notes, which form an integral part of HS and are designed to facilitate classification decisions in general and to clarify the scope of the particular headings or subheadings. The most recent revision of the Harmonized System came into force on 1st January 2007. See http://www.wcoomd.org

- Import is a trade transaction of any good or service produced and transported from one foreign country (supplier) to a destination country (customer) in a legal operation, generally evaluated in US$ or in national currencies (goods and services) or in metric tons or kg (goods).

- Integration degree in intra-OIC trade is the part of intra-OIC trade of one OIC Member State in its global trade of goods and services in US$.

- Inter-regional trade: it is the trade from OIC regions to others.

- Intra sub-Saharan Africa trade: is the trade between OIC Member States of Sub-Saharan Africa.

- Intra-AMU trade: it is the trade between the Member Countries of Arab Maghreb Union.

- Intra-Asian trade: it means trade between the OIC Member States of Asia.

- Intra-GCC trade: it is the trade between the GCC Countries.

- Intra-Middle-East trade: it is the trade between the OIC Member States of the Middle- East.

- Intra-OCI Trade Share: it is a part of intra-OIC trade in the OIC Member States foreign trade (in percentage).

- Intra-OIC customers: countries which imports goods and services from the other OIC Member States.

- Intra-OIC imports are imports of goods and services exchanged between the OIC Member States in US $.

- Intra-OIC suppliers are OIC Member States which exports to the other Member Countries goods and services in US $.

- Intra-OIC trade: it is the total trade including exports and imports of goods and services between OIC Member States in US $.

- Intra-regional trade: it is the trade between regional areas of the OIC Member States Economic regional groupings.

- Islamic Centre for Development of Trade (ICDT) is a subsidiary organ of the Organization of the Islamic Conference (OIC), aimed at promoting trade and investment in the OIC Member States, its headquarters is located in Casablanca, Kingdom of Morocco.

- Manufactured Products: products gathered in the Standard International Trade Classification (SITC) in sections 5, 6, 7, 8 and 9 of one digit.

- Measures of revealed comparative advantage (RCA) have been used to help assess a country's export potential. The RCA indicates whether a country is in the process of extending the products in which it has a trade potential, as opposed to situations in which the number of products that can be competitively exported is static. The RCA index of country i for product j is often measured by the product's share in the country's exports in relation to its share in world trade (see formula).

- Member States of the Gulf Cooperation Council are: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates.

- Merchandise trade: Goods which add or subtract from the stock of material resources of a country by entering (imports) or leaving (exports) its economic territory. Goods simply being transported through a country (goods in transit) or temporarily admitted or withdrawn (except for goods for inward or outward processing). In many cases, a country's economic area largely coincides with its customs territory, which is the territory in which the customs law of a country applies in full.

- NAMA: Negotiations on market access for non-agricultural products.

- NTBs: Non–Tariffs Barriers also called non tariff measures are measures other than high import duties (tariff) employed to restrict imports. Two such measures are (1) direct price influencers, such as export subsidies or drawbacks, exchange rate manipulations, methods of imports valuation, customs surcharges , lengthy customs procedures, establishment of minimum imports prices, countervailing and anti-dumping duties, "voluntary" export restraints, technical barriers to trade, unreasonable standards and inspection procedures, and (2) indirect price influencers, such as import licensing and import.

-   Organization of the Islamic Conference (OIC): is an inter-governmental organization established upon a decision of the historical summit which took place in Rabat, Kingdom of Morocco on 12th Rajab 1389 Hijra (25 September 1969). It has a membership of 57 States spread over four continents and is the collective voice of the Muslim world and ensuring to safeguard and protect the interests of the Muslim world in the spirit of promoting strong, dynamic economic and social solidarity among the Member Countries.

- OIC Member States are: Afghanistan, Albania, Algeria, Azerbaijan, Bahrain, Bangladesh, Benin, Brunei, Burkina Faso, Cameroon, Chad, Comoros Islands, Côte d'Ivoire, Djibouti, Egypt, Gabon, Gambia, Guinea, Guinea- Bissau, Guyana, Indonesia, Iraq, Iran, Jordan, Kazakhstan, Kyrgyzstan, Kuwait, Lebanon, Libya, Malaysia, Maldives, Mali, Mauritania, Morocco, Mozambique, Niger, Nigeria, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Senegal, Sierra Leone, Somalia,

Sudan, Suriname, Syria, Tajikistan, Togo, Tunisia, Turkmenistan, Turkey, Uganda, United Arab Emirates, Uzbekistan, and Yemen.

- OIC Member States of Asia are: Afghanistan, Azerbaijan, Bangladesh, Brunei, Indonesia, Iran, Kazakhstan, Kyrgyzstan, Malaysia, Maldives, Uzbekistan, Pakistan, Tajikistan, Turkmenistan which we added Guyana and Suriname.

- OIC Member States of Middle East are: Albania, Egypt, Iraq, Jordan, Lebanon, Palestine, Syria, Turkey and Yemen.

- OIC Member States of the Sub-Saharan Africa are: Benin, Burkina Faso, Cameroon, Chad, Comoros Islands, Côte d'Ivoire, Djibouti, Gabon, The Gambia, Guinea, Guinea- Bissau, Mali, Mozambique, Niger, Nigeria, Uganda, Senegal, Sierra Leone, Somalia, Sudan and Togo.

- OIC Member States Trade in goods is a global exports and imports of goods and services of the OIC Member States.

- OIC Member States trade in services: it means global transactions of the OIC Member relating to services debits and credits.

- PRETAS: Preferential Tariff Scheme of the Trade Preferential System of the OIC Member States.

- Primary products : products gathered in the Standard International Trade Classification (SITC) in sections 0, 1, 2, 3 and 4 of one digit.

- Quantitative restrictions at import level: they concern import quotas, import prohibitions, voluntary limitations of exports and import licenses systems.

- Re-exports: Re-exports are exports of foreign goods in the same state as previously imported; they are to be included in the country exports. They are also recommended to be recorded separately for analytical purposes, which may require the use of supplementary sources of information in order to determine the origin of re-exports, i.e., to determine that the goods in question are indeed re-exports rather than the export of goods that have acquired domestic origin through processing.

- Regional Preference Index by product of exports is the share of intra-OIC exports of the product x of an OIC Member State in its total exports in comparison with the total exports of the OIC Member Countries of the product x in the OIC Member States global exports (see formula).

- Regional Preference Index by product of imports is the share of intra-OIC imports of the product x of an OIC Member State in its total imports in comparison with the total imports of the OIC Member Countries of the product x in the OIC Member States global imports (see formula).

- Re-imports: Re-imports are goods imported in the same state as previously exported; they are to be included in the country imports. They are also recommended to be recorded separately for analytical purposes, which may require the use of supplementary sources of information in order to determine the origin of re-imports, i.e., to determine that the goods in question are indeed re-imports rather than the import of goods that have acquired foreign origin through processing.

- Relative Growth Rates of Merchandise Exports and Imports (G_I): This indicator is used to compare growth rates of exports and imports of broad classes of goods in one country with those for world trade or the trade of its competitors, including the major products in exports and imports (see formula).

- Technical Barriers to Trade (TBTs): they refer to technical regulations, minimum standards and certification systems for health, safety and environmental protection and to enhance the availability of information about products, which may result in the erection of technical barriers to trade. TBTs are mainly caused by differential application of technical regulations, standards and certification systems between domestic and foreign suppliers, although the fact that such regulations, standards and certification systems differ across countries may in itself be a barrier to trade.

- TINIC: Trade Information Network for Islamic Countries established since 1996 by ICDT in the following website (www.icdt-oic.org).

- TPS/OIC: Trade Preferential System among the OIC Member States.

- Trade Complementarity Index: it provides useful information on prospects for intraregional trade in that it shows how well the structures of a country's imports and exports match. It also has the attraction that its values for countries considering the formation of a regional trade agreement can be compared with others that have formed or tried to form similar arrangements (see formula).

- Trade Intensity Index (T) is a synthetic index which allows capturing the trade dependence degree vis-à-vis a country or region. It is a share of a country or region exports to OIC Countries in comparison with its total exports in its intra-OIC imports in the total imports of the OIC Member States (see formula).

- Trade Potential: it was calculated via the gravity model (see formula) based on the idea that gross trade volumes (exports, imports) between two countries depend on the sizes of the two countries for example their GDP, distances, areas, bilateral or multilateral agreements, and languages.

-Export Specialization Index: The export specialization (ES) index is a slightly modified RCA index, in which the denominator is usually measured by specific markets or partners. It provides product information on revealed specialization in the export sector of a country and is calculated as the ratio of the share of a product in a country's total exports to the share of this product in imports to specific markets or partners rather than its share in world exports (see formula).

-Index of the Standardized Trade Balance is an index relating to difference between exports of the i country to J country and imports i country from the j country in the global trade between the two countries i and j (see formula).

-Intra-OIC exports are exports of goods and services realized between OIC Member States in US$.

-Tariff escalation: Higher import duties on semi-processed products than on raw materials, and higher still on finished products. This practice protects domestic processing industries and discourages the development of processing activity in the countries where raw materials originate.

-Tariff quota: is a quantitative threshold (quota) on imports above which a higher tariff is applied. The lower tariff rate applies to imports within the quota.

-Tariff: is a tax imposed on a good imported into a country. A tariff may be specific, when it is levied as a fixed sum per unit of the imported good, or ad valorem, when it is applied at a percentage rate with reference to the value of the import.

-Trade Balance: is the difference between exports and imports of goods and services in US$.

-Trade balance: is the difference between the monetary value of exports and imports of output in an economy over a certain period.

-World exports/imports: World export (import) volumes are calculated by aggregating measures of the volume of exports (imports) of individual countries on a constant price basis (US$ or tons).

ANNEXES:

INTRAOIC TRADE INDEX

Name	Index	Formula	Source	Units
Foreign trade statistics			DOTSIMF (Year Book, CDRom) UNCOMTRADE ITC, WTO and UNCTAD, OECD, EU, IDB National foreign trade data	US $ /Metric Tons/ Kg
Exports Market Share of a country i by product p	**Exports Market Share** (X)	$X_{ip}/\sum X_{ipOIC}$	ICDT	Percentage
Imports Market Share of i country i by product p	**Imports Market Share** (M)	$M_{ip}/\sum M_{ipOIC}$	ICDT	Percentage
Intra-OIC Exports Share	IXS	$\sum X_{ipOIC} /\sum X_{ifOIC}$ $X_{ipOIC:}$ Export of p OIC Country to all other Member States $X_{ifOIC:}$ Export of p OIC Country to the World	ICDT	Percentage
Intra-OIC Imports Share	IMS	$\sum M_{ipOIC} /\sum M_{ifOIC}$ $M_{ipOIC:}$ Import of p OIC Country from all other Member States $M_{ifOIC:}$ Import of p OIC Country from the World	ICDT	Percentage
Intra-OIC Trade Share	ITS	$(\sum IX_{pOIC} +\sum IM_{pOIC)/} (\sum IX_{fOIC} +\sum IM_{fOIC)})$	ICDT	Percentage
Herfindahl-Hirschmann Index	IHH	$$IHH = \sum_{j}^{n} Pij^{2}$$ IHH : The index value of the geographical concentration of the I country. Pij : Share of the I country exports to the j country or region in the total exports of the country.	**UNCTAD Hand book**	Percentage
Regional Preference Index per Product	RPI_i	$RPI_i = (X_{ir} /X_r)/(X_{im} / X_m)$ X_{ir} : IntraOIC exports of product I ; X_r : IntraOIC total exports; X_{im} : The OIC countries exports of (i) product to the rest of the world; X_m : IntraOIC total exports to the rest of the world.	**University researches of Bordeaux IV**	Percentage

Trade Intensity Index	TII	$TII_i = (X_{ir}/X_i)/(M_{rr}/M_r)$ X_{ir}: The exports of the i country in the region X_i : The total exports of the i country M_{rr} : Imports of the i region of the whole countries of the region M_r : Total imports of the region r r : Region constituted by the OIC Member Countries.	**UNCTAD Hand book, World Bank**	Percentage
Index of the Standardised Trade Balance	**ISTB**	$ISTB_{ij} = (X_{ij} - M_{ij}) / (X_{ij}+M_{ij})$ $ISTB_{ij}$: Index of the trade balance between i and j countries. X_{ij} : Exports of the country i to the country j M_{ij} : Imports of the country i from the country j	**OECD**	Percentage
Trade Potentiel		**Gravity pattern** $log\ X_{ijt} = \alpha_0 + \alpha_1 log Y_{ijt} + \alpha_2 log$ $Z_{ij} + \alpha_3 V_{ijt} + \alpha_4 W_{ij} + \acute\varepsilon_{ijt}$ Where: X_{ijt}: Exports of the i country to j country during the year t Y_{ijt}: the vector of variables, which change as time goes on and depending on partner countries i and j. Z_{ij}: the vector of variables, which change as time goes on and depending on partner countries i and j. V_{ijt}: Vector of qualitative variables, which change as time goes on and depending on partner countries i and j. W_{ij}: Vector of qualitative variables, which change as time goes on and depending on partner countries i and j.	**University researches**	US$

Relative Growth Rates of Merchandise Exports and Imports	**G_I**	$G_i = (X_{t2}/X_{t1})^{(1/n - 1)} * 100$ Where : X_{t1} and X_{t2} are the trade values of product i in the beginning period and the end period respectively, and n is the number of years	**World Bank**	**Percentage**
Revealed Comparative Advantage Index of Exports	**RCA_X**	$RCA_{ij} = (x_{ij}/X_{it}) / (x_{wj}/X_{wt})$ Where x_{ij} and x_{wj} are the values of country i's exports of product j and world exports of product j and where X_{it} and X_{wt} refer to the country's total exports and world total exports. A value of less than unity implies that the country has a revealed comparative disadvantage in the product. Similarly, if the index exceeds unity, the country is said to have a revealed comparative advantage in the product.	**World Bank**	**Percentage**
Revealed Comparative Advantage Index of Imports	**RCA_M**	$RCA_{ij} = (m_{ij}/M_{it}) / (m_{wj}/M_{wt})$ Where m_{ij} and m_{wj} are the values of country i's imports of product j and world imports of product j and where M_{it} and M_{wt} refer to the country's total imports and world total imports. A value of less than unity implies that the country has a revealed comparative disadvantage in the product. Similarly, if the index exceeds unity, the country is said to have a revealed comparative advantage in the product.	**World Bank**	**Percentage**

Export Specialization Index	ES	$ES = (x_{ij}/X_{it}) \, / \, (m_{kj}/M_{kt})$ Where x_{ij} and X_{it} are export values of country i in product j, respectively, and where m_{kj} and M_{kt} are the import values of product j in market k and total imports in market k. The ES is similar to the RCA in that the value of the index less than unity indicates a comparative disadvantage and a value above unity represents specialization in this market.	**World Bank**	**Percentage**
Export Diversification (or Concentration) Index or IHH	**DX**	$DX_j = (sum \, |h_{ij} - x_i|) \, / \, 2$ Where h_{ij} is the share of commodity i in the total exports of country j and hi is the share of the commodity in world exports.	**World Bank**	**Percentage**
Export Similarity Index	**XS**	$XS_{j,k} = sum[min \, (X_{ij}, X_{ik}) * 100]$ Where X_{ij} and X_{ik} are industry i's export shares in country j's and country k's exports, which usually include a group of countries or competitors. The index varies between zero and 100, with zero indicating complete dissimilarity and 100 representing identical export composition. This measure is subject to aggregation bias (as the data are more finely disaggregated, the index will tend to fall) and hence embodies a certain arbitrariness due to product choice.	**World Bank**	**Percentage**
Trade Complementarity Index	**TC**	$TC_{ij} = 100 - sum(|m_{ik} - x_{ij}|/2)$ Where x_{ij} is the share of good i in global exports of country j and m_{ik} is the share of good i in all imports of country k. The index is zero when no goods are exported by one country or imported by the other and 100 when the	**World Bank**	**Percentage**

		export and import shares exactly match.		
Changes in Global Demand for Major Exports	**GD**	GD_j = sum S_{i0} (X_{it} – X_{i0}) Where S_{i0} is country j's global market share for product i in initial period 0 and X_{it} and X_{i0} represent global exports of product in period 0 and t. The right-hand side of the equation is summed over all traditional products to produce an aggregate demand change index for the country.	**World Bank**	**Percentage**