PROGRESSIVE POLICY INSTITUTE

Policy Report
February 2003

Blank Spot on the Map

How Trade Policy is Working Against the War on Terror

by Edward Gresser

In late September 2001, U.S. Trade Representative Bob Zoellick asserted in *The Washington Post* that trade policy can help fight terrorist groups by promoting growth and economic integration.[1] In practice, though, the Muslim world is the blank spot on the Bush administration's trade agenda—and because of this, that trade agenda risks undermining, rather than supporting, the war on terrorism.

If the administration achieves its trade policy goals, the result will be that between 2005 and 2015 (when all U.S. manufacturing trade barriers vanish), a series of preferential agreements added to the existing trade regime will create essentially a three-tiered system. The top tier, facing no trade barriers, will be made up of highly developed European and Asian economies, plus 70 to 90 countries in Africa, Latin America, and perhaps Southeast Asia enjoying wide-ranging duty-free privileges. On the second tier, two very large economies (China and India) will use abolition of clothing and fabric quotas to take full advantage of their size and economies of scale for the first time. The third tier, squeezed between these two daunting groups of competitors, will consist of a few very poor Asian countries and the western Muslim world: the 30 states and 750 million people from Morocco through the Middle East to Pakistan, Central Asia, and Bangladesh.

This trade regime in turn could unintentionally worsen an economic crisis affecting almost all of the western Muslim states. With little outside notice, they have already seen their share of world trade and investment collapse since 1980. The economic result has been stagnant growth and falling income; the social consequences are unemployment, political tension, and rising appeal for religious extremists. And, as America's trade regime tilts more steeply against Muslim states, U.S. trade policy may not complement the war on terror à la Zoellick, but actually work *against* it by reducing the Muslim world's growth opportunities and ability to reach world markets.

This perverse result is not inevitable. Without vastly disruptive shifts in trade flows or the policy agenda, a strategic initiative for the Muslim world could end, or at least ease, the tilt. At minimum, such an initiative—analogous to programs now available for Central America, the Andean nations, and Africa—could avert creation of a trade regime that complicates the campaign against terrorism. At best, by encouraging reform and integration for Muslim countries, it could play its own role by sparking growth and creation, and so reducing the attraction of radicalism and religious fundamentalism.

Economic Roots of the Muslim Crisis

Amb. Zoellick was not alone after Sept. 11 in connecting trade expansion with a successful war on terror. Drafting a new introduction to her 1992 book *Islam and Democracy,* the Moroccan writer Fatima Mernissi recalled a conversation with a young economics graduate from Rabat University named Karim. Like many recent Middle Eastern university graduates, Karim had found no permanent job and was making ends meet through part-time work in newspaper shops and Internet cafes. He told her:

"I wish I could advise Mr. Colin Powell. ... A good military leader is one who can imagine turning a conflict into equal opportunities for both adversaries. In a situation where people can make a living trading peacefully, violence becomes an absurdly costly choice."[2]

Table 1: Foreign Direct Investment (FDI) Stock and Flows, 2001[5]

	Population[6]	**FDI Flows, 2001**
World	6.057 billion	$735 billion
Sweden	0.009 billion	$12.7 billion
All Muslim Countries[7]	1.274 billion	$13.6 billion

Source: UN Conference on Trade and Development, *World Investment Report 2002*, *http://r0.unctad.org/wir/*.

Four thousand miles east, Pakistan's Minister of Commerce Abdul Razak Dawood echoed his thoughts. "If you want Pakistan to be a liberal and modern state," Dawood told the *Financial Times*, "you are not going to get that unless you've got people employed."[3]

The minister's view, and Karim's personal experience, are especially poignant in light of recent history. For the western Muslim world, the last two decades have been years of not growth and globalization, but of economic stress and marginalization. Three long-term trends are at the heart of this:

- **Population growth.** The population of the western Muslim world—joining the Arab states with Iran, Pakistan, Afghanistan, and Central Asia—has nearly doubled since 1980, rising from about 350 million to 600 million.

- **Urbanization.** This growth has occurred mainly in cities. In 1980, the Middle East and Muslim South Asia were rural; only 25 percent to 40 percent of their people lived in cities. Today, the figure is 40 percent to 60 percent.[4] Morocco's population, for example, has grown from 19.4 million to 28.7 million since 1980; eight of the new nine million live in cities. This means a population filled with people like Karim—more educated, more aware of events beyond national borders, and more capable of acting on their awareness.

- **De-globalization**. In contrast to Latin America or East Asia, population growth and urbanization in the western Muslim world have been accompanied by collapsing shares of world trade and investment. In 1980, about 13.5 percent of world exports came from these countries; today the figure is about 4 percent. Investment trends are similar. As Table 1 notes, by 2001 the entire Muslim world—representing 1.3 billion people from Morocco to Indonesia—received barely as much foreign direct investment as Sweden alone.

As a result, in sharp contrast to East Asia, Latin America, or Central Europe, many Muslim countries are poorer and more isolated than they were in 1980. Per capita GDP in the Arab world, for example, has fallen by nearly 25 percent, dropping from $2,300 to $1,650.[8]

This is a portrait of a civilization under stress. Larger and better-educated states are isolated from the global economy, economically regressing, and unable to help their young people realize their hopes. Anywhere in the world this would raise political tensions. Interwoven with the conflicts of the Middle East, economic struggles are helping to produce an explosive political environment. And such a context makes it far easier for terrorist groups to find recruits.

Reasons for Stagnation

Why has this happened? One cause is a structural trade environment created by local policies: routinely high trade barriers, weak participation in global trade policy, and deep isolation of a few countries.

- **Trade barriers.** Post-colonial economic nationalism has survived longer in the Middle East and South Asia than in Southeast Asia, China, or Latin America. Throughout the western Muslim world, tariff rates often top 20 percent, non-tariff barriers are pervasive, and investment restrictions frequent. According to the World Bank, Pakistan's tariffs are more than 40 percent, the highest in the world. Typical rates are 20 percent or higher in Egypt, Syria, Saudi Arabia, and other major regional economies. Such policies depress living standards and block the economies of scale that attract investment in the Association of Southeast Asian Nations (ASEAN), India, and China.

- **Sanctions and boycotts.** Southeast Asia, Latin America, and Africa have developed, and with varying success implemented, regional economic integration plans such as the ASEAN Free Trade Area, Mercosur, and more recently, The New Partnership for Africa's Development (NEPAD) plan. In the Middle East, the opposite has occurred, as a series of international and local sanctions and boycotts have forced four major economies—Israel, Iraq, Iran, and Libya—out of regional trade and investment almost completely.

- **Policy isolation.** Finally, countries in the western Muslim world (especially the Middle East and Central Asia) are less likely to participate in the World Trade Organization (WTO) than countries in any other region. Half of the Arab League's 22 members, including such major economies as Algeria, Lebanon, Saudi Arabia, and Syria, remain outside the WTO. Iran also remains outside, and only one Central Asian country (Kyrgyzstan) has joined the WTO. These countries have very little ability to shape the world trade environment in their own interest—without WTO membership, they cannot use the Doha Round to open markets to their goods, use the dispute settlement system to defend themselves against arbitrary trade restrictions, or use trade agreements to reform ineffective policies and outdated bureaucracies at home.[9]

Positive Signs

Such an environment is designed to almost block growth. But it is important to note that it is not static, and the policy problems that create it are not universal.

Muslim countries outside the Middle East and western Asia have been successful in integrating with the global economy. In Europe, Turkey is progressing toward EU membership; Bosnia, Albania, and Azerbaijan have similar, if less advanced, aspirations. Further east, Malaysia, Indonesia, and Brunei are active WTO members and participants in the ASEAN Free Trade Area, whose share of global trade and investment has risen as that of the Middle East and South Asia has dropped.

In the Middle East, too, parts of elite opinion seek change in current policies. Writing in the United Nation's *Arab Human Development Report 2002*, a group of mainstream Arab scholars and former government officials note that, "Most countries in the region formerly adopted, and some long adhered to, now discredited, statist, inward-looking models. These models may have been appropriate in earlier years, but now serve neither governments which need rapid economic growth … nor people who seek more good jobs with decent wages."[10]

These assessments can spark review and improvement of policies throughout the Middle East and the wider Muslim world. And in several smaller countries—Bahrain, Jordan, Oman, Qatar, and the United Arab Emirates—reforms are already in place. Each has begun a program of domestic economic reform, participates in WTO negotiations, and is working toward regional economic integration.

The Perverse Effect of U.S. Trade Policy

The United States, as Karim and Minister Dawood in their different ways imply, has a clear security stake in the success of these initiatives, and their spread to larger countries. And in some cases, America has responded well.

The best example is the Clinton administration's work with Jordan. This began with a program known as "Qualifying Industrial Zones" (QIZ), begun in 1998, which offered duty-free treatment to goods made in joint Jordanian-Israeli factories. Capping the process was the signature of a bilateral Free Trade Agreement in 2000. Former U.S. Trade Representative Charlene Barshefsky notes that since creation of the QIZ program, Jordan's exports to the United States have jumped from $16 million in 1998 to $400 million. This has produced about 40,000 jobs, often in distressed areas, at a time when the economic stress caused by the intifada in the West Bank and the tensions over Iraq make any growth and investment at all especially important.

More recently, Bush officials have strongly supported Turkey's quest for EU membership. The administration has also developed a new program for Southeast Asia known as the "En-

Table 2: U.S. Tariffs on Top 100 Imports, World & Selected Countries, 2001[11]

	Top 100 Products as Percentage of Total Imports	Number of Products Duty-free	Number of Products with Tariffs 0.1 Percent - 4.9 Percent	Number of Products with Tariffs 5 percent - 15 percent	Number of Products with Tariffs greater than 15 percent
Cambodia	97%	2	3	43	52
Bangladesh	96%	2	11	45	42
Pakistan	86%	5	20	64	21
Tunisia	97%	16	19	27	38
Egypt	94%	22	23	29	26
Indonesia	69%	36	22	20	20
Turkey	78%	20	34	28	18
India	69%	28	23	32	17
China	52%	50	26	18	6
World[12]	**51%**	**57**	**26**	**9**	**8**
Brazil	78%	44	41	12	3
Singapore	92%	66	20	6	8
EU	55%	54	33	13	0
Nigeria	99.9%	69	19	9	3
Japan	68%	58	37	5	0

Source: International Trade Commission's Dataweb at *http://www.usitc.gov.*

terprise for ASEAN Initiative." The latter program, although its content is still somewhat unclear, may provide some encouragement for Indonesian reform and growth prospects for depressed areas in the southern Philippines. And in the Middle East, the administration's attention has concentrated more heavily on foreign aid than on trade or financial policy, but this focus is not entirely absent. Secretary Powell recently noted, as if in reply to Minister Dawood or to Professor Mernissi's young acquaintance, that "hope begins with a paycheck," and has promised an economic initiative for the Middle East.

But except for a prospective U.S.-Morocco Free Trade Agreement, the Bush administration has not integrated trade into Middle East policy, the larger relationship with Muslim countries, or the intellectual framework for the war on terrorism. On the contrary, in declining to reduce barriers to Turkish and Pakistani textiles over the past two years, it has actually been unwilling to use policy tools readily at hand.

This is troubling in itself, especially in light of a strategic trend larger and older than Bush policy: America's basic trade regime has begun to tilt against Muslim countries by creating preferential programs for competitors in Latin America and Africa. The likely changes in trade policy from now until 2005 will make the tilt markedly steeper.

An Unintentional Tilt

As Table 2 shows, American trade restrictions already hit the Muslim world (as well as Asia's least-developed countries) harder than other regions. This is especially clear in the case of the five largest Muslim countries—Bangladesh, Egypt, Indonesia, Pakistan, and Turkey.

The disparity reflects not a deliberate decision, but two facts about the global economy and U.S. trade policy. First, the large Muslim countries depend more heavily on exports of light manufactured goods than most other countries. Clothes and fabric in particular make up more than two-thirds of American imports from Pakistan, Egypt, Bangladesh, and Turkey. Second, these goods face higher American trade barriers than natural resources or more sophisticated products—they carry very high tariffs and are the only manufactured goods subject to import quotas.

Unintended Consequences of Preferences for Other Regions

Muslim countries already find the American trade regime somewhat tilted against them. But despite these disadvantages, the United States remains an important market for the Muslim world. Americans buy one-third of Bangladesh's exports, one-quarter of Pakistan's, one-sixth of Indonesia's, and typically 10 percent to 12 percent of Egyptian and Turkish exports.[13] In the case of Bangladesh, as many as half of the country's four million industrial workers may depend on exports to the United States for their jobs.

This makes a second point still more ominous: During the decade between 2005 and 2014, likely changes in U.S. trade policy will place Muslim countries at a deepening disadvantage relative to their competitors.

As of early 2003, the Bush administration's trade policy goals are as follows:

- Approval of free trade agreements with Chile and Singapore in 2003;
- Signature and possible approval of four more free trade agreements with Australia, Morocco, the five Central American countries, and five countries in southern Africa;
- Creation of a Free Trade Area of the Americas by the year 2004, with approval presumably in 2005;
- Launch of an "Enterprise for ASEAN" Initiative (EAI) which could lead to free trade agreements with the Philippines, Thailand, or other Southeast Asian countries; and
- Completion of a WTO trade negotiating round in 2004, which would eliminate all tariffs on manufactured goods by 2015.

There is much to be said for these initiatives in their own right, both as economic policy and as elements of American strategy for Latin America, Africa, and Southeast Asia. But if not matched by an initiative for the Muslim world, they will have an important unintended consequence. That is, they will leave the western Muslim countries (except Jordan and Morocco, and until tariffs are eliminated in 2015) at a sharp disadvantage relative to between 70 and 90 competitors.

Growing Competition with China and India

Muslim countries will face a different but equally daunting new source of competition beginning in 2005, when the United States eliminates its quota system for clothes and fabric.

This system is notoriously arbitrary and complicated, making the precise results of its abolition for business sourcing decisions, U.S. clothing prices, and consumer demand hard to predict. But one likely consequence is that two very big countries—China and India—will be able to take full advantage of their size and economies of scale for the first time. This advantage, of course, will be most important relative to producers in smaller countries whose goods do not enjoy a tariff advantage. In practical terms, the group most affected will be the western Muslim countries plus a few least-developed Asian countries.[14]

So, the decade from 2005 to 2015 looks very challenging indeed. Exporters and workers in Muslim countries will be squeezed between zero-tariff competitors in Latin America, Africa, and possibly Southeast Asia on one hand, and much larger producers in China and India on the other. Over the 10 years, reforming governments in the Arab world or Muslim South and Central Asia will find attracting investment and creating jobs even more difficult than it is today.

Toward a New Agenda

This brings us back to the main points—the interplay between the marginalization of Muslim economies, the appeal of religious and political radicalism, and basic American security interests.

At a minimum, a trade regime fundamentally (even if unwittingly) tilted against Muslim countries will provide fodder for theories about plots to keep Muslims down. At worst, it will make it harder for reforming governments in the western Muslim world to show any results from economic and political liberalization; and so the Karims of the next decade will find it even harder to find work than they do today. Rather than complementing the war on terrorism, then, American trade policy could inadvertently work against it.

Policy Goals

This perverse result cannot be what the administration intends. And if the administration—or policy makers in Congress—recognize the emerging problem in time, they can correct it without much dislocation.

The years 2003 and 2004 provide ample time to develop a strategic initiative that includes Muslim economies. At minimum, the United States should seek a trade regime that, without sacrificing strategic and economic goals in Latin America or Africa (or in the ASEAN states), does not put friendly Muslim countries at a disadvantage. Though trade cannot achieve this alone, at its best our policy should be a positive way to encourage growth and job creation through economic reform, and thus to help "drain the swamp" of potential recruits for extremist groups.

To achieve such a result, policy makers could think in terms of a three-part approach. This would be as follows:

1. Greater priority for WTO membership. For the Arab states and Central Asia, WTO membership would change their global situation, although success of course depends on the urgency their governments devote to the task. This would allow them to help themselves in a way they now cannot.

2. Bilateral agreements. Countries at the leading edge of reform—as evidenced in WTO membership, work toward economic integration with neighbors, noncompliance with the boycott of Israel, and similar self-help policies—should be eligible for expanded QIZ concepts like that in effect for Jordan. This could serve as a step to deeper integration through possible Free Trade Agreements, or in the case of Turkey, as an interim step until Turkey achieves EU membership.

3. General duty-free program. For the western Muslim world generally, the foundation of policy should be a partial duty-free program comparable to those now available for Latin America through the Caribbean Basin Initiative (CBI) and the Andean Trade Preference Act (ATPA). Such a program could be organized along the following lines:

- **Coverage.** The program should cover countries not already eligible for the African Growth and Opportunity Act or the Enterprise for ASEAN Initiative (EAI). Specifically, these would be the 32 nations from Morocco (pending conclusion of the Free Trade Agreement) to Pakistan and Central Asia,[15] plus Bangladesh. Indonesia is also an important case and should have comparable benefits if these are not available through EAI.

- **Benefits.** Goods from qualifying countries would receive duty-free and quota-free access to the U.S. market. This would include removal of tariffs on goods like shoes and clothes, elimination of residual quota policies on clothing and fabric, and duty-free status for regional agricultural products such as dates, olive oil, and Middle Eastern grains. As with the Latin American programs, this should include eligibility for clothes made from locally produced fabric, though not necessarily "third-country" fabric imported from other countries as is the case for the AGOA or the Jordan QIZ program.

- **Conditions.** Like other preferential programs, an initiative for the Muslim world should include a set of conditions. Security conditions related to anti-terror efforts should be mandatory; other economic and political conditionalities, though, should be designed as loose guidance for appropriate policies. Rather than tight restrictions that minimize participation, conditionalities should help make sure that governments trying to do the right thing can gain some concrete short-term benefits for their efforts.

  — *Security.* Cooperation against al-Qaeda and non-support for other terrorist groups would be essential.

  — *Political.* Respect for basic human rights; core labor standards set in CBI, AGOA, and similar programs; and progress toward transparency and political opening could be mandatory.

  — *Economic*. Policy goals such as domestic reform, anticorruption measures, membership or progress toward membership in the WTO, work toward regional integration, and noncompliance with Israel boycott would be necessary.

- ***International coordination.*** The United States should urge the European Union and Japan to make a commitment to international coordination.

Three Questions for Advocates

Three questions about such a Muslim-country trade program are logical: its size, its impact on employment and trade flows, and its chances of success.

- **Size of program.** The program would cover many countries and people, but a surprisingly small amount of trade. Excluding petroleum products and precious metals (sectors in which the United States has no meaningful trade barriers), total imports from the western Muslim world amounted to about $13 billion in the year 2001. This is slightly more than current total imports from Central America, which is already designated a Free Trade Agreement

Partner. Adding Indonesia would bring the total slightly above $20 billion, which is about equal to current goods imports from Central America, Australia, Chile, and southern Africa—that is, from the administration's prospective free trade agreement partners minus Singapore.

- **Effect on trade flows and employment.** For domestic employment and production, the effects of such a program would probably be minimal. To begin with, the effect of any future industrial tariff policy changes will be relatively small, as goods subject to high tariffs support less than 1 percent of total U.S. employment, and the existing free trade agreements and preferential programs likely reduce the ability of tariffs to maintain the employment that remains in high-tariff industries.

  The effect of a new program on trade flows (i.e. on sources of imports as opposed to total volume of imports or domestic employment) may be more significant. Beneficiaries would receive advantages over China, India, and a few Southeast Asian countries still subject to tariffs. But these latter countries are far more diversified exporters than are the Muslim nations, with high-tariff sectors making up far less of their exports. As long as small, least-developed Asian countries like Cambodia, Mongolia, and Nepal (also heavily reliant on high-tariff clothing) receive parity, competing countries would suffer only marginal disadvantages.

- **Chances of success.** The long-term results of any U.S. trade program depend at least in part on commitment to good policy in beneficiary countries. But experience with trade development in Jordan and in the AGOA, though, offer reason to believe such an approach can have good effects.

Conclusion

There are, of course, no guarantees that such an initiative would be an economic success. Neither can we be certain that if it is a success in economic terms, it will have the desired political effects. But the price of making the attempt seems very low, and the price of current policy trends may be quite high.

Fifteen months after the Sept. 11 attacks, the military side of the campaign against terrorism seems in some important ways a success. A number of al-Qaeda leaders are dead; their survivors and deputies, in hiding around the world, probably find large-scale terror attacks more difficult than before. Just as important over the long run, their Taliban associates no longer rule Afghanistan and can no longer offer new al-Qaeda recruits training and physical protection.

But "victory" in the war on terrorism is not simply the demolition of al-Qaeda and the Taliban, but the permanent discrediting of violent fundamentalism—much as victory in World War II meant the extinction of fascism in Europe and East Asia. Victory in this sense does not appear to be in sight. Terrorist leaders may be on the defensive, but their pool of potential recruits seems no smaller than before. And only an integrated policy, incorporating diplomatic and economic initiatives that address more basic causes of instability and anger in the Muslim world, is adequate for the task.

At present, trade policy's role in this effort is far smaller than it should be. And in the coming years, without modest but important revisions, it may actually work against the larger campaign's goals. If the administration believes Ambassador Zoellick's case for a link between trade expansion and the campaign against terror, the time to act is now.

Edward Gresser is director of PPI's Project on Trade and Global Markets.

For more information about this or any other PPI publication, please contact the Publications Department at: (202) 547-0001, write Progressive Policy Institute, 600 Pennsylvania Avenue SE, Suite 400, Washington, DC 20003, or visit our site on the Web at http://www.ppionline.org.

Endnotes

[1] Zoellick, Robert, "Fighting Terror with Trade," *The Washington Post*, September 20, 2001, *http://www.washingtonpost.com/ac2/wp-dyn/A59531-2001Sep19?language=printer.*
[2] Mernissi, Fatima, *Islam and Democracy*, 2002 edition, Perseus Publishing, p.xi-xv.
[3] "Pakistan Looks for Better Deal on Textile Exports," *Financial Times*, September 29, 2001.
[4] World Bank, *World Development Indicators 2002*, Table 3.10, p. 170.
[5] UN Conference on Trade and Development, *World Investment Report 2002*, *http://r0.unctad.org/wir/*.
[6] World Bank, *World Development Indicators 2002*, Tables 2.1 and 1.6, *http://www.worldbank.org/data/wdi2002/*.
[7] Includes the 57 members of the Organization of the Islamic Conference: Afghanistan, Albania, Algeria, Azerbaijan, Bahrain, Bangladesh, Benin, Brunei, Burkina Faso, Cameroon, Chad, Comoros, Cote d'Ivoire, Djibouti, Egypt, Gabon, Gambia, Guinea, Guinea-Bissau, Guyana, Indonesia, Iran, Iraq, Jordan, Kazakhstan, Kuwait, Kyrgyz, Lebanon, Libya, Malaysia, Maldives, Mali, Mauritania, Morocco, Mozambique, Niger, Nigeria, Oman, Pakistan, Palestinian Authority, Qatar, Saudi Arabia, Senegal, Sierra Leone, Somalia, Sudan, Suriname, Syria, Tajikistan, Togo, Tunisia, Turkey, Turkmenistan, UAE, Uganda, Uzbekistan, and Yemen. Broken down by region, foreign direct investment in these countries included:

Country	Population	FDI Stock in 2001	FDI Flows, 2001
Bangladesh, Pakistan, Afghanistan	295.8 million	$7.7 billion	$0.5 billion
17 African countries	275.3 million	$33.5 billion	$2.8 billion
22 Arab League Members	259.3 million	$93.1 billion	$6.0 billion
Indonesia	210.4 million	$57.4 billion	-$3.3 billion
Turkey	65.3 million	$12.6 billion	$3.3 billion
Central Asia	64.2 million	$13.1 billion	$2.9 billion
Iran	63.7 million	$2.5 billion	$0.03 billion
Brunei & Malaysia	23.6 million	$57.3 billion	$0.8 billion
Other	16.2 million	$6.0 billion	$0.6 billion

[8] UN Development Program, *Arab Human Development Report 2002*, p. 88, *http://www.undp.org/rbas/ahdr/bychapter.html*.
[9] Thailand, with a population comparable to Egypt's, exported $60 billion last year to Egypt's $4 billion.
[10] UNDP, *Arab Human Development Report 2002*, p. 4, *http://www.undp.org/rbas/ahdr/Overview.pdf.*
[11] GSP provides some countries additional duty-free benefits, typically for low-tariff manufactured goods. The largest beneficiaries are middle-income countries—of the countries in the chart, Brazil, Indonesia, and Turkey use GSP especially effectively. Turkey receives duty-free privileges through GSP on 13 tariffed goods, India on 12 and Brazil on 18 goods. For least-developed countries like Cambodia and Bangladesh, benefits are minimal as the GSP system excludes clothes.
[12] Two of the eight worldwide tariff peak products are not applied in practice – both are trucks imported duty-free from Canada and Mexico through NAFTA.
[13] International Monetary Fund, *Direction of Trade Statistics 2002*, p. 121, 203, and 365.
[14] Principally Cambodia, Mongolia, Nepal, Burma, and Laos (if Laos receives NTR status). Sri Lanka, though not a least-developed country, would face a simila challenge.
[15] Twenty-five of the 57 OIC members are already covered by current trade preference programs. Seventeen sub-Saharan African countries are eligible for African Growth and Opportunity Act benefits. Three Southeast Asian ASEAN members—Brunei, Indonesia and Malaysia—are at least in theory, covered by the Enterprise for ASEAN Initiative (though as noted above, its content remains unclear and Indonesia deserves special attention). Two, Suriname and Guyana, are Western Hemisphere participants in the Caribbean Basin Initiative. Finally, two Arab countries (Jordan and Morocco) are current or prospective Free Trade Agreement partners; and the Palestinian territories are eligible for special benefits through the U.S.-Israel Free Trade Agreement.