

UAE's Manufacturing Sector
**Small Industry,
Significant Potential**

Sebastian Bustos & Muhammed Ali Yildirim

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Small Industry, Significant Potential

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An overview of the United Arab Emirates

The United Arab Emirates' (UAE) position in the product space suggests that the country's future path for development should focus on new opportunities in the chemical and foodstuff clusters. Table 1 lists the target sectors that the methodology identifies as strategic for the UAE's future development.¹

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Please see the introduction for a detailed methodology. <http://www.lcps-lebanon.org/publication.php?id=294&category=900&year=2017>

The community with the greatest number of target products is chemicals & allied industries, with 17 products (HS2:28-38). The second cluster with the highest number of target products is the foodstuff cluster (with a total of 16 products, HS2:16-24). The methodology also identifies six products in both the plastics/rubbers (HS2:39-40) and machinery/electrical clusters (HS2:84-85). While products in the foodstuff community are closer in distance in terms of productive knowledge and capabilities of the country, products in the chemicals & allied industry, plastics/rubber, and machinery/electrical clusters have a higher PCI. Therefore, developing them would have a larger impact on the UAE's average complexity and offer further diversification possibilities.

Table 1 Summary of target sectors

HS2	Product name	Product Targets	Product World Exports (\$)
32	Putty and Inks, Dyes, Pigments, Paints and Putty	5	75 B
85	Electrial Machinery	5	1695 B
28	Inorganic Chem, Precious Metal Compounds, Isotopes	4	124 B
21	Misc. Edible Preparations	4	54 B
39	Plastic and Articles Thereof	4	307 B
19	Preps. of Cereals, Flour, Starch or Milk	4	56 B
84	Machinery and Mechanical Appliances, Computers, Boilers, Nuclear Reactors	3	1761 B
22	Beverages, Spirits and Vinegar	3	85 B
40	Rubbers and Articles Thereof	3	209 B
87	Vehicles other than Rail/Tramway Rolling Stock	2	1218 B
30	Pharmaceutical Products	2	462 B
34	Soaps, Waxes, Candles	2	47 B
20	Preps. of Veggies, Fruits, Nuts, Etc.	2	38 B
16	Ed. Prep of Meat, Fish, Crustaceans, Etc.	1	44 B
90	Optical, Photo/Cinematographic, Medical Instruments and Accessories	1	479 B
38	Misc. Chemical Prods.	1	163 B
86	Rail/Tramway Locomotives, Rolling Stock, Track Fixtures	1	34 B
35	Albuminoidal Sub, Starches, Glues, Enzymes	1	26 B

HS2	Product name	Product Targets	Product World Exports (\$)
29	Organic Chemicals	1	375 B
33	Oils and Resinoids, Perfumery, Cosmetics	1	51 B
63	Made-Up Text. Articles Nesoi, Needlecraft Sets, Worn Clothing, Rags	1	42 B
31	Fertilizers	1	47 B
17	Sugars and Confectionery	1	17 B
23	Food Industries Residue and Animal Feed	1	65 B

K = thousand, M = million, B = billion

Figure 1 Evolution of United Arab Emirates' complexity, GDP and exports

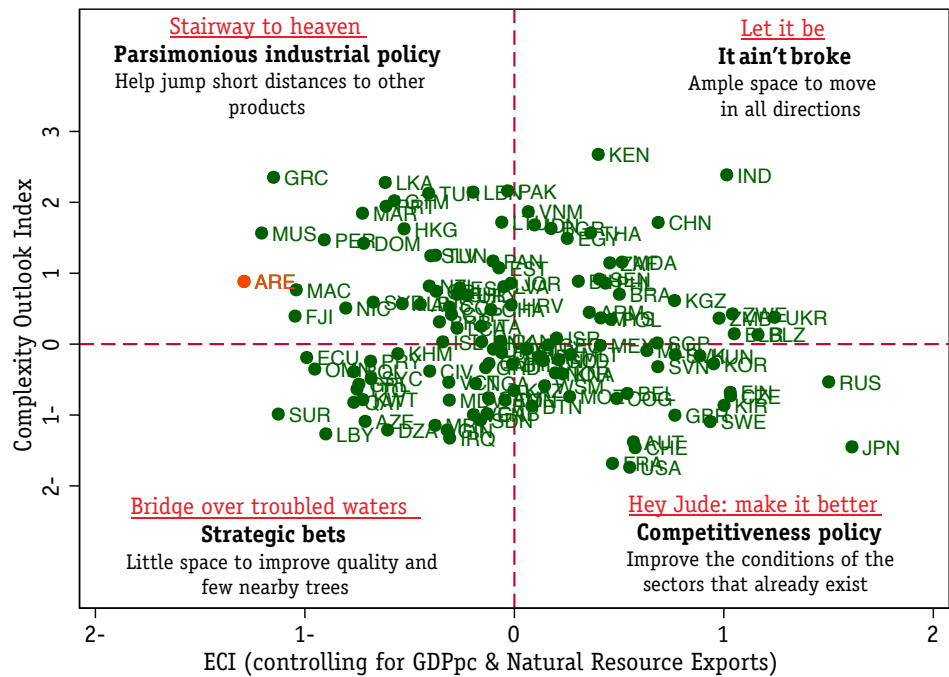


Note Own calculation using HS4-level trade data from United Nations COMTRADE, and the World Development Indicators from the World Bank Database.

UAE income and exports are dominated by oil price fluctuations. From figure 1 it is possible to observe that the UAE's GDP per capita has sharply declined since 2005, amounting to approximately \$25,000 in 2012. Particular events regarding migration patterns are responsible in part for this decrease, but such observations are beyond the scope of this report. UAE exports per capita grew rapidly in the first half of the 2000s, fell sharply from 2007 until 2009, and have since recovered somewhat, but still lag below its 2005 peak. The UAE's Economic Complexity Index (ECI), on the other hand, has also fluctuated since 1995, but has been increasing over time. As mentioned in the methodology section, ECI is unique to a country-year and summarizes how complex its product mix is. Although ECI has no absolute interpretation, but rather is used to rank countries according to the complexity of their export basket, the improvement seen in this value over the course of years indicates that the average complexity of UAE

products has improved. As the country's exports peaked, driven by oil prices, the complexity of the UAE's export basket decreased and only increased again as exports decreased.

Figure 2 Summary of United Arab Emirates in the product space



Note Own calculation using HS4-level trade data from United Nations COMTRADE, and the World Development Indicators from the World Bank Database.

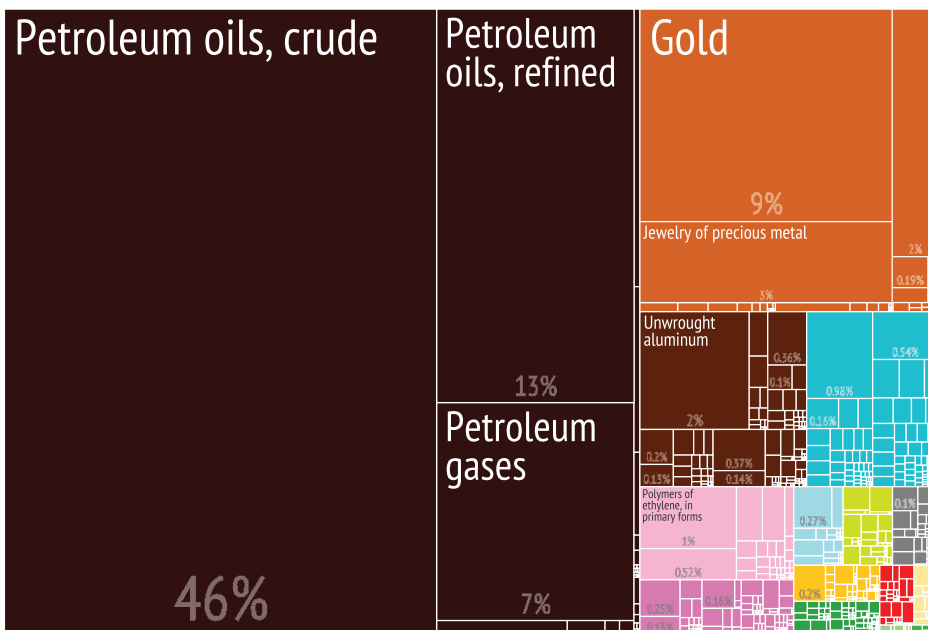
When taking into account the relative importance of natural resources in the UAE export basket, its relative complexity level is low. However, as will be seen in the next section, the country makes many products that are well placed in the product space, facilitating the possibility that the United Arab Emirates could develop competitive new industries. Developing such products would improve the country's standing in terms of average complexity, impacting its future growth prospects. In this sense, the UAE has the potential to climb the stairway to heaven by jumping short distances to more complex products. The figure above shows the position of countries in terms of their ECI (after controlling for the effect of income and natural resources) and a country's position relative to the complex products on the product space. The UAE is located in the upper left quadrant of the figure, calling for what is termed parsimonious industrial policy or industrial policy 'in the small'. Countries in this quadrant should focus on providing support and public inputs (such as infrastructure, regulation, etc.) to existing industries with the aim of improving their productivity and ability to jump to nearby opportunities.

United Arab Emirates' productive structure

In 2012, the UAE exported \$160 billion (figure 3a). The figures above clearly show that UAE exports are dominated by oil, which amounts to 68% between refined and crude oil, and petroleum gases (84% of net exports). From figure 3b, which shows net exports, it is possible to conclude that there are some products which are most likely re-exports, specifically gold, electronics, and machinery, rather than production in the country. Although Comtrade data cleans data from re-exports, unfortunately, in some countries this task does not identify products with great precision.

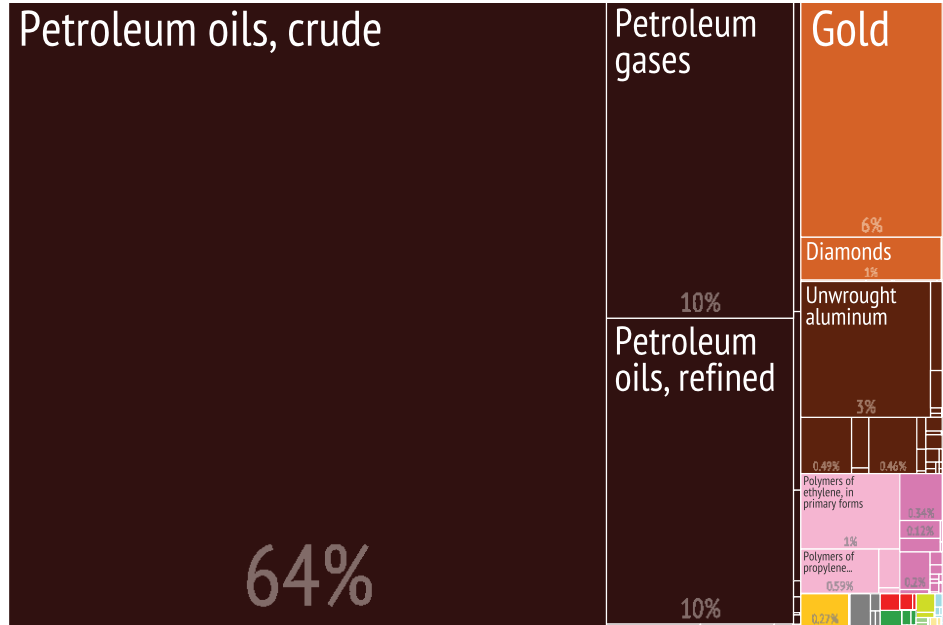
Figure 3 United Arab Emirates' trade structure 2012

a Exports of United Arab Emirates



UAE exports totaling approximately \$160 billion

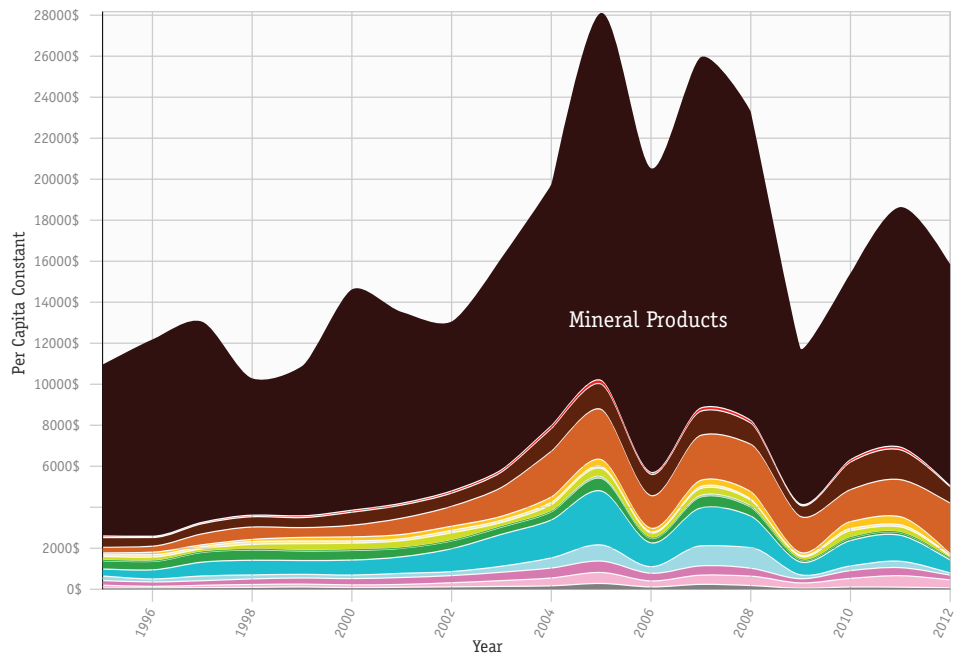
b Net exports of United Arab Emirates



UAE net exports totaling approximately \$116 billion

Evolution of imports and exports per capita of United Arab Emirates (1995-2012)

a Evolution of exports

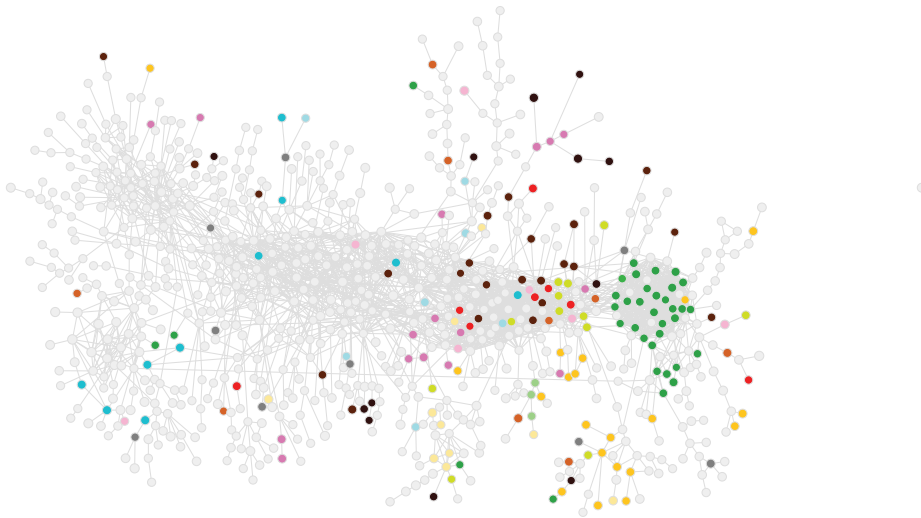


Note Own calculation using HS4-level trade data from United Nations COMTRADE. Products are colored according to the communities that they belong according to the following legend:

The evolution of exports from 1995 to 2012 (figure 4a) reflects how oil and gold exports fluctuate along prices in international markets. Interestingly, the exports of machinery or electronics fluctuate along the cycle of natural resources. This could be indicative of the UAE, serving as a source of these products to other natural resource-rich countries in the region. Chemicals and petrochemicals, on the other hand, have maintained their exports in terms of value across time. As will be shown in the following section, these two clusters should be considered key to the future development of the UAE.

Figure 4 United Arab Emirates on the product space

a 1995



b 2012



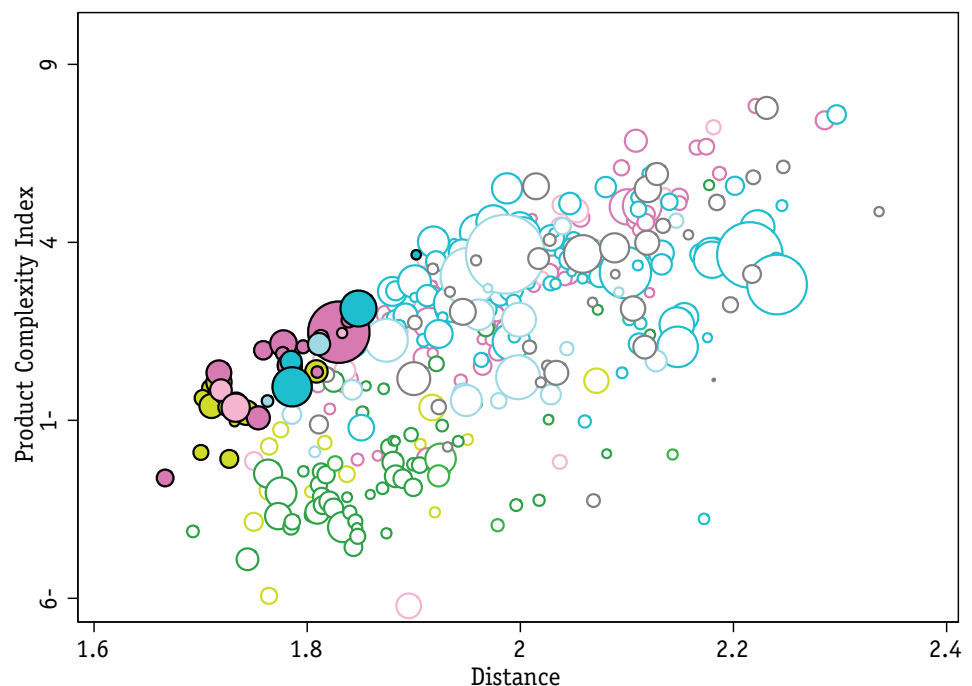
Note Own calculation using HS4-level trade data from United Nations COMTRADE. Node size is proportional to world trade. Solid colored nodes indicate the products in which United Arab Emirates is competitive in world markets (i.e. $RCA > 1$). The nodes are colored according to the communities that they belong to.

In order to get a sense of the type of productive knowledge present in the UAE and what may be nearby, the country's product space and its change from 1995 and 2012 are analyzed (figure 5a and 5b). The figures above show that the UAE product space is not greatly diversified, having a competitive presence in few products other than natural resources. The country mostly produces low complexity materials, which are located on the right side or periphery of the product space, making knowledge accumulation more difficult. Additionally, when comparing the position of the UAE in the product space of 1995 and 2012, it can be seen that in later years the country lost almost its entire presence in the textile cluster (green cluster toward the right of the figures).

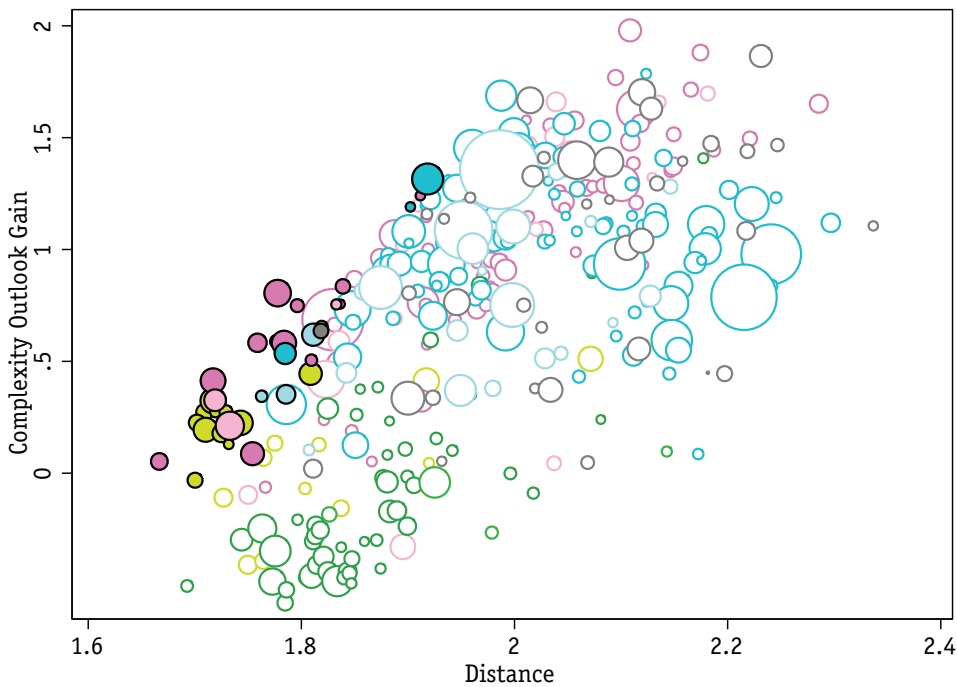
Despite the limited diversification of the UAE product space, the country has had a competitive presence in industries with higher complexity, particularly in chemicals and petrochemicals (purple), some machinery (blue), and construction materials (red). These sectors may prove key in the future development of the country, being important steps toward increasing the diversity of UAE exports by populating the product space, moving from simpler products on the right side to more complex products on the left side.

Figure 5 Strategic bets for United Arab Emirates

a Product Complexity Index



b Complexity Outlook Gain



Note Own calculation using HS4-level trade data from United Nations COMTRADE. Node size is proportional to world trade. Solid colored nodes indicate the strategic bets. The nodes are colored according to the communities that they belong to according to the communities that they belong to.

To shed light on how to increase the average complexity of a country's production, the product space analyzed above and especially some of the emergent activities can provide clues on what new products are feasible given the UAE's constraints. Figures 6a and 6b highlight the products that are attractive based on PCI and Complexity Outlook Gain, respectively. A detailed description of the products in the target list is provided in table 2. These products signal to strategic clusters in the United Arab Emirates for which a parsimonious industrial policy should aim to provide support and public inputs to improve their productivity and ability to jump to new opportunities.

From the figures above it is possible to see that the methodology identifies opportunities in the chemicals, petrochemicals, machinery, and food and agriculture clusters. As a group, food and agriculture products are relatively close in terms of the country possessing inputs required for its production and therefore should be easier to 'conquer'. Nevertheless, these products have lower PCI or Complexity Outlook Gain, making them less desirable. On the other hand, the machinery cluster is farther in distance and therefore harder to develop based on present productive knowledge in the country, but has higher values of PCI and Complexity Outlook Gain. New products belonging to this community would increase the average complexity of the UAE export basket,

compensating for the cost of developing them. In between these two clusters are a few strategic products in the chemical and petrochemical communities which are closer in distance than most machinery products, but have a higher PCI and Complexity Outlook Gain than food or agricultural bets. By considering the tradeoff between existing productive knowledge (distance), complexity of a new product, and future diversification possibilities that the new productive knowledge will bring, a country is more likely to be successful in diversifying its product space.

Interestingly, it is possible to see that there are several products whose relative intensity (RCA) is on the verge of crossing the threshold of exporting more than the country's fair share ($RCA > 1$). Machinery for working earth, stone, and other mineral substances (8474); sacks and bags, used for packing goods (6305); ammonia (2814); pasta (1902); bread, pastry, cakes, biscuits and other baked goods (1905); and paints and varnishes, nonaqueous (3208) all had and $RCA \geq 0.8$ in 2012.

Table 2 Recommendations for United Arab Emirates

HS4	Product name	RCA-2012	Distance	PCI	Target rank	World Trade (\$)	Top Importers	Top Exporters
3402	Cleaning products	0.6	1.7	0.3	1	29 B	DEU FRA GBR	DEU USA FRA
2103	Sauces and seasonings	0.6	1.7	-0.1	2	10 B	USA GBR FRA	USA NLD DEU
2106	Food preparations not elsewhere specified	0.3	1.7	0.1	3	31 B	USA GBR DEU	USA DEU NLD
3208	Paints and varnishes, nonaqueous	0.9	1.8	1.0	3	13 B	RUS CHN DEU	DEU JPN USA
1704	Confectionery sugar	0.4	1.7	-0.4	5	9 B	USA DEU GBR	DEU CHN NLD
3917	Tubes, pipes and hoses and fittings	0.6	1.7	-0.2	6	21 B	USA DEU MEX	DEU USA CHN
2905	Acyclic alcohols	0.4	1.8	1.2	7	35 B	CHN NLD USA	SAU DEU USA
1905	Bread, pastry, cakes, biscuits and other baked goods	0.8	1.7	-0.6	8	27 B	USA GBR FRA	DEU BEL FRA
2104	Soups and broths	0.2	1.7	-0.4	9	3 B	USA GBR MEX	USA DEU CAN
3209	Paints and varnishes, aqueous	0.5	1.8	0.9	10	6 B	CAN DEU FRA	DEU USA ITA
2203	Beer	0.1	1.7	-0.6	11	12 B	USA FRA GBR	MEX NLD DEU
2815	Sodium hydroxide; potassium hydroxide; peroxides of sodium or potassium	0.2	1.8	1.1	12	5 B	AUS BRA USA	USA CHN DEU
1901	Malt extract	0.6	1.7	-0.5	13	15 B	CHN GBR USA	NLD FRA DEU
1904	Cereal foods	0.1	1.7	-0.6	14	5 B	USA CAN FRA	DEU USA GBR
3304	Beauty or make-up preparations	0.5	1.8	0.5	15	28 B	USA GBR DEU	FRA DEU USA
3923	Packing of goods	0.6	1.7	-0.6	16	42 B	USA DEU FRA	CHN DEU USA
8474	Machinery for working earth, stone, and other mineral substances	0.8	1.8	0.7	17	19 B	RUS USA CHN	DEU CHN USA
1902	Pasta	0.9	1.7	-1.9	17	8 B	USA DEU FRA	ITA CHN USA
3925	Plastic builders' ware	0.2	1.8	1.3	19	9 B	USA FRA DEU	CHN DEU POL
2007	Jams, jellies	0.3	1.7	-1.0	20	2 B	USA DEU FRA	FRA DEU BEL
2208	Alcoholic preps for beverages	0.3	1.7	-0.8	21	28 B	USA CHN RUS	GBR FRA USA

HS4	Product name	RCA-2012	Distance	PCI	Target rank	World Trade (\$)	Top Importers	Top Exporters
8609	Containers for carriage by one or more modes of transport	0.6	1.8	-0.5	22	4 B	USA DEU AUS	CHN USA DEU
8716	Trailers and semi-trailers	0.2	1.8	1.1	23	22 B	CAN USA DEU	DEU USA CHN
1601	Sausages	0.1	1.8	1.4	24	4 B	GBR DEU JPN	DEU USA ITA
3105	Mineral or chemical fertilizers, mixed	0.4	1.8	-0.9	25	24 B	IND BRA THA	RUS USA CHN
2814	Ammonia	0.8	1.7	-2.6	26	10 B	USA IND KOR	TTO RUS CAN
3004	Medicaments, packaged	0.1	1.8	1.5	27	331 B	USA DEU BEL	DEU USA CHE
2008	Fruit, nuts and edible plants preserved with sugar	0.1	1.7	-2.1	28	13 B	USA DEU JPN	CHN USA THA
2309	Preparations of a kind used in animal feeding	0.1	1.8	0.4	28	23 B	DEU USA JPN	NLD USA FRA
8530	Electric signal, safety and traffic controls, railways, waterways, parking or airfields	0.3	1.9	3.7	30	2 B	USA CHN DEU	DEU SWE ESP
2835	Phosphinates and phosphonates	0.1	1.8	0.4	31	4 B	USA DEU FRA	CHN DEU USA
8544	Insulated wire; optical fiber cables	0.7	1.8	-0.1	31	101 B	USA DEU JPN	CHN MEX USA
8504	Electrical transformers	0.3	1.8	2.1	33	79 B	USA HKG DEU	CHN DEU JPN
4012	Retreaded or used pneumatic tires of rubber	0.5	1.8	1.5	34	3 B	USA DEU FRA	LKA DEU CHN
3214	Glaziers' putty	0.6	1.8	1.8	34	7 B	DEU RUS CAN	DEU USA BEL
3405	Polishes and creams	0.2	1.8	1.6	36	2 B	KOR TWN DEU	JPN USA DEU
8421	Centrifuges	0.7	1.9	4.0	37	53 B	USA DEU CHN	DEU USA CHN
2101	Extracts of coffee, tea or mate	0.1	1.8	-1.3	39	8 B	USA DEU RUS	DEU BRA MYS
2207	Ethyl alcohol > 80% by volume	0.1	1.8	-1.7	39	10 B	USA DEU NLD	BRA USA NLD
3924	Plastic tableware, kitchenware or other household products	0.5	1.8	-2.1	39	13 B	USA FRA DEU	CHN DEU ITA
8537	Electrical Boards and panels for protecting electrical circuits	0.3	1.9	2.6	41	44 B	USA CHN DEU	DEU CHN JPN
2836	Carbonates; peroxocarbonates (percarbonates); commercial ammonium carbonate containing ammonium carbamate	0.3	1.8	-0.0	43	6 B	MEX KOR IDN	USA CHN DEU
3005	Wadding, gauze and bandages	0.2	1.8	1.1	43	7 B	USA DEU FRA	CHN USA DEU
4008	Plates, sheets, strip, rods and profile shapes, of vulcanized rubber	0.5	1.9	3.5	43	4 B	USA DEU NLD	DEU USA CHN
3506	Glues and adhesives	0.3	1.8	1.9	45	10 B	CHN DEU MEX	DEU USA CHN
8705	Special purpose motor vehicles	0.3	1.8	-0.8	46	14 B	CAN RUS USA	DEU USA CHN
4011	New pneumatic tires, of rubber	0.4	1.8	0.7	47	86 B	USA DEU FRA	CHN JPN DEU
8531	Electric sound or visual signaling apparatus	0.2	1.9	2.6	48	15 B	USA DEU HKG	CHN USA DEU
6305	Sacks and bags, used for packing goods	0.8	1.7	-4.1	49	4 B	USA JPN DEU	CHN IND TUR
9014	Direction finding compasses	0.4	1.8	0.3	50	7 B	USA GBR DEU	USA FRA GBR

K = thousand, M = million, B = billion

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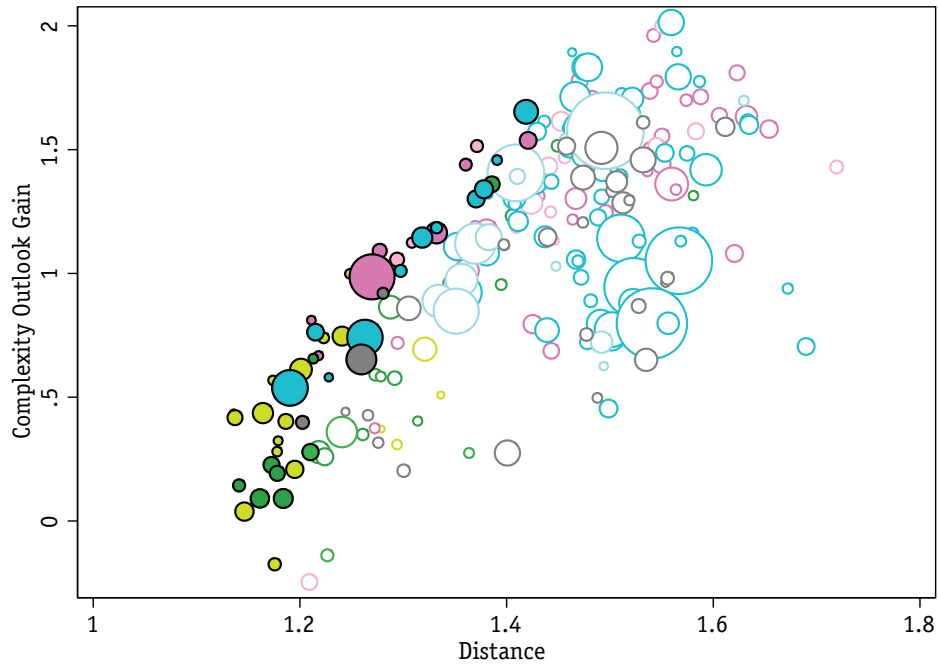
In the methodology section, this exercise is explained in detail using an example country.

The previous exercise is now repeated for the year 2000 to identify target products given a hybrid rank that combines the ease and attractiveness of the product and to compare its results with data from 2010 to analyze whether they were developed. It can be observed from the figures above that all the products that the UAE conquered: Cotton seed oilcake (2306); baths, shower baths, sinks, washbasins, bidets, lavatory pans, seats and covers (3922); and auxiliary plant for use with boilers, condensers for steam or other vapor power units (8404) are in the identified target opportunities, validating our approach.² Nevertheless, there are several products (in blue) that have high attractiveness and are also relatively easy to conquer, which were not developed in the UAE by 2010. These are interpreted as missed opportunities. These blue products warrant special attention as they might also hint to the presence of market failures in the country. As can be seen in figures 7a and 7c, the methodology for year 2000 identifies opportunities in a wide range of industries; from chemicals, petrochemicals, machinery, food and beverages, to textiles. A detailed description of these products is provided in table 3.

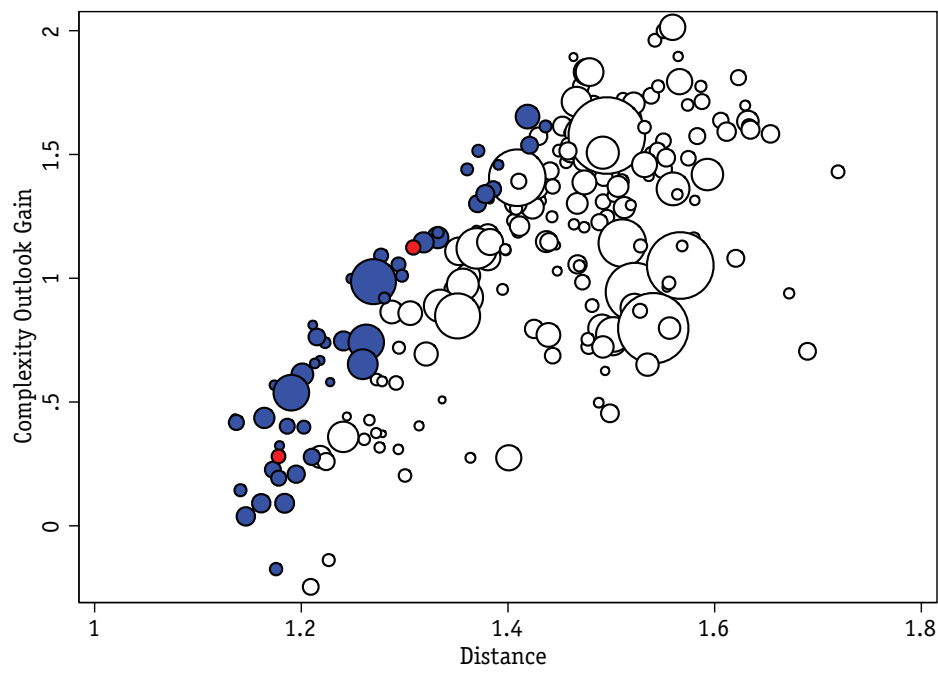
From the table it is possible to see that even though they do not reach a threshold of $RCA > 1$, many products identified increased their revealed comparative advantage value significantly. Specifically, five products in the machinery community reached an RCA value of 0.8 or more: Machinery for working earth, stone, and other mineral substances (8474); insulated wire; optical fiber cables (8544); machinery, plant or laboratory equipment involving a change of temperature such as heating, cooking, roasting (8419); mechanical appliances for dispersing liquids or powders; fire extinguishers; spray guns; steam or sand blasting machines (8424); and metal-rolling mills (8455). Fifteen products (out of the 50 identified) decreased their RCA from 2000 to 2010.

Figure 6 Strategic bets for United Arab Emirates in year 2000

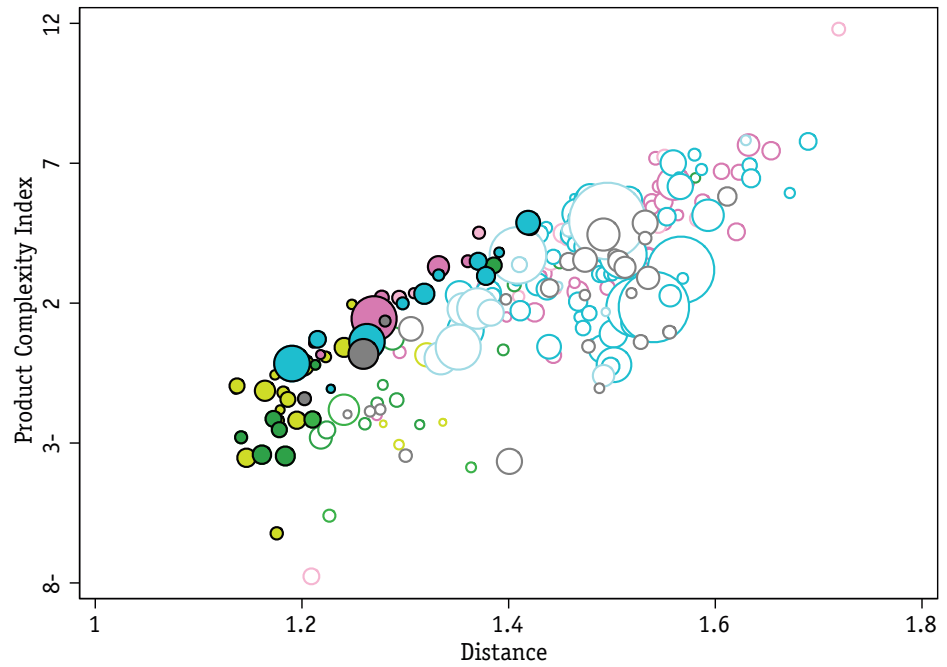
a Complexity Outlook Gain



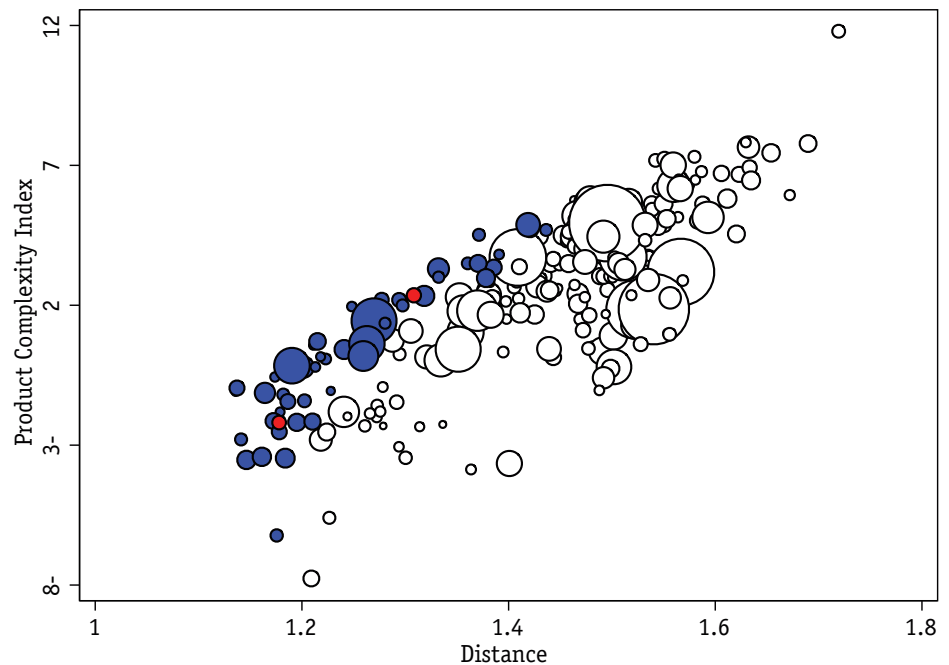
b Complexity Outlook Gain



c Product Complexity Index 2000



d Product Complexity Index 2010



Note Own calculation using HS4-level trade data from United Nations COMTRADE. Node size is proportional to world trade. The nodes are colored according to the communities that they belong to in (a) and (c). In figures (b) and (d), Red nodes are conquered by United Arab Emirates and were also in our target list, Blue nodes are not conquered by United Arab Emirates and were in our target list. Finally, Yellow nodes are conquered but were not in the target list.

Table 3 Strategic bets for United Arab Emirates in year 2000

HS4	Product name	RCA-2000	RCA-2010	Distance	PCI	COG	World Trade (\$)	Target rank
2007	Jams, jellies	0.2	0.2	1.1	-1.1	0.4	758 M	1
1704	Confectionery sugar	0.6	0.4	1.1	-1.0	0.4	4 B	2
4010	Conveyor or transmission belts of vulcanized rubber	0.3	0.4	1.4	4.5	1.5	2 B	3
2104	Soups and broths	0.1	0.6	1.2	-0.6	0.6	1 B	4
3405	Polishes and creams	0.6	0.2	1.2	0.6	0.8	949 M	5
2106	Food preparations not elsewhere specified	0.3	0.5	1.2	-1.1	0.4	9 B	6
1601	Sausages	0.7	0.1	1.2	2.0	1.0	1 B	7
8474	Machinery for working earth, stone, and other mineral substances	0.5	1.0	1.2	0.7	0.8	5 B	8
3809	Finishing agents for dyeing	0.1	0.1	1.4	3.5	1.4	2 B	9
2101	Extracts of coffee, tea or mate	0.1	0.4	1.2	-1.2	0.5	2 B	10
8544	Insulated wire; optical fiber cables	0.5	0.9	1.2	-0.2	0.5	40 B	10
2208	Alcoholic preps for beverages	0.1	0.2	1.2	-0.2	0.6	11 B	12
3506	Glues and adhesives	0.5	0.4	1.3	2.2	1.1	3 B	13
6115	Panty hose, tights, stockings, socks and other hosiery	0.3	0.4	1.2	-2.1	0.2	5 B	14
3005	Wadding, gauze and bandages	0.5	0.3	1.3	1.5	0.9	2 B	15
6112	Active wear	0.5	0.1	1.1	-2.8	0.1	2 B	15
2905	Acyclic alcohols	0.4	0.5	1.3	3.3	1.2	10 B	17
2833	Sulfates; alums; peroxosulfates (persulfates)	0.2	0.5	1.2	0.2	0.7	1 B	17
5601	Wadding of textile materials	0.1	0.3	1.2	-0.2	0.7	1 B	19
1901	Malt extract	0.1	0.6	1.2	-1.4	0.4	4 B	20
1904	Cereal foods	0.2	0.2	1.2	0.1	0.7	2 B	21
2207	Ethyl alcohol > 80% by volume	0.0	0.1	1.2	-1.8	0.3	1 B	21
3004	Medicaments, packaged	0.4	0.2	1.3	1.4	1.0	74 B	23
2306	Cotton seed oilcake	0.0	2.1	1.2	-2.2	0.3	1 B	24
8432	Agricultural, forestry machinery for soil preparation	0.1	0.1	1.3	3.0	1.2	2 B	25
5205	Cotton yarn of > 85%	0.1	0.2	1.2	-3.4	0.1	7 B	26
8419	Machinery, plant or laboratory equipment involving a change of temperature such as heating, cooking, roasting	0.3	0.9	1.4	4.9	1.7	14 B	27
2401	Tobacco, raw	0.3	0.1	1.1	-3.5	0.0	7 B	28
2309	Preparations of a kind used in animal feeding	0.1	0.1	1.2	0.4	0.7	8 B	29
9603	Brooms, brushes, floor sweepers, mops	0.4	0.5	1.2	-1.4	0.4	3 B	30
3925	Plastic builders' ware	0.3	0.2	1.3	2.2	1.1	3 B	31
8546	Electrical insulators of any material	0.1	0.6	1.4	3.8	1.5	1 B	32
3922	Baths, shower baths, sinks, washbasins, bidets, lavatory pans, seats and covers	0.4	1.2	1.3	2.4	1.1	1 B	33
8480	Molding boxes for metal foundry	0.2	0.4	1.3	2.3	1.1	9 B	34

HS4	Product name	RCA-2000	RCA-2010	Distance	PCI	COG	World Trade (\$)	Target rank
8462	Machine tools for working metal by forging; machine tools for working metal by bending, folding, straightening or flattening	0.6	0.4	1.4	3.5	1.3	6 B	35
5509	Yarn of synthetic staple fibers	0.0	0.1	1.2	-2.5	0.2	4 B	36
2203	Beer	0.2	0.0	1.3	0.3	0.7	5 B	37
1801	Cocoa beans, whole	0.0	0.3	1.2	-6.2	-0.2	2 B	38
2903	Halogenated derivatives of hydrocarbons	0.7	0.4	1.4	4.7	1.5	5 B	39
8425	Pulley tackle and hoists; winches and capstans; jacks	0.4	0.6	1.3	2.0	1.0	2 B	40
8424	Mechanical appliances for dispersing liquids or powders; fire extinguishers; spray guns; steam or sand blasting machines	0.4	0.8	1.4	3.0	1.3	7 B	40
1604	Prepared or preserved fish	0.2	0.1	1.2	-2.2	0.2	6 B	42
8504	Electrical transformers	0.2	0.4	1.3	0.6	0.7	39 B	43
8437	Machines for cleaning, sorting or grading seed; machinery used in the milling industry or for the working of cereals or dried leguminous vegetables	0.3	0.5	1.2	-1.1	0.6	823 M	44
9028	Gas, liquid or electricity supply or production meters	0.1	0.1	1.3	1.4	0.9	2 B	45
5201	Cotton raw	0.5	0.2	1.2	-3.5	0.1	7 B	46
6406	Parts of footwear	0.1	0.0	1.2	-2.2	0.3	5 B	47
9401	Seats	0.3	0.1	1.3	0.2	0.7	25 B	48
5603	Nonwoven textiles	0.1	0.1	1.4	3.4	1.4	5 B	49
8455	Metal-rolling mills	0.2	0.8	1.4	4.7	1.6	2 B	50

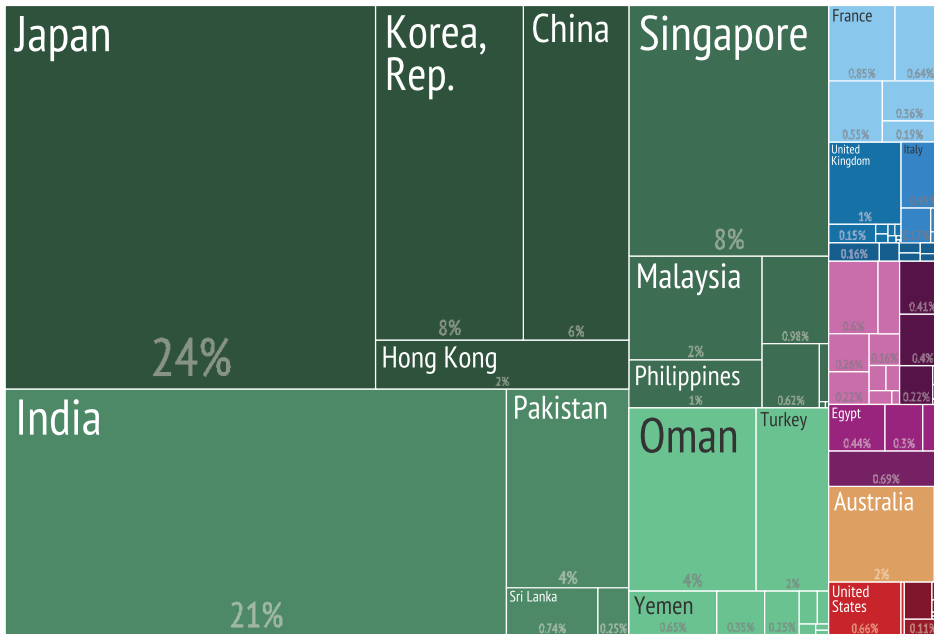
K = thousand, M = million, B = billion

United Arab Emirates export destinations

Lastly, possible markets for UAE exports are analyzed. As can be observed in figure 8a, the UAE mainly exports to Asian countries. The two mayor destinations of UAE exports are Japan and India (with 24% and 21% of exports), followed by the Republic of Korea and Singapore (8% each). Figure 8b shows that exports to Asian countries followed the fluctuation of oil and gold international prices, while exports to other region have been more stable. In recent years, it is possible to observe a decrease in exports to Europe and Northern American countries, both in terms of value and relative importance after 2008.

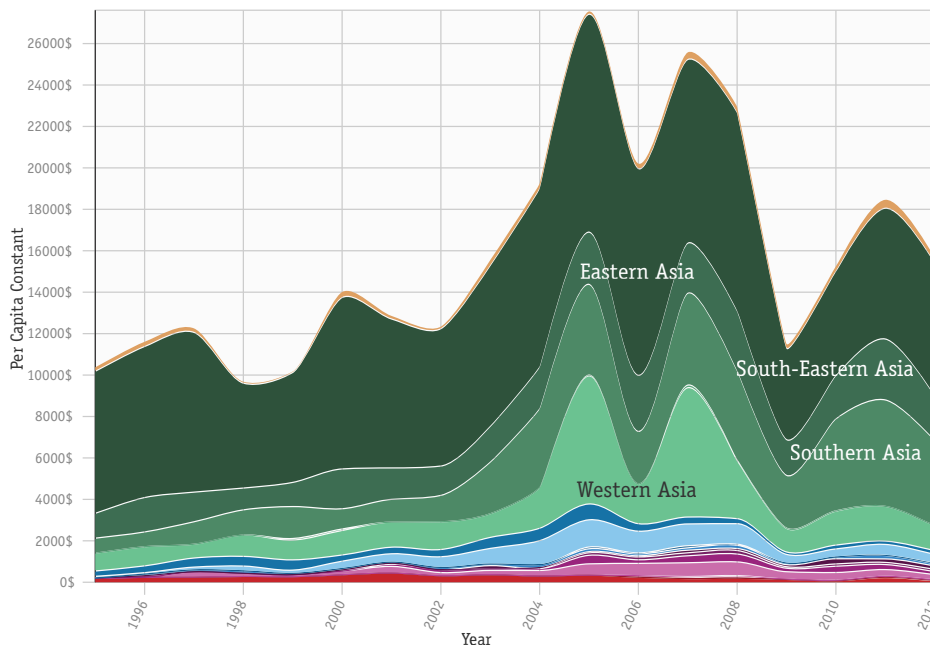
Figure 7 United Arab Emirates trade partners (2012)

a Export destinations



UAE exports totaling approximately \$160 billion

b Evolution of export destinations



Note Own calculation using HS4-level trade data from United Nations COMTRADE. Products are colored according to the communities that they belong according to the following legend:



When taking into account the current trade of countries in eligible products versus potential it is possible to identify top export destinations for the country. Table 4 presents potential trade in those export destination countries as well as the potential of other countries included in this report. From the table it follows that the UAE's greatest trade potential countries are Germany, France, Great Britain, and China.

Table 4 Trade potential

Importer	Trade Health	Number of Eligible Products	Potential in Eligible Products (\$)	Current Trade in Eligible Products (\$)	Total Trade (\$)
CHL	0.0	14	28 M	3 M	5 M
CHN	0.2	36	291 M	55 M	548 M
DEU	0.0	61	949 M	148 M	292 M
DZA	0.4	41	33 M	43 M	114 M
EGY	1.2	78	28 M	200 M	353 M
FRA	0.1	61	719 M	89 M	185 M
GBR	0.1	66	529 M	272 M	457 M
IRQ	23.3	82	4 M	2 B	2 B
ITA	0.1	67	520 M	240 M	295 M
JOR	1.2	86	14 M	76 M	119 M
KWT	3.1	93	11 M	320 M	437 M
LBN	1.3	78	9 M	64 M	116 M
LBY	3.9	70	3 M	280 M	424 M
SAU	1.4	83	71 M	1 B	1 B
SYR	1.7	65	5 M	130 M	179 M
TUN	0.4	51	26 M	14 M	30 M
TUR	0.1	61	133 M	102 M	135 M
USA	0.1	47	1 B	57 M	376 M
YEM	3.3	77	3 M	160 M	207 M

K = thousand, M = million, B = billion

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