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By Dr. Waleed Kalf Ali Al- Zoubi, Osama Mahmoud Awad Al Zoubi & Sami Nizar Daif Alla Khasawneh

Al - Balqa Applied University

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I. Introduction

Through 2011, foreign Jordanian trade has achieved clear progress despite economic and political fluctuations in Arab region under Arabic Spring "Al Rabee Al Arabi". Especially, what great Arab countries, that have direct economic impact on Jordan, have witnessed, such as Egypt, Syria, Yemen, Libya and Tunisia. Jordan joins with these countries, especially Syria, with strong commercial relationships because of geographical location proximity and individuals and cargos' movement ease between both countries. In addition to what Jordanian interior arena has witnessed of strikes and protests that directly affected the growth of some different economic sectors nearby current economic circumstances in EU countries (Saidam, 2012).

Reality of national economy architecture is reflected by foreign trade indicators which express advancement scale in that economy, adopted polices in different economic sectors, and national economic center and its negotiating position in the field of trade with other world countries (Taleb, 1995).

Jordanian economy is affected by external economic variables, in specific; these happen in Arab region and the Middle East. Conditions in these countries affect Jordan fast and directly since that it depends directly on neighboring Arab and regional markets (Alenaimat, 1999).

Author α σ ρ : Al - Balqa Applied University, University College of Amman. E-mail : waleedzu@gmail.com

Jordan adopted a trade policy based on principles of economic openness and trade liberalization. In the past few years, extensive efforts were made to open Jordanian economy to foreign trade and investment to increase growth and Jordanians' well-being opportunities. Because of Jordan's geographical site as it occupies the heart of the Middle East, it is considered as a link between many countries in the region. In addition, it has distinctive international trade relations with most countries of the world. Therefore, it became an important trading partner with various countries of the world through "Agreement of Greater Arab Free Trade and bilateral Free Trade Agreements", and fasten ties with world countries by joining "World Trade Organization" and concluding an "Association Agreement with European Union", "Conventions of free trade and Qualified Industrial Zones with United States", "Convention of free trade Arab Mediterranean (Agadir)" and "Free trade agreements" with Association of NAFTA, Singapore, Canada and Turkey. (Ministry of Industry and Trade, 2010).

Trade agreement is defined as: "an agreement between two countries or more to accomplish specific procedures to encourage trade among them", such procedures may include all goods and products or be limited to specific commodities to be agreed upon between parties of convention (Ministry of Industry and Trade, 2008).

Jordan has made successful steps signing agreements of protection and investment promotion and double taxation prevention with Arab and foreign countries to provide an attractive environment for investments along with economic and trade cooperation agreements with business partners in different geographic regions (Economic and Social Council, 2011).

II. Research Problem and Objectives

The continuous deficit in Jordanian trade balance is the main problem in Jordan foreign trade. This deficit shows defect in Jordanian economy caused by inability of productive device and its inability to meet needs of Jordanian people. Such continuing deficits will increase indebtedness which puts obstacles in front of economic development in Jordan.

The aim of this study is to analyze direction and structure of Jordan foreign trade during the period

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(2000-2011), especially that Jordan is undergoing foreign trade liberalization and trying to attract foreign investment with existence of a set of internal challenges and opportunities.

III. The Research Importance

Components of foreign trade (exports and imports) are considered as important issues to be studied to show the relative importance of foreign trade since that components of these two variables are considered as one of economic growth indicators. In addition, investigating geographic distribution of foreign trade among world countries is no less important than its components. It illustrates the extent of national economy's dependence on other countries' economies. The importance of this research comes from the fact that foreign trade is of the main pillars of sustainable development processes of the country, and it is the focus of foreign trade relations.

IV. Methodology

In this study, a descriptive analytical method was adopted to determine components of foreign trade phenomenon and by analyzing statistical data available from Jordanian foreign trade data. Relative importance and percentages are used.

V. Theoretical Framework

Foreign trade is a standard for countries' evolution and balance in meeting their needs by importing and exporting goods to the world. As foreign trade indicators reflect national economy structure. They express development level in that economy, policies pursued in various economic sectors, and its position in the field of trade with world countries.

There are two main prices used in pricing transit goods. First: Free On Board (FOB) price, which includes all expenses incurred on goods until loaded on ship board (or any means of transport) in exporting country port of this item. The price does not include any other unnecessary expenses after loading on board like: shipping and insurance on goods expenses until arrival to the importing country port. Second: Cost Insurance and Freight price (CIF) which includes in addition to elements of FOB, transporting, goods shipping and insurance costs until reaching the port of the importing country (United Nations, 2009).

International trade is related to organizing rules for transmission and exchange of goods and services among countries and within customs territories and regional trade areas. Since the forties of the last century, there has been an international effort to regulate international trade. It crystallized in putting General Agreement on Trade and Tariffs (GATT) to be a tool to create a World Trade Organization in which the triangle of cash regulation and global trade as well as International Monetary Fund and World Bank is completed. Legally, international trade is not subject to WTO agreements only, but to a broad package of agreements, protocols and international norms, such as documents issued by the United Nations Commission on Trade Law (UNCITRAL), regional joint customs agreements, norms and rules of various international trade bodies, particularly International Chamber of Commerce, of course, as well as bilateral trade agreements (WWW. Abahe.co.uk).

We can conclude that international trade occurs among international parties is separated by political borders, trading barriers, regulations, laws, and mechanisms, but not between trading parties in national commercial market.

International trade is considered as a kind of trade focuses on visible commodity mass flows (Exports and Imports) that compose overall reciprocal physical commodity production in international channels between reciprocation parties, on one hand, and on invisible services mass flow (exports and imports) which consist of different kinds of international transportation services, international insurance services, movement of global travel and tourism, international banking services, intellectual property transfer rights, and technology transfer on the other hand (www.arab-ency.com).

VI. Literature Review

Despite of the importance of external trade over world there is no enough researches or papers or authors talked about it this subject.

Lee (1995), found that increased imports of capital and intermediate products, which are not available in the domestic market, may result in the rise in productivity of manufacturing. Wagner (2007), said more active participation in the international market by promoting exports leads to more intense competition and improvement in terms of productivity.

The OECD (2003) conducted a study on the impact that trade had on the average income per population. According to the result, the elasticity of international trade was 0.2 which was statistically significant.

A study by Maizels (1963), discussed the positive relationship between international trade and economic development by a rank correlation analysis among 7 developed countries. He compiled information on industrial countries' that confirmed that even before the Second World War these countries traded mostly among themselves. Nevertheless, those trends were positively associated with growth in manufacturing trade and with the expansion of trade.

Sachs and Warner (1995), constructed a policy index to analyze economic growth rate, and found that the average growth rate in the period after trade liberalization is significantly higher than that in the period before liberalization. Keller (2001), discussed that inter-

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national trade which involves importing intermediate goods of a high quality contributed to the diffusion of technology.

Another study by Besedes and Prusa (2006), on the duration of exports at the product level, they observe that if a country is able to survive in the exporting market for the first few years, the probability of it exporting the product for a long period of time is very high. They further note that the technologically advanced countries tend to have longer duration of export.

Whereas Worz (2004), in her study about foreign trade and economic growth concludes that, on the import side, spillovers via embodied knowledge and other assets are put forward in favor of a positive impact for growth. Also Ferrira & Rossi (2003), have presented evidence on the positive effect of international trade on productivity and economic growth in Brazil. The econometric results of their study showed that the impact of the observed tariff reduction brought a 6% estimated increase in total factor productivity growth rate and a similar impact on labor productivity.

Shotar, Hmaidate, and Moumani (2002), showed in their study entitled " Imports of Intermediate Goods and Growth in Manufacturing Industries: an Empirical Investigation", concluded that imports of intermediate goods have a significant positive impact on the growth and development of the manufacturing industries, and it would not be in Jordan's best interest to completely stop importing intermediate goods.

In their study Hmaidate & Hazaymih (1995), which was about the impact of foreign trade on the manufacturing sector in Jordan concluded that growth rates of gross output in the manufacturing industries are positively affected by the growth of imports of capital and intermediate goods. Their study shows-that an increase by 5.89% in the imported goods results in an increase in the growth rate of the manufacturing industries by 1%.

Finally, Bader (2005), in his study aims at investigating the effect of imports of intermediate and capital goods on economic growth in Jordan during the period 1980-2003. The results of the study were found to be consistent with the results of many studies about the same topic in the sense that the imports of capital and intermediate goods have a positive impact on economic growth through transferring of technology acquired of such imports.

VII. Jordanian Exports and Imports

Despite continuing deficit in trade balance over past several years, it meets sustainable balance of payments from tourism services output, remittances from Jordanians abroad, and private financial flows that are Foreign Direct Investments (FDI). In case trade deficit continued increasing, it may be difficult to control in long term due to increasing imports' prices of oil products and basic foodstuffs (Economic and Social Council, 2011).

The following table shows trade balance development (exports and imports) for the period (2000-2011):

Table 1 : Development of Jordanian foreign trade indicators and trade balance for the period (2000-2011)*

Year	Exports	Imports	Coverage ratio of Exports to Imports %	Surplus or deficit in Trade Balance
2000	1,346,581	3,259,404	41.31	-1,912,822
2001	1,626,732	3,453,729	47.10	-1,826,997
2002	1,963,942	3,599,160	54.56	-1,635,218
2003	2,136,668	4,072,008	52.47	-1,935,340
2004	2,753,024	5,799,241	47.47	-3,046,218
2005	3,049,561	7,442,864	40.97	-4,393,302
2006	3,689,881	8,187,725	45.06	-4,497,844
2007	4,063,641	9,722,194	41.79	-5,658,552
2008	5,633,005	12,060,895	46.70	-6,427,890
2009	4,526,324	10,107,696	44.78	-5,581,372
2010	4,990,117	11,050,126	45.15	-6,060,009
2011	5,684,579	13,440,215	42.29	-7,755,636

Source : Department of Statistics, Department of Foreign Trade Foreign Trade for the years (2000-2011).
**Value in thousands Jordanian Dinars*

Table (1) illustrates value of growth for Jordanian exports In 2001, growth rate was (20.8%) and continued to rise to (28.8%) in (2004). Then, it resumed to decline in (2007) to become (10.1%) and fell to its lowest level in (2009) to (-19.6%). Finally, in (2011) it settled at growth rate (13.9%). Jordanian exports increase is attributed to exports increase to Iraq because of the Iraqi agreement with the United Nations (Oil for Food and Medicine). But Iraq occupation and difficult security conditions led to exports decline. We

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can say that political circumstances surrounding area with international wars and Arab spring has significantly contributed in declining foreign trade in Jordan from time to time.

In addition, table (1) shows the size of Jordanian imports. In (2001), the proportion of imports growth was (6.0%) and increased in (2004) to be (42.4%) which is the highest rate during this period. But in (2007), it declined to be (18.7%) and in (2009) fell to its lowest rate to reach at (-16.2%). And it stabilized at growth rate (21.6%) in (2011). The main reasons behind this swing in growth rates of Jordanian imports was drop in oil prices in 2009 because it forms a high proportion of imports as well as Arab crises and wars because most imports are from Arab countries and non-Arab Asian countries affected by ongoing events in the region.

Moreover, table (1) shows the ratio of exports to imports. In (2001), it was (47.10%), in (2004) it was (47.47%), in (2007) it was (41.79%) and in (2009) it was (44.78%), but it decreased in (2011) to be (42.29%).

As well as, table (1) shows deficit in Jordanian trade balance during the same period. In (2001), the deficit was (1827) million Jordanian dinars. It rose in (2004) to be (3046) million Jordanian dinars and continued to rise in (2007) to be (5659) million Jordanian dinars. Then, the deficit dropped slightly in (2009) in a simple way to be (5581) million JD. However, the size of deficit increased significantly in (2011) to be (7756) million JD.

We can say that this deficit could not be exaggerated to this extent unless global prices increase significantly. This, in turn, has led to raise commodity prices and foreign exchange rates except U.S. dollar against Jordanian dinar. Moreover, continuous migrations due to security situation in Iraq and migrations from other neighboring countries has led to increase demand on goods and services with disability of productive apparatus to increase production which caused the increase in imports.

So, trade liberalization and openness on foreign markets increased size of national exports, but less than ambition, and was accompanied by significant increase in volume of imports, which led to increase deficit in trade balance.

a) Structure of Jordanian Exports

Commodity structure of exports will be analyzed by classifying exports based on the nature manufacturing degree and use, as well as, geographical distribution will be analyzed because these aspects are considered of cornerstones in analysis of exports.

i. *Jordanian Exports by Commodity Group*

Commodity composition of exports reflects the nature of structural productive composition. Diversity of commodity exports components and distribution of its relative importance on large number of exported goods will reduce the risks faced by exports in obtaining benefits from foreign exchange. Otherwise if the number of commodity exports components decrease, this will be an indication of productive apparatus retardation in the country (Alenaimat, 1999). The following table shows percentage of Jordanian exports distribution by commodity croup of total commodity exports:

Table 2 : Relative importance (%) for Jordanian exports by commodity croup for the period (2000-2011)

Year	Raw Materials	Spare Parts	Other Commodities	Total
2000	95.45	4.46	0.09	100
2001	94.12	5.84	0.04	100
2002	95.39	4.55	0.06	100
2003	95.75	4.12	0.13	100
2004	93.86	5.93	0.21	100
2005	92.63	6.82	0.54	100
2006	94.07	5.45	0.48	100
2007	88.95	9.98	1.07	100
2008	92.09	7.12	0.79	100
2009	92.45	7.36	0.19	100
2010	95.95	3.86	0.19	100
2011	96.44	3.37	0.19	100

Source : Department of Statistics, Department of Foreign Trade for the years (2000-2011).

Raw materials Formed most Jordanian exports during (2000-2011). Its proportion of Jordanian exports reached at average (93.93%) during the aforementioned period. Spare parts came secondly in average (5.74%), and then other commodities in average (0.33%). Jordanian exports dependence on raw materials is not a good indicator because prices of this type of export in global markets are low. It is also subject to severe competition in addition to not benefit of its added-value in case of manufacturing such materials. As a result, this makes Jordanian economy vulnerable to changes that may occur in the prices or production of such materials. This also means that Jordanian economy will be a follower to influences and global variables that affect demand on that commodity.

ii. *Exports According to Materials use*

When studying Jordanian exports according to materials use, we note that there is a clear control of consumer goods of chemical industry of (28.4%), textiles (18.1%), metal products (6.7%) and vegetable products (6.6%) (Ministry of Industry and Trade, 2010).

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Table 3 : Relative importance (%) for Jordanian exports by materials use for the period (2000-2011)

Year	Consumer Goods	Durable Goods	Capital Goods	Total
2000	68.98	13.53	17.49	100
2001	71.44	11.69	16.86	100
2002	78.39	8.84	12.77	100
2003	77.37	11.99	10.64	100
2004	77.74	11.63	10.63	100
2005	76.31	12.86	10.82	100
2006	75.25	11.24	13.51	100
2007	72.40	9.34	18.25	100
2008	70.96	8.93	20.11	100
2009	76.18	8.70	15.12	100
2010	80.45	8.66	10.90	100
2011	80.25	7.82	11.93	100

Source : Department of Statistics, Department of Foreign Trade for the years (2000-2011).

From table (3), we find that the range of consumer goods was of average (75.48%) of total Jordanian exports during the period (2000-2011). That indicates superiority of consumer goods of Jordanian exports structure on capital goods in average (14.09%) and durable goods in average (10.44%).

iii. *Geographical Distribution of Jordanian Exports*

We can say that movement of Jordanian exports is clearly heading towards Arab countries and non-Arab Asian countries. This is due to its spatial proximity and trade agreements concluded among them, NAFTA countries and followed by the rest of blocs of countries. Jordanian exports movement to foreign markets in accordance with international blocks can be summarized as follows:

Table 4 : Relative importance (%) of geographical distribution of Jordanian exports to world for the period (2000-2011)

Year	Arab countries	EU states	The rest of the European countries	North American (NAFTA)	South American countries	Non-Arab Asian countries	Other countries	Total
2000	39.90	3.28	0.50	4.20	0.31	34.71	17.10	100
2001	50.35	3.99	0.58	12.23	0.26	26.40	6.19	100
2002	47.59	3.23	0.44	19.64	0.12	24.49	4.50	100
2003	41.30	4.47	0.31	28.11	0.09	21.21	4.50	100
2004	41.03	3.50	1.16	31.43	0.09	18.30	4.50	100
2005	42.63	3.90	0.44	30.97	0.15	19.06	2.84	100
2006	42.63	3.68	0.41	31.27	0.21	19.52	2.29	100
2007	43.77	3.47	0.42	27.79	0.31	21.31	2.93	100
2008	41.73	4.11	0.53	16.82	0.29	33.32	3.20	100
2009	51.59	2.99	0.53	17.33	0.24	24.92	2.40	100
2010	50.46	3.69	1.63	15.96	0.15	24.16	3.94	100
2011	47.07	4.58	0.91	15.83	0.15	27.38	4.08	100

Source : Department of Statistics, Department of Foreign Trade for the years (2000-2011).

Table (4) indicates that Arab countries represent the most important market for Jordanian exports. It comes in the first rank for relative importance and percentage of Jordanian exports to Arab countries in average (45.5%) of total Jordanian exports. Its highest ratio was reached in (2009) of (51.59%). Non-Arab Asian countries come secondly for relative importance of Jordanian exports distribution in average (24.7%). Then, North American (NAFTA) come thirdly for relative importance in average (21.1%).

b) Jordanian Imports Structure

The study of imports structure is very important as that it largely reflects real trends of economic development strategy, used protection methods, levels of world prices, and pursued trade policy which affect structure of commodity imports.

i. *Commodity Imports Composition*

Jordan commodity imports are divided in terms of usage into three main groups. Table (5) below shows that:

Table 5 : Relative importance (%) of Jordanian imports by materials use in the period (2000-2011)

Year	Consumer Goods	Durable Goods	Capital Goods	Total
2000	44.84	29.75	25.41	100
2001	45.57	22.17	32.26	100
2002	49.05	21.08	29.87	100
2003	51.59	18.12	30.29	100
2004	45.40	20.84	33.76	100
2005	39.86	23.10	37.04	100
2006	42.31	22.14	35.55	100
2007	41.52	19.72	38.75	100
2008	43.80	20.20	36.00	100
2009	47.53	22.65	29.82	100
2010	47.77	21.56	30.67	100
2011	53.28	19.09	27.63	100

Source : Department of Statistics, Department of Foreign Trade for the years (2000-2011).

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From table (5), we see the relative importance of consumer goods for total Jordanian average imports during the period (2000-2011) has reached an average (46.04%), which exceeds the capital goods average of (32.25%) and durable goods average of (21.70%). This gives us impression that Jordan is unable to meet its needs with passage of time. This is evident through the previous figures. For example, in (2000), the relative importance was (44.84%) and rose to reach in (2011) (53.28%). Despite its decline in some years, the general trend was towards the increase in imports of consumer goods.

ii. *Jordanian Imports Depending on Materials Nature*

According to the nature of materials, Jordanian commodity imports are classified as shown in the following table:

Table 6 : Relative importance (%) of Jordanian imports by nature of materials for the period (2000-2011)

Year / Imports	Raw Materials	Spare Parts	Other Commodities	Total
2000	83.88	12.39	3.73	100
2001	86.71	11.05	2.24	100
2002	85.51	11.45	3.04	100
2003	87.07	9.66	3.28	100
2004	88.97	8.27	2.75	100
2005	89.12	7.87	3.01	100
2006	91.14	5.92	2.94	100
2007	90.88	6.90	2.22	100
2008	91.83	6.16	2.00	100
2009	87.99	8.77	3.24	100
2010	91.38	5.95	2.67	100
2011	92.29	5.51	2.21	100

Source : Department of Statistics, Department of Foreign Trade for the years (2000-2011).

Table (6) shows the relative importance of Jordanian imports by nature of materials. Raw materials headed in average of (88.32%), where oil was the most prominent of those substances because Jordan is not an oil producer country. Despite Governments' frequent raising of taxes (all kind of taxes) in order to control consumption process and therefore reduce import, we find this item has increased from (83.88%) in (2000) to reach (92.29%) in (2011). Spare parts came in the second place in average (2.78%), and finally, other commodities of average (2.78%).

iii. *Geographical Distribution of Jordanian Imports*

The following table shows geographical distribution of Jordanian imports from the world:

Table 7 : Relative importance (%) of geographical distribution of Jordanian imports for the period (2000-2011)

Year	Arab countries	EU states	The rest of the European countries	North American (NAFTA)	South American countries	Non-Arab Asian countries	Other countries	Total
2000	23.74	32.96	5.34	10.59	2.67	22.05	2.66	100
2001	23.83	32.25	4.98	8.52	3.02	24.19	3.21	100
2002	25.22	29.56	4.46	8.11	2.67	26.75	3.23	100
2003	27.55	27.25	4.10	7.12	2.93	28.16	2.89	100
2004	30.62	24.46	5.05	7.12	1.99	28.91	1.85	100
2005	33.80	24.65	5.22	5.99	1.71	27.28	1.35	100
2006	35.79	23.55	4.18	5.25	1.74	27.95	1.54	100
2007	33.02	24.34	6.15	5.15	2.41	27.73	1.21	100
2008	33.17	21.07	8.26	5.14	2.16	29.06	1.14	100
2009	32.04	21.03	5.91	7.50	2.41	29.62	1.48	100
2010	34.84	20.61	4.30	6.23	2.60	29.80	1.62	100
2011	36.81	20.41	5.87	7.00	2.60	25.52	1.78	100

Source : Department of Statistics, Department of Foreign Trade for the years (2000-2011).

Table (7) shows the relative importance for Jordanian geographical distribution of imports for the period (2000-2011). Jordanian imports from Arab countries ranked first in average (30.84%). It is noticed that Jordanian imports from Arab countries have increased from (23.74%) in (2000) to (36.81%) in (2011). This means that Arab countries are the trading partners for Jordan. Since that Jordanian imports are available in Arab countries (the most important is oil). Next, Non-Arab Asian countries came in average (27.74%) followed by EU in average (24.77%) and NAFTA countries in average (6.98%). European countries came fifth in (5.32%) and then South America countries sixth in (2.41%). The last place was occupied by other countries in (1.99%).

VIII. Conclusions and Recommendations

In the light of present data analysis, the study reached at many conclusions. Jordanian foreign trade went into Arab and non-Arab Asian markets largely and more than other leagues. Volume of Jordanian foreign

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trade is affected by political and economic conditions being experienced in the region, in general, and Arab Spring, in specific. These affected Jordan's external trade performance negatively. Also, exported goods and markets targeted by manufacturers and Jordanian traders are limited. Raw materials formed most of Jordanian exports concentrated in potash and phosphate.

Besides, small size of local market is considered as an obstacle to activation of competition, taking advantage of economies of scale, achieving integration with global economy and opening up to foreign markets. Finally, high prices of oil and its products led to a rise in cost of many commodities, which in turn led to an increase in imports volume.

Limitedness of exported goods and current target markets for Jordanian exports requires reconsideration in exported goods structuring and work to diversify and open up new markets, which help stabilize Jordanian foreign trade since that dependence on few commodities for export makes it vulnerable to instability. It is recommended to attract domestic and foreign direct investment and encourage intermediate and high added value industries to reduce deficit in the trade balance and raise export revenues.

Public awareness of opportunities available within conventions and business partnerships should be increased. Also, implementing bilateral and multilateral agreements signed by Jordan should be continued and activated so as to ensure achievement of desired interest of national export promotion. In addition, it is recommended to increase competitiveness of Jordanian exports to enable them maintain their existing markets and enter new ones by proceeding efforts to improve quality of Jordanian products and reduce production cost.

Encouraging qualified industrial zones to strengthen front and back links with local industries and local supportive activities will minimize intermediate goods import, and thereby maximize value added generated in specific and local industries and activities in general.

Moreover, we would recommend reducing oil and its products import bill through implementing the national strategy for energy conservation to achieve their objectives of reducing energy consumption without affecting the standard of living, and searching for domestic sources of energy in order to reduce production costs to improve competitiveness of Jordan industries in global markets.

Finally, increasing cooperation of Arab States on one hand and Islamic world on other hand is recommended to enable them to face globalization of economy to reduce its negatives and increase their gains to benefit their economy through activation of Greater Arab Free Trade Zone to prepare for the establishment of Arab common market.

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