ARAB STATES’ EXPORTS: TRENDS AND PATTERNS

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Motivation

- Evaluating export performance entails assessment along several dimensions
  - » Typically value or volume figures taken and scaled by different aggregates or growth rates calculated
  - » Interesting to unpack what drives changes in a country's exports in terms of markets served and products exported
  - » Also of interest to explore what the composition of new, existing, discontinued products is by their stage of processing

Approach

Decomposition of bilateral merchandise exports in terms of:

- existing products to existing markets
- existing products to new markets
- new products to existing markets
- new products to new markets in period
- discontinued products or markets.

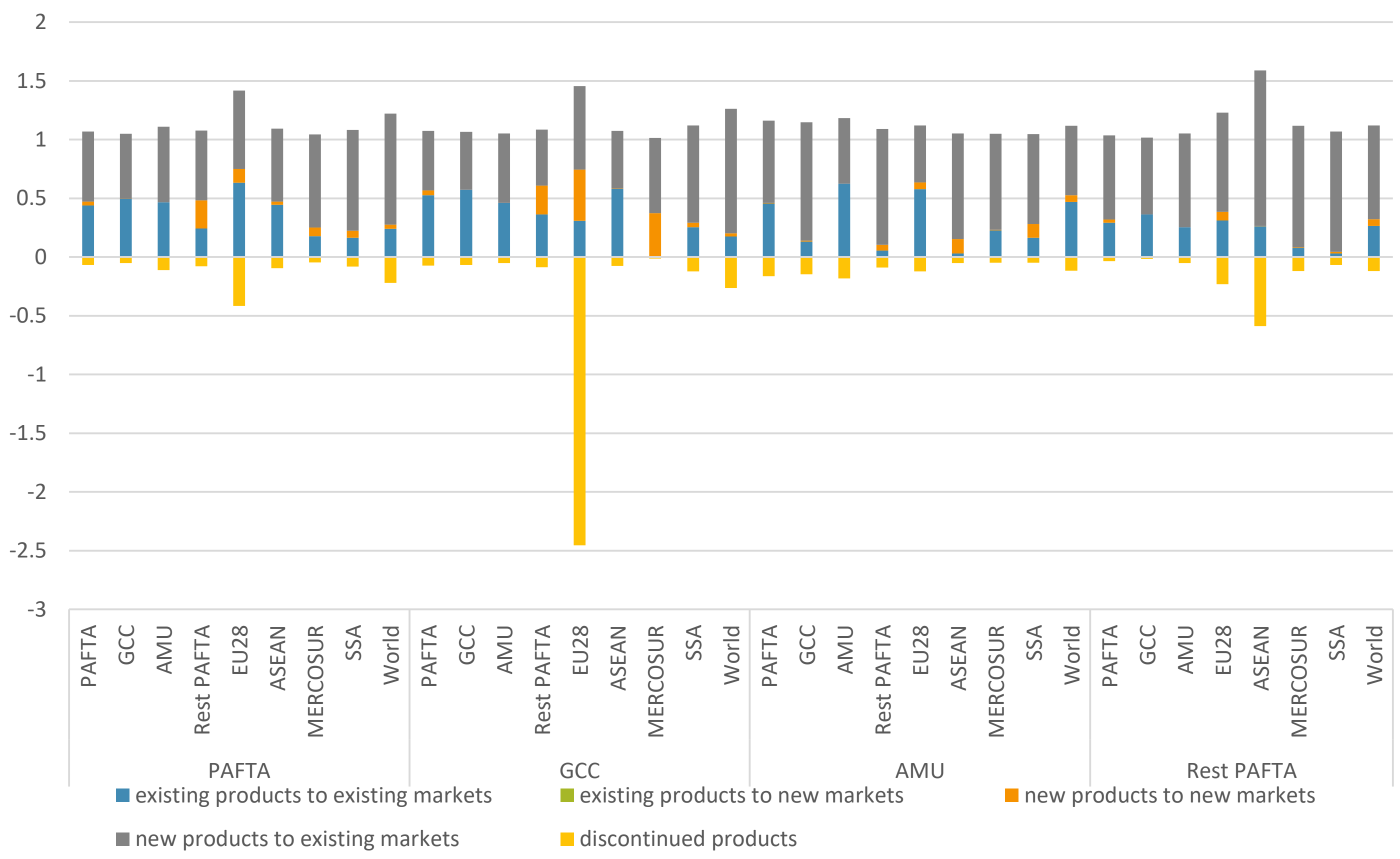
Approach (cont'd)

- New-existing products and markets defined vis-à-vis the initial or a reference period
- Alternative definitions possible
- New markets could be defined as:
  - » a partner to which no product was exported in the initial year, but some products are exported in the latter year ("partner-centric" definition, more strict)
  - » a destination for a product in the latter time period and not in the reference period ("product-centric" definition)
- New products could be defined as:
  - » one that was not exported to the partner in the reference year but exported in the latter year ("partner-centric")
  - » a product that was not exported to any partner in the reference year but exported to some destinations in the latter year ("product-centric" definition, more strict)

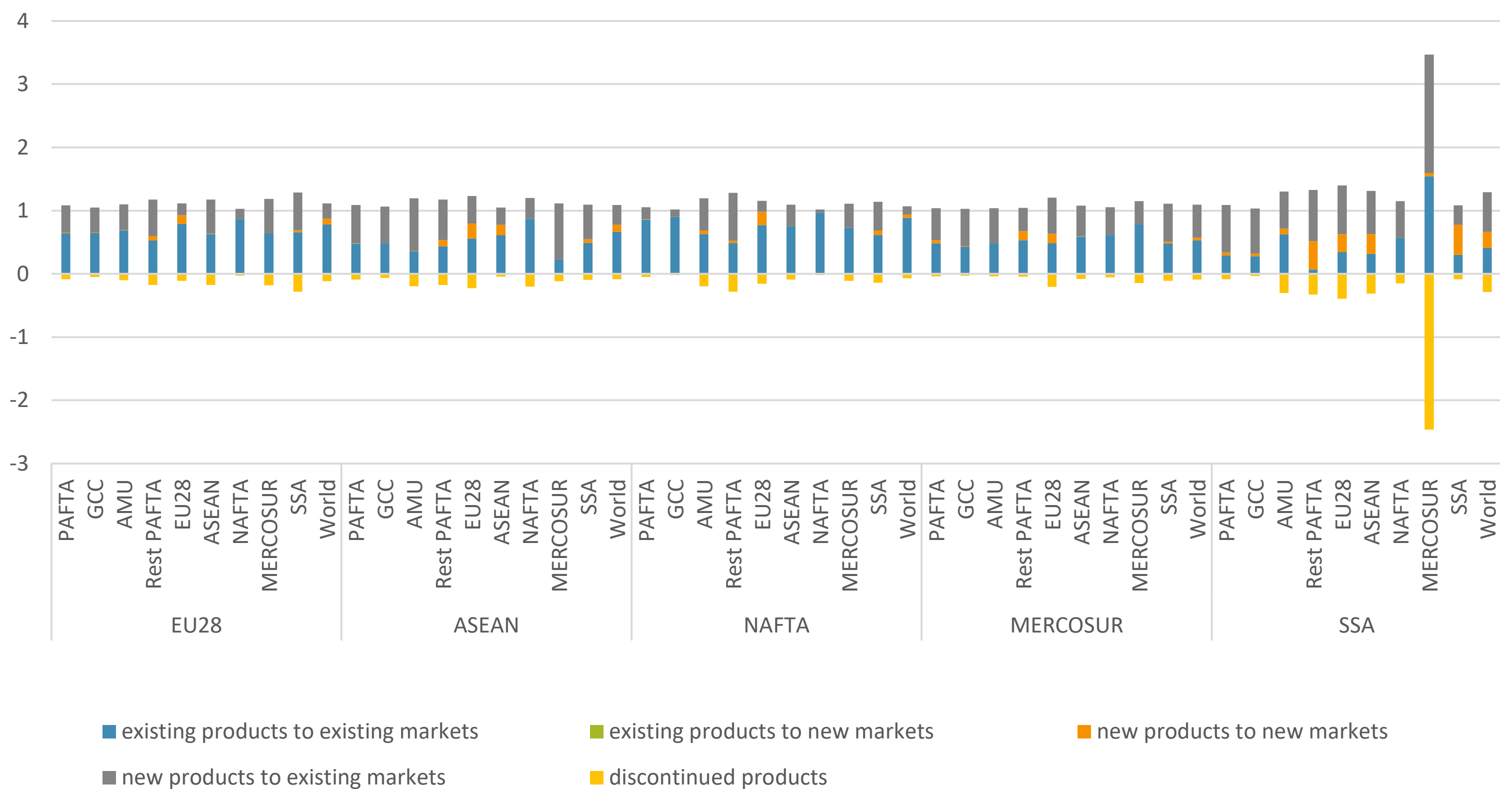
Data

- merchandise export flows at the HS 6-digit level from UN COMTRADE database
- HS1988/92 nomenclature is adopted to ensure that changes over longer periods could be calculated
- new, existing and discontinued products are further decomposed by their position in stages of processing based on UNCTAD classification

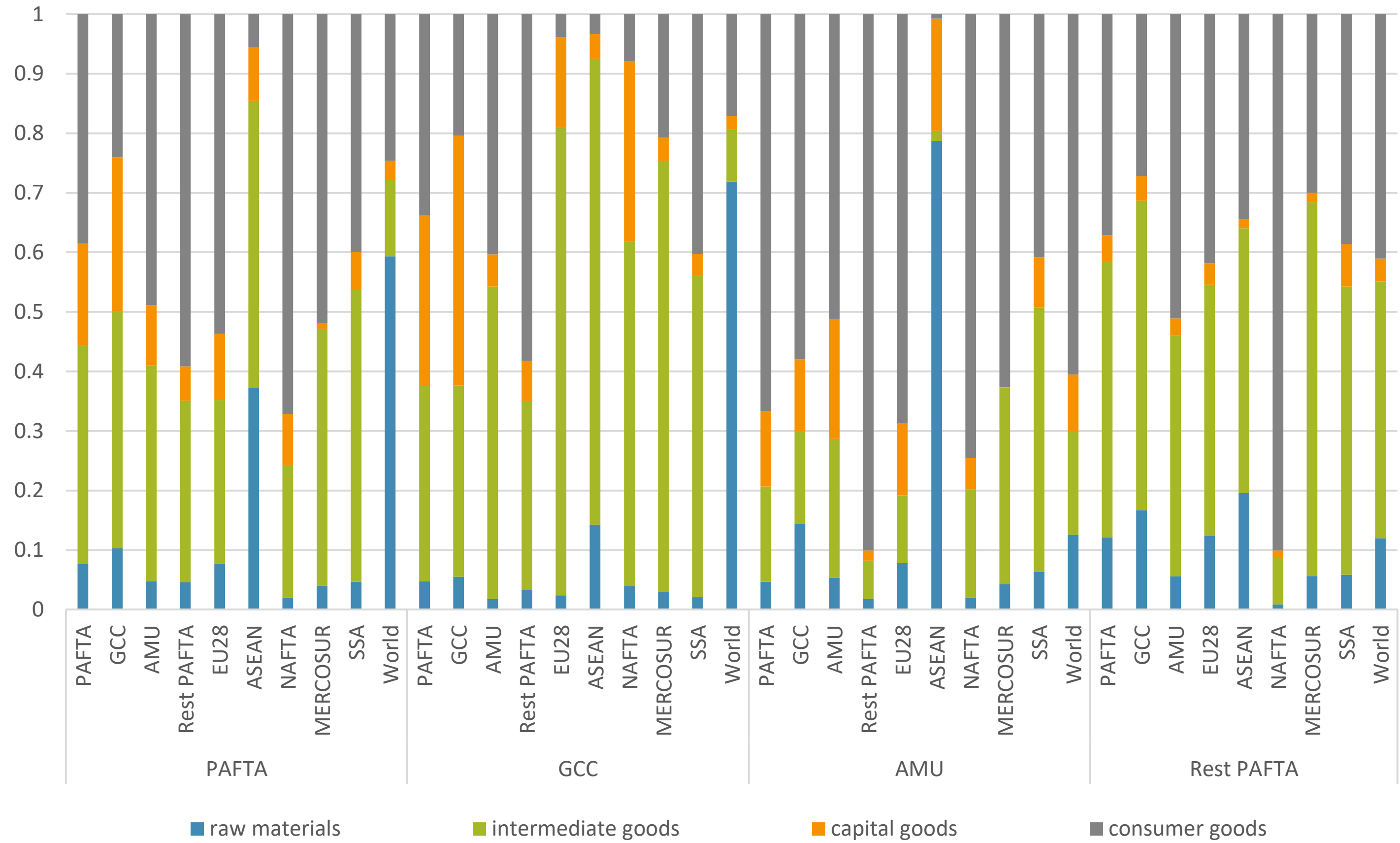
The composition of the change in bilateral merchandise exports along intensive and extensive margins for the Arab region and its sub-regions between 1995 and 2016



The composition of the change in bilateral merchandise exports along intensive and extensive margins for the selected trading blocs between 1995 and 2016



The composition of new products by stage of processing in the Arab region and its sub-regions, between 1995 and 2016



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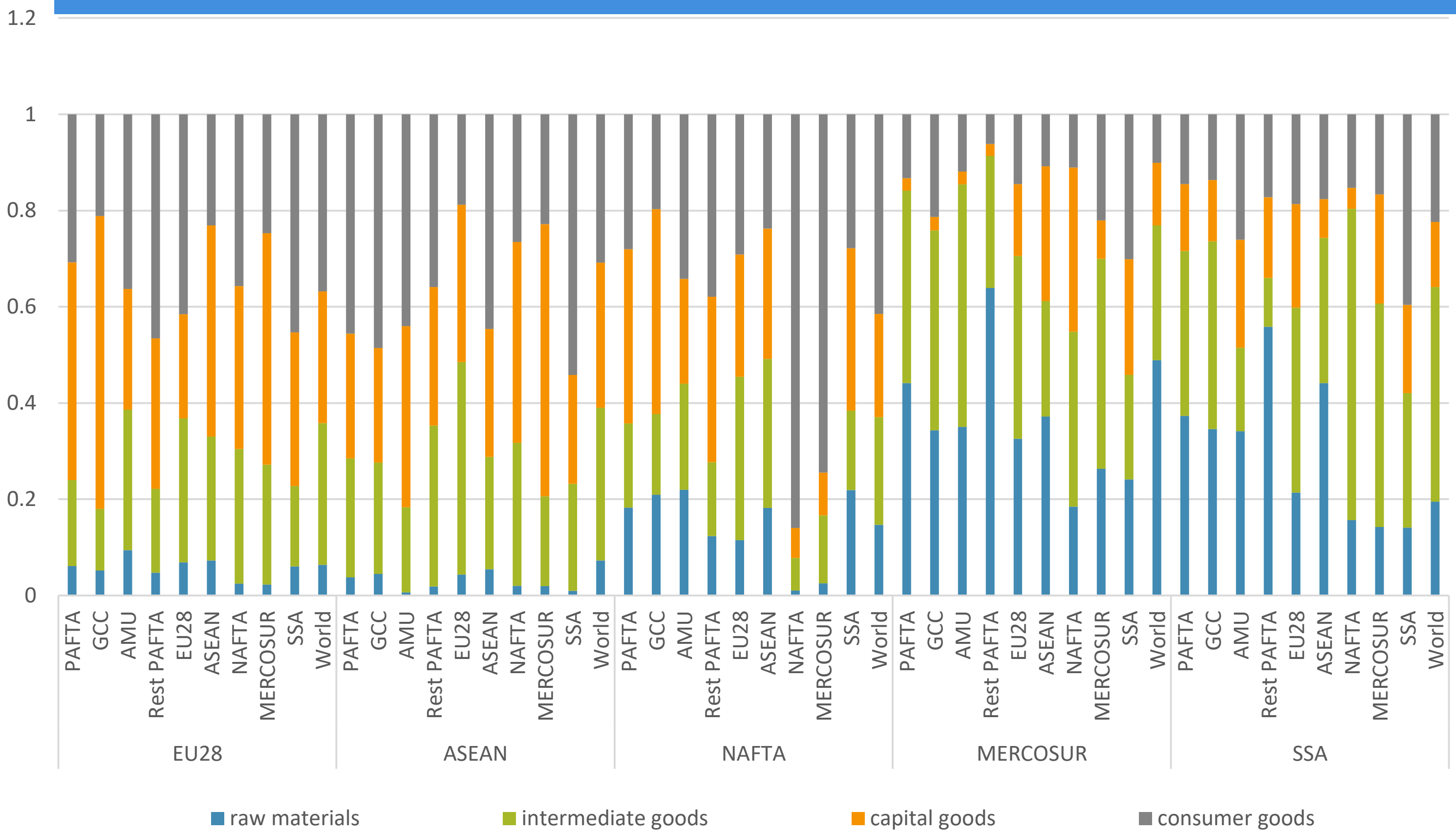
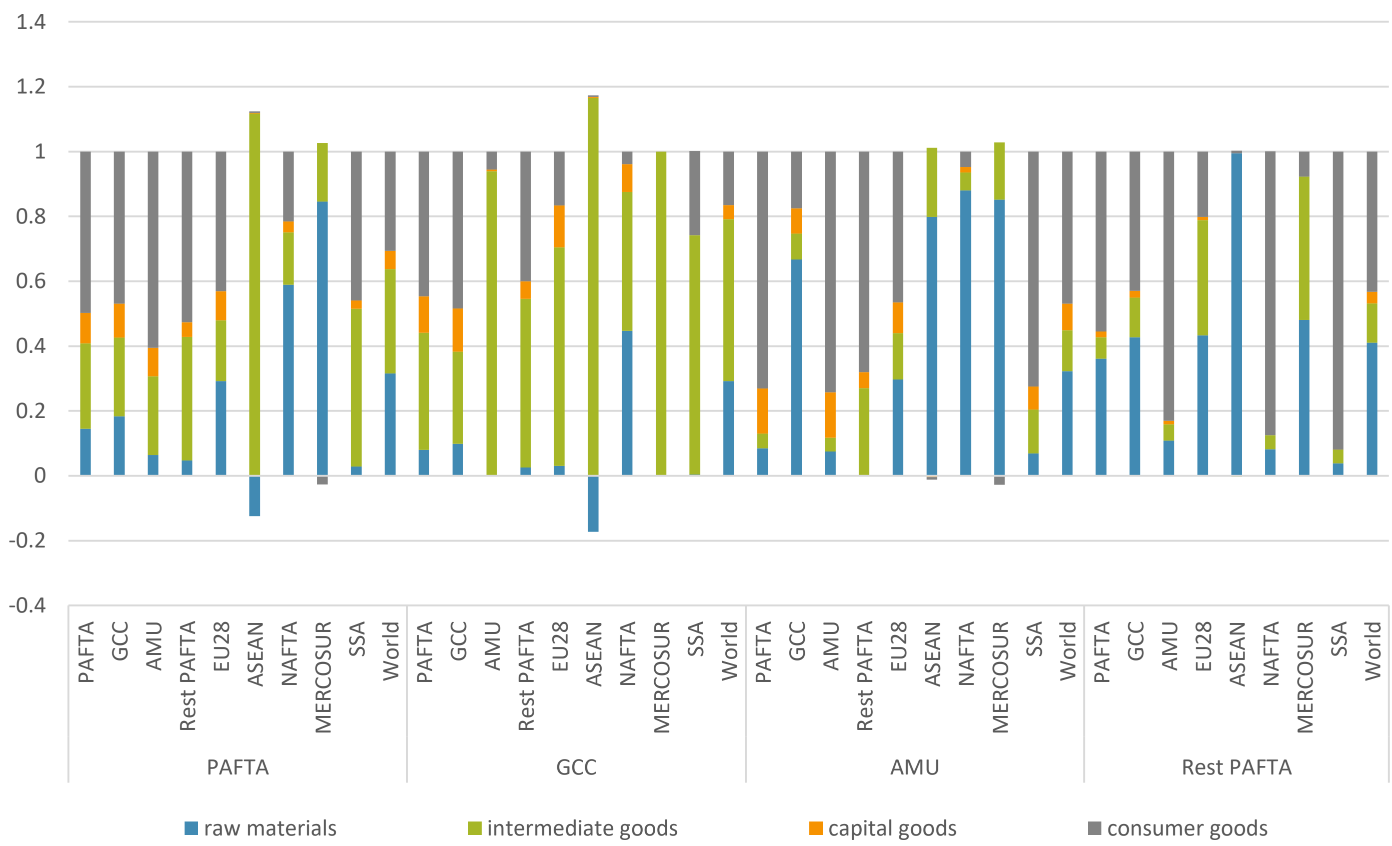


The composition of existing products by stage of processing in the Arab region and its sub-regions, between 1995 and 2016



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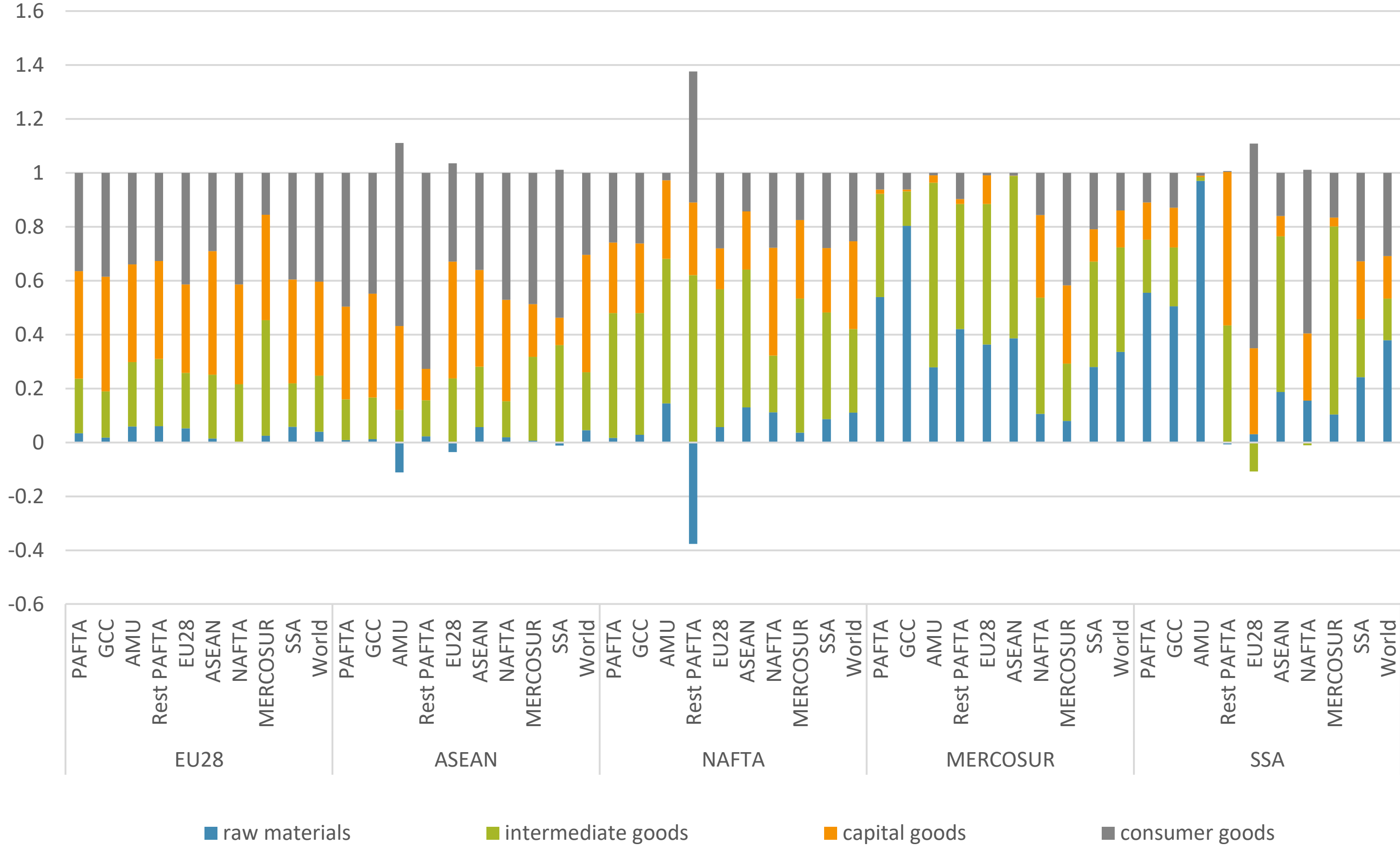
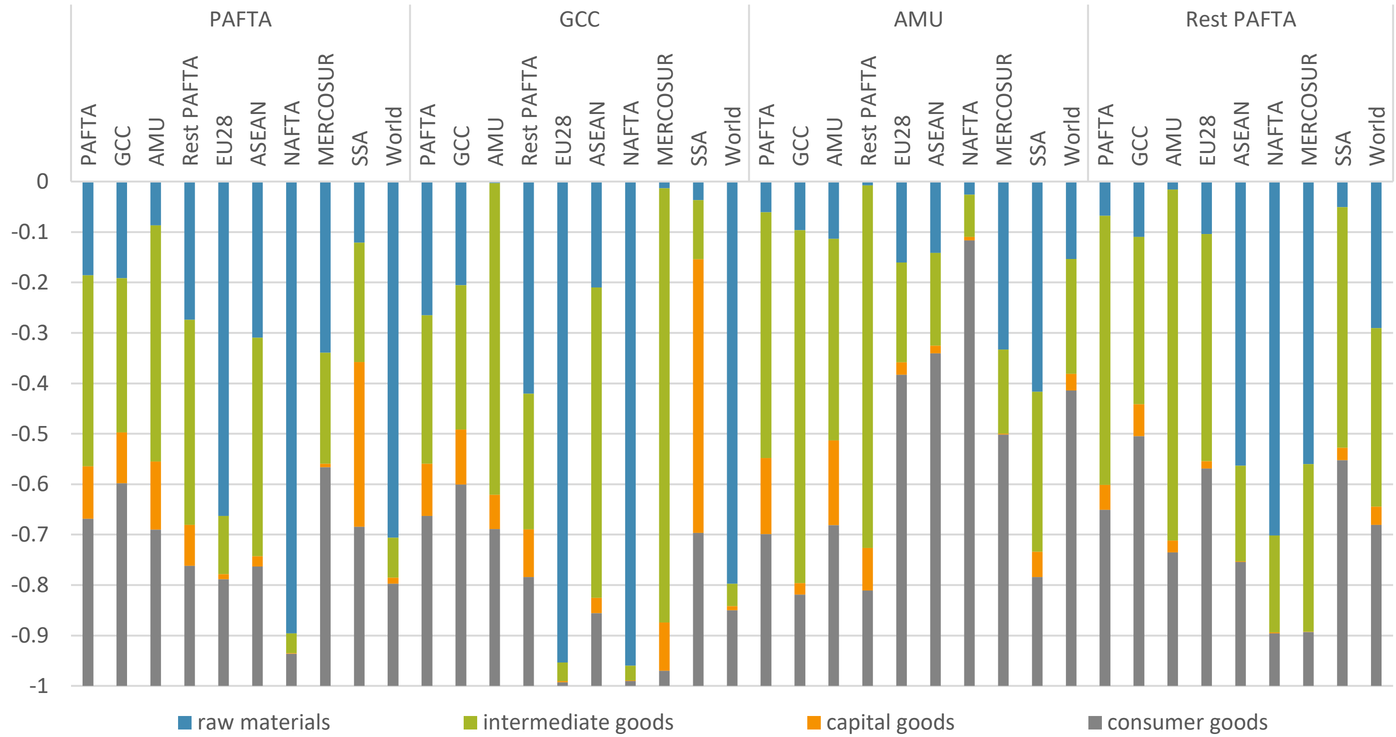
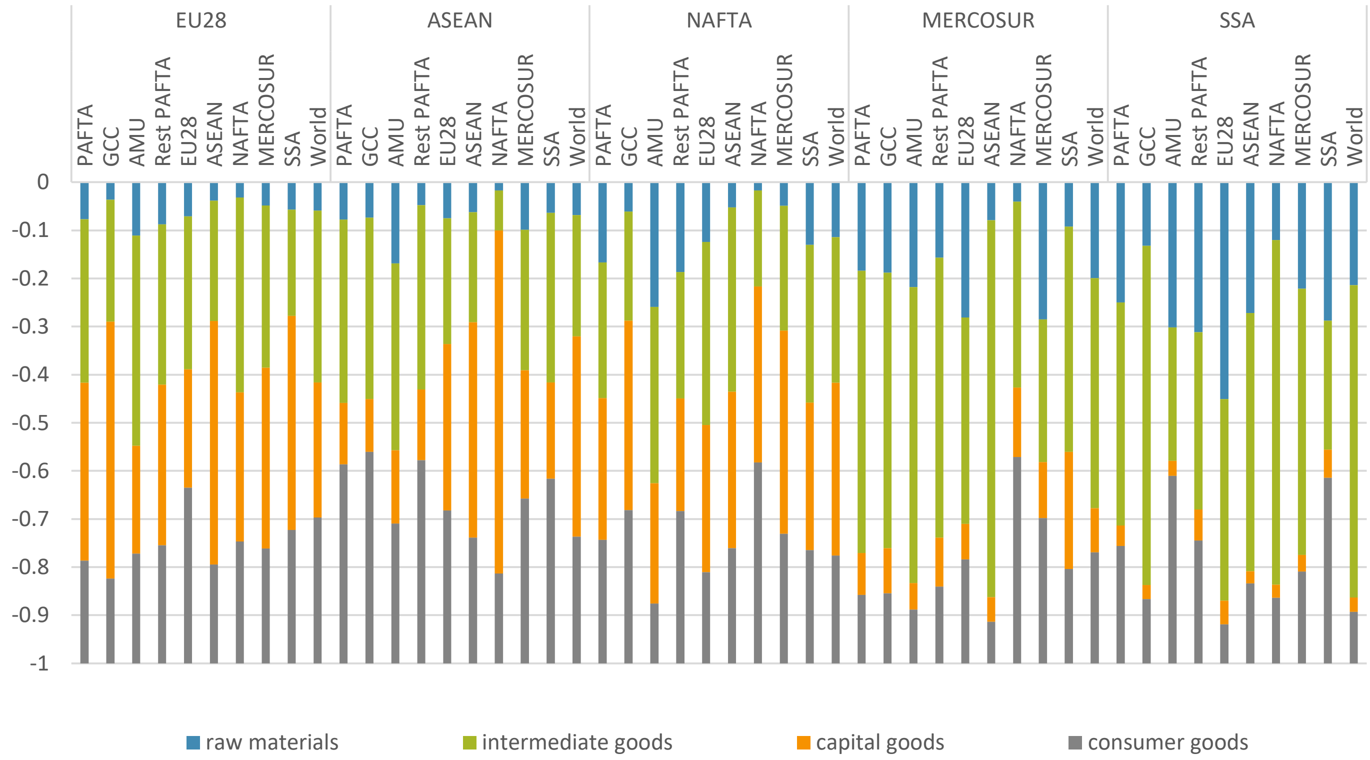


The composition of discontinued products by stage of processing in the Arab region and its sub-regions, between 1995 and 2016



The composition of discontinued products by stage of processing in the selected trading blocs, between 1995 and 2016



Conclusions

- Across PAFTA countries and Arab sub-regions, new products to existing markets dominate the change in bilateral merchandise exports vis-à-vis most partners;
- Exports to non-Arab partners seem more dynamic with a greater share of new products or markets;
- More developed blocs appear to have relatively high shares of existing products destined to existing markets
- Sub-Saharan African countries on the hand are very dynamic vis-à-vis most of partner blocs we considered;
- New products are dominated by intermediate and consumer goods for PAFTA as a whole and Arab sub-regions with the notable exception of AMU, for which consumer products are dominant;
- Discontinued products in intra-PAFTA exports are mainly intermediate goods

Policy recommendations

- Findings confirm the prevalence of factors that impede regional trade despite the removal of tariff barriers
- Arab countries need to build comparative advantages in intermediate and capital goods for sustained export growth
- Extensive participation in international production networks remains limited for Arab countries
- Fostering engagement in regional and global value and supply chains should be recognized as a key challenge for Arab countries and addressed
- Requires a comprehensive and integrated policy response, including macroeconomic, trade and investment policies

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