

# TOWARDS OIC ECONOMIC COOPERATION: IMPACT OF DEVELOPING 8 (D-8) PREFERENTIAL TRADE AGREEMENT

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The Developing 8 (D-8) comprises of eight developing countries (Turkey, Malaysia, Indonesia, Bangladesh, Pakistan, Iran, Egypt and Nigeria), all of which are OIC members with large Muslim populations. The D-8 has formed a freer trade alliance with the objectives to create new opportunities and enhance intra-trade relations while providing better standards of living for its citizens. This paper examines the trade impact of possible trade liberalization among the D-8 countries using a multi-country computable general equilibrium model, i.e., GTAP. Results indicate that while the D-8 intra-trade is expected to increase very substantially, not all member countries will experience a welfare gain under a free trade arrangement. Likewise, the impact on economic sectors differs substantially across countries.

**Keywords:** Developing 8; organization of Islamic countries; trade liberalization; preferential trade arrangement; economic integration; GTAP

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