

## هبوط وانتعاش الطلب على إعادة التصدير لدولة الإمارات

### U.A.E. Re-Export Demand: Decline and Recovery

Recent developments – As a consequence of the global slowdown, and its attendant impact of reduced demand in the region around UAE, the country's re-exports fell for the first time in almost two decades in 2009. However, 2010 saw an immediate recovery when re-exports rebounded to not only full cover the lost ground but post a yet another high, surpassing the high reached in 2008. Meanwhile, imports also staged a recovery but still remained below the high of 2008. The current share of re-exports is at one of the highest at almost 40% of imports. While re-exports have recovered the decline of 2009, the decline gives a good idea of the sector wise vulnerability of reduced demand.

Table 1 – Foreign Trade, 2008 – 2010, Dubai, AED Billion

	2008	2009	2010	Growth 2008-09	Growth 2009-10
Imports	441.5	318.5	363.6	-27.8%	14.6%
Re-exports	128.6	117.6	144.0	-8.6%	22.4%
Re-exports Share	29.1%	27.1%	39.6%	-	-
Net Imports	312.9	200.9	219.6	-35.8%	9.3%

Source: Dubai Trade Statistics

Slowdown and recovery - In 2009 re-exports stood at 118 bn., a fall of mere 8.6%. This fall in 2009 was not large or significant, but clearly a mere aberration in face of global slowdown and re-export demand already recovered in 2010 with a growth in value by 22.4%. In terms weight, re-export had virtually shot back to the level of 2009. The decline in re-export by weight in 2009 was less than in value, viz. by 6% over 2008. The decline was fairly uniform, where intermediary and consumer goods and raw materials were all equally affected. Only 3 of the 21 sectors were able to register positive growth. The rest 17 sectors registered a decline. However, in 2010, nine of sectors with negative growth had recovered to show positive growth.

Table 2 – Growth and Change in structure of Re-exports (by weight), 2008 - 2010

	Sector	Year	Re-exports 000 tons			Growth %	
			2008	2009	2010	08-09	09-10
1	Live Animals		46.3	57.2	47	23.5	-17.8
2	Vegetable Products		1379.3	1371.7	1456	-0.6	6.1
3	Animal/Vegetable/Fats/Oils		44.8	25.7	24	-42.6	-6.6
4	Prepared Foodstuffs		311.4	359.8	446	15.5	24.0
5	Mineral Products		482.9	479.8	514	-0.6	7.1
6	Chemical or Allied Industries		286.3	244.7	213	-14.5	-13.0
7	Plastics and Rubber Products		418.2	348.8	383	-16.6	9.8
8	Raw Hides, Skins, Furs, Leathers		39.2	35.3	29	-9.9	-17.8
9	Wood, Cork, Straw & Basketware		219.9	149.2	149	-32.2	-0.1
10	Wood, Pulp, Cork, Cellulose Materials		57.2	45.8	47	-19.9	2.6
11	Textiles		599.3	552.7	488	-7.8	-11.7
12	Footwear, Headgear, Umbrellas, Flowers		93.5	66.2	52	-29.2	-21.5
13	Stone, Cement, Ceramic & Glass		343.4	332.3	353	-3.2	6.2
14	Semi-precious/Precious Stones & Metals		1.8	1.7	2	-5.6	17.6
15	Base metals & Products thereof		826.0	710.5	762	-14.0	7.2
16	Machinery, Electrical, Electronics Eqpmt.		691.2	713.4	780	3.2	9.3
17	Vehicles, Aircraft & Transport Equipment		656.9	630.8	713	-4.0	13.0
18	Optical, Medical, Measuring, Musical Inst.		15.4	13.4	14	-13.0	4.5
19	Arms and Munitions		1.1	0.1	0	-90.9	-100
20	Furniture, Toys, Sports Requisites		251.4	216.2	189	-14.0	-12.6
21	Works of Art		0.7	0.4	1	-42.9	150
	Total		6766.2	6355.7	6662	-6.1	4.8

Source: Dubai Trade Statistics

Key sectors - The most significant decline (in absolute terms) in 2009 was in the base metals sector, which is a leading sector. This decline was probably caused by reduced demand for construction in the region. However, this sector rebounded with a 7% growth in 2010. Significantly, machine goods, a major re-exports sector (comprising of both capital and consumer machine goods) grew by 3% in 2009, followed by a strong rise of 13% in 2010. Vehicles which saw a huge decline in gross imports and are a significant sector, saw only a marginal decline of 4%, but went up significantly by 13% in 2010. Most of the smaller sectors (arms, edible oils, footwear, art etc.) were the ones to register the largest declines, but these in absolute terms are not very significant.

Structure – Re-exports are predominantly of manufactured consumer goods, followed at some distance by intermediary goods and capital goods. Re-export of raw materials is relatively small. Food products have the biggest share in re-exports, more than a quarter. The largest individual sector is vegetable products. This is followed by the machine goods sector, comprising of both electric and non-electric machinery, and is made up of both consumer and capital goods, but more of the former. Unlike gross imports, there was no major change in re-export structure in 2009 and 2010. The top 3 sectors (vegetable products, base metals and machinery) remained in the lead as earlier.

Consumer goods – The key consumer goods re-exported are food products, viz. vegetable products of a non-perishable kind. Interestingly, textiles are a key re-export from UAE, and these saw a very major fall in 2009, of almost 20%.

Growth in food sector – Remarkably, the foods sectors together overall saw a growth in 2009 against the general trend. The four food sectors (live animals, vegetable products, oils and prepared food stuffs), grew by about 2% in 2009 and by 9% in 2010. The decline

in the key sector here, viz. of vegetable products was rather insignificant in 2009, and the rebound was significant 6% growth. “Prepared foodstuffs” stood out as the sector with the highest (positive) growth in 2009 (15%) followed by a huge 24% growth in 2010.

Table 3 – Re-export Destinations, Dubai 2010 (descending order)

	Country	2 0 0 9			2 0 1 0		
		Weight (Tons, Mill)	Value (Aed Bn.)	Share (%) for Value	Weight (Tons, Mill.)	Value (Aed Bn.)	Share (%) for Value
1	Iran	1763.0	21.3	16.6	2020	24.0	34.8
2	Iraq	550.0	10.3	8.0	440.3	7.2	10.4
3	India	405.1	24.0	18.7	391	5.1	7.4
4	Hong Kong	10.9	3.9	3.0	9.9	4.3	6.2
5	Belgium	9.7	3.1	2.4	10.2	3.6	5.2
6	Saudi	238.8	3.3	2.6	255.7	3.3	4.8
7	Switzerland	0.9	4.0	3.1	0.6	3.0	4.3
8	USA	25.9	2.6	2.0	41.9	2.2	3.2
9	Qatar	148.1	2.1	1.6	166.2	2.1	3.0
10	Libya	185.2	3.0	2.3	133.9	1.8	2.6
11	Kuwait	110.0	1.5	1.2	121.9	1.7	2.5
12	Singapore	40.6	1.3	1.0	52.2	1.4	2.0
13	UK	23.8	1.1	0.9	14.8	1.4	2.0
14	Oman	223.5	1.1	0.9	323.9	1.3	1.9
15	JAFZ	92.1	5.4	4.2	65.1	1.2	1.7
16	Tanzania	151.8	1.0	0.8	208.5	1.1	1.6
17	Bahrain	45.0	1.2	0.9	44.6	1.0	1.4
18	Sudan	100.1	0.9	0.7	93.1	0.9	1.3
19	Egypt	72.1	0.9	0.7	69.7	0.8	1.2
20	Kenya	169.6	0.9	0.7	134.2	0.8	1.2
21	Lebanon	11.7	1.6	1.2	8.6	0.8	1.2
	T. of Top 21	4377.9	94.5	73.5	4606.3	69.0	47.9
	<b>UAE Total</b>	<b>6766.1</b>	<b>128.6</b>	<b>100</b>	<b>6662.3</b>	<b>144.0</b>	<b>100</b>

Source: Dubai Trade Statistics

Destinations – Three countries, India, Iran and Iraq account for almost 60% of the re-exports, where Iran continues to remain the leader. The 3 are followed by a host of countries in the region, whose ordering may fluctuate from year to year as evident in Table 3 figures for 2009 and 2010, which show considerable fluctuation. Partly this is explained by the global slowdown affecting some countries more than others. Furthermore, there are many other small destinations virtually all across the world, which are very small themselves but form a significant “others” group.

Regions and AGCC – The key destination regions are, Iran, AGCC, Indian sub-continent, East Africa, other Arab countries and West Europe. The AGCC countries if taken together with JAFZ, form the second largest destination after Iran. Saudi Arabia is the expected key destination, followed by Qatar, Kuwait, Oman and Bahrain. Hong Kong and Singapore stand out as the only two significant destinations in the Far East, presumably because of their own extensive re-export activity.

Outlook – The outlook for re-exports remains positive despite the aberration in 2009. Growth in the destination regions will lead to increasing demand. When purchase quantities are not that large, instead of direct imports they are better procured through the re-distribution center in UAE.