

THE EVOLUTION OF THE ARAB REGION'S MERCHANDISE EXPORTS IN TERMS OF MARKETS SERVED AND PRODUCTS EXPORTED: 1995-2016

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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 based on the equation

- $\Delta x_{ij}^{t,t_0} = \Delta x_{ij}^{t,t_0,OP,OM} + \Delta x_{ij}^{t,t_0,OP,NM} + \Delta x_{ij}^{t,t_0,NP,OM} + \Delta x_{ij}^{t,t_0,NP,NM} + D^{t,t_0}$

- » where $\Delta x_{ij}^{t,t_0}$ is the change in the value of merchandise exports of reporter i to partner j
- » $\Delta x_{ij}^{t,t_0,OP,OM}$ is existing products to existing markets
- » $\Delta x_{ij}^{t,t_0,OP,NM}$ is of existing products to new markets
- » $\Delta x_{ij}^{t,t_0,NP,OM}$ is of new products to existing markets
- » $\Delta x_{ij}^{t,t_0,NP,NM}$ is of new products to new markets in period
- » D^{t,t_0} represents discontinued products or markets.

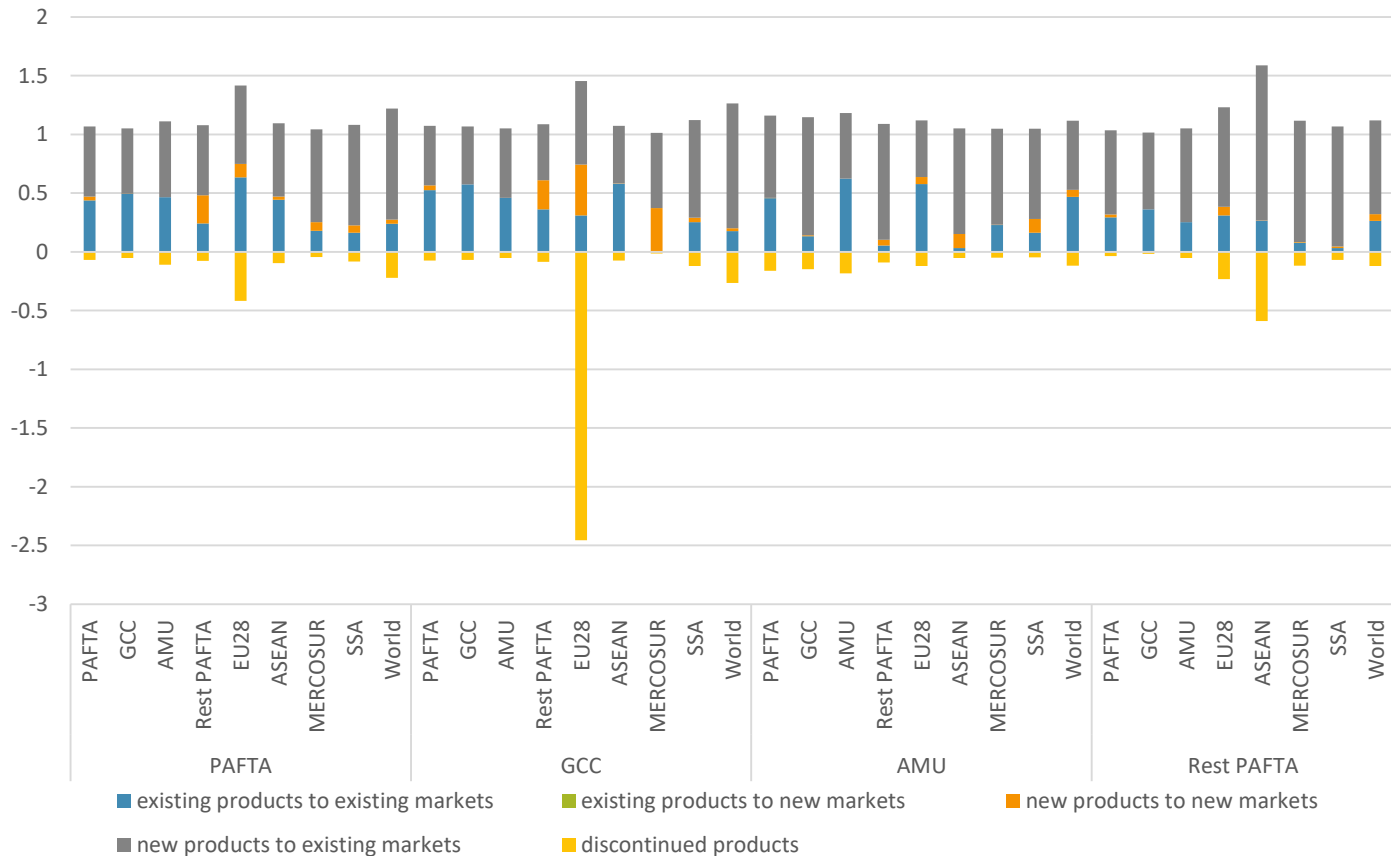
Approach (cont'd)

- 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)

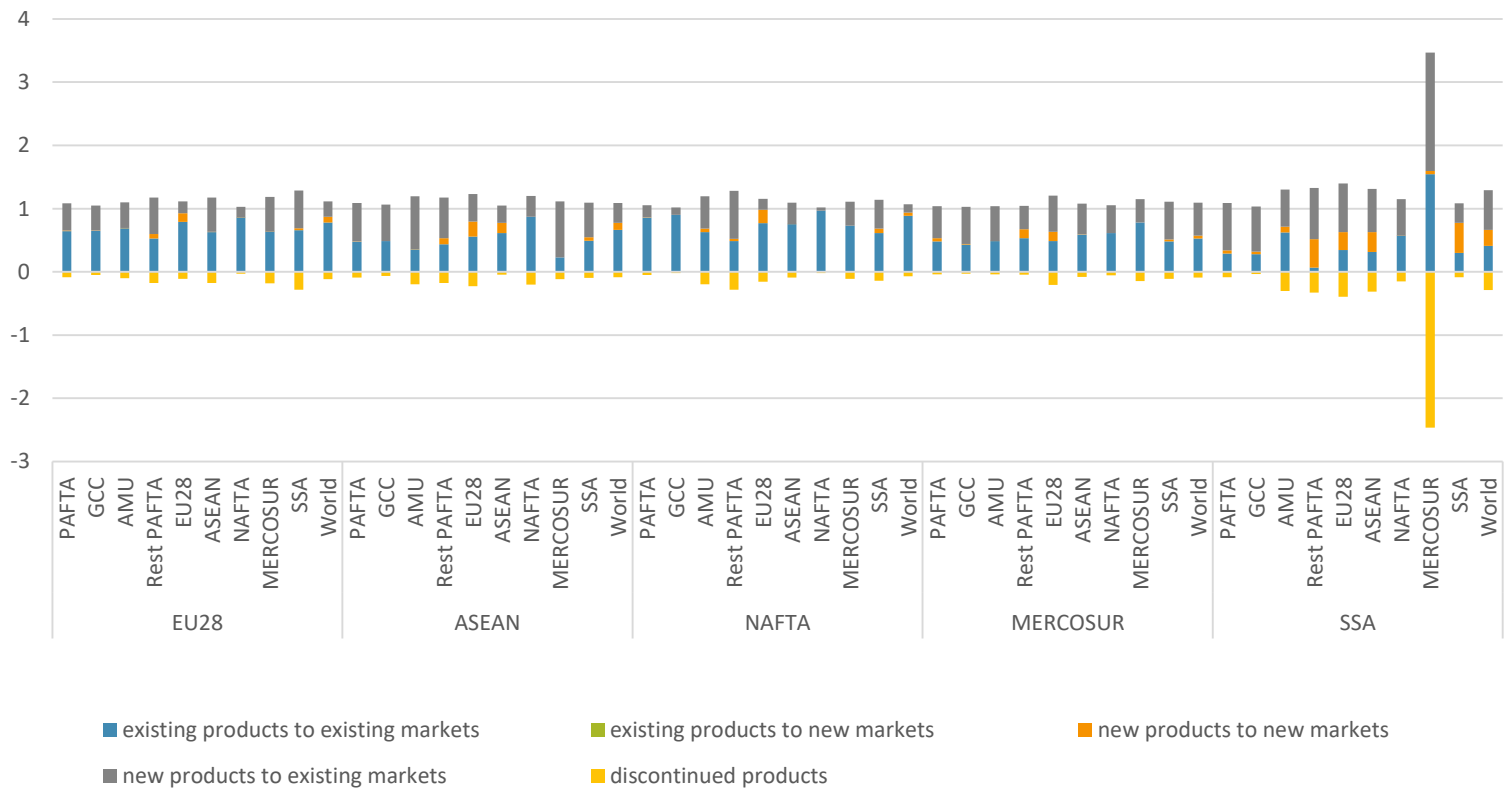
Data

- 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

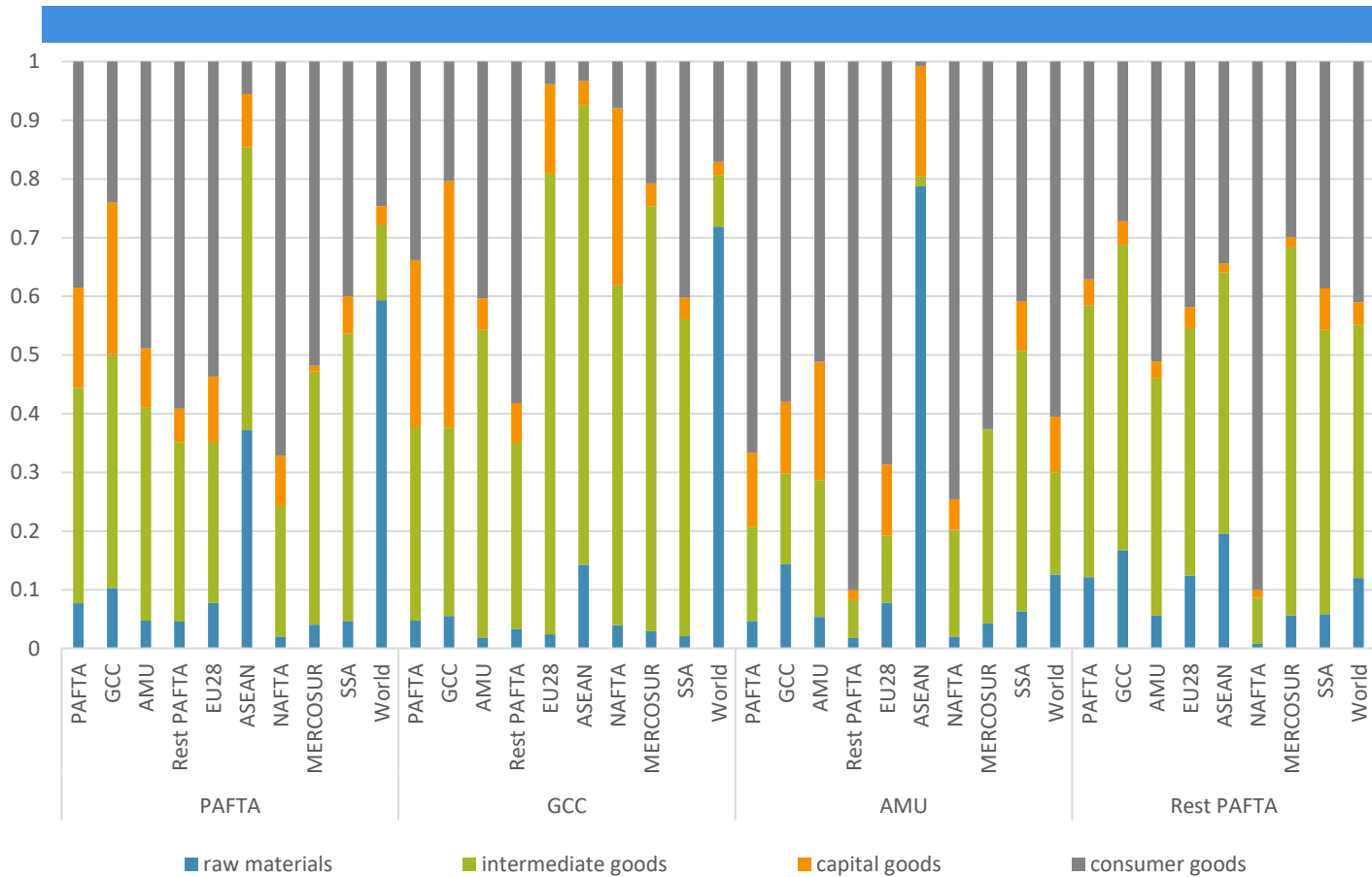
The composition of the change in bilateral merchandise exports along intensive and extensive margins for the Arab region and its sub-regions between 1995 and 2016



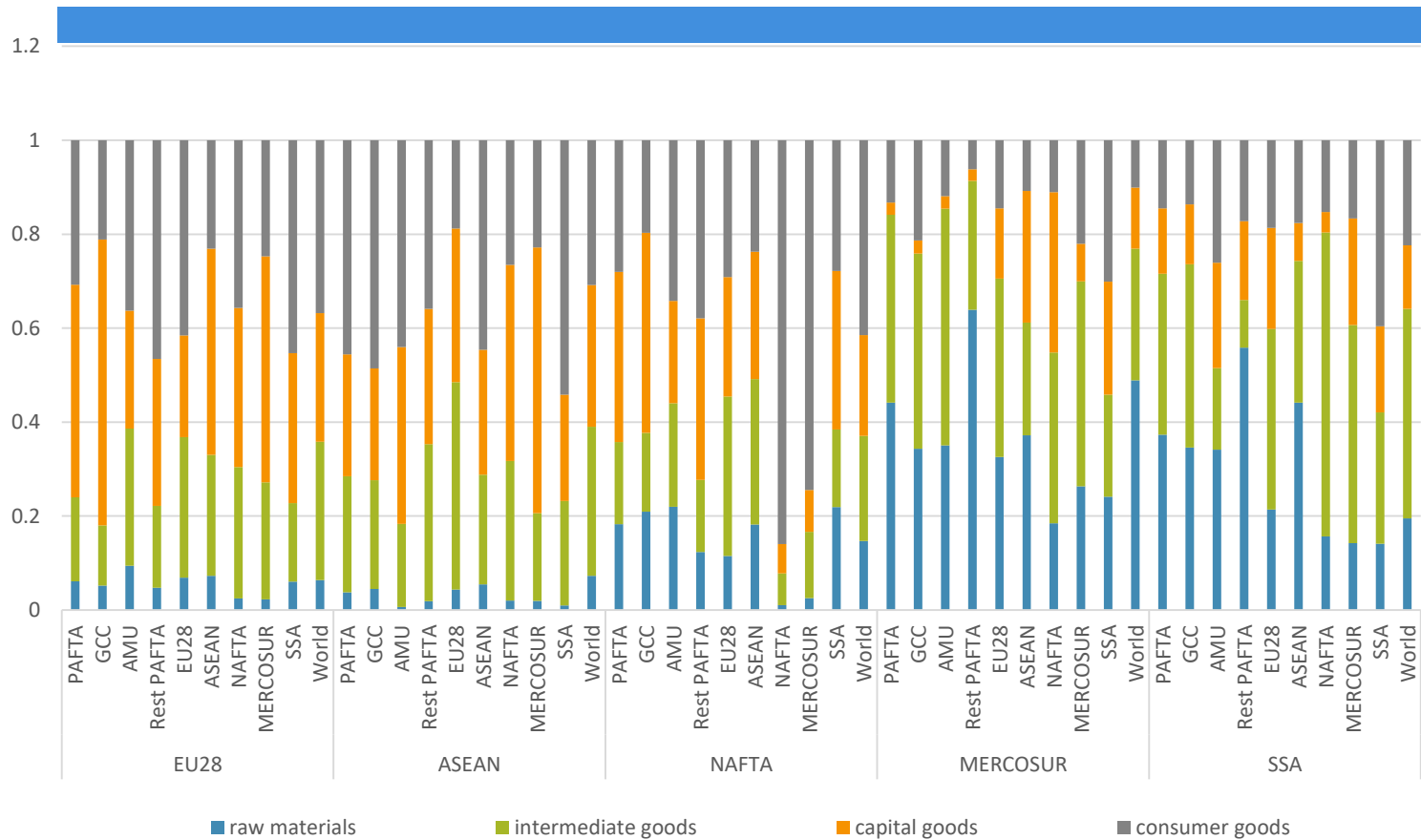
The composition of the change in bilateral merchandise exports along intensive and extensive margins for the selected trading blocs between 1995 and 2016



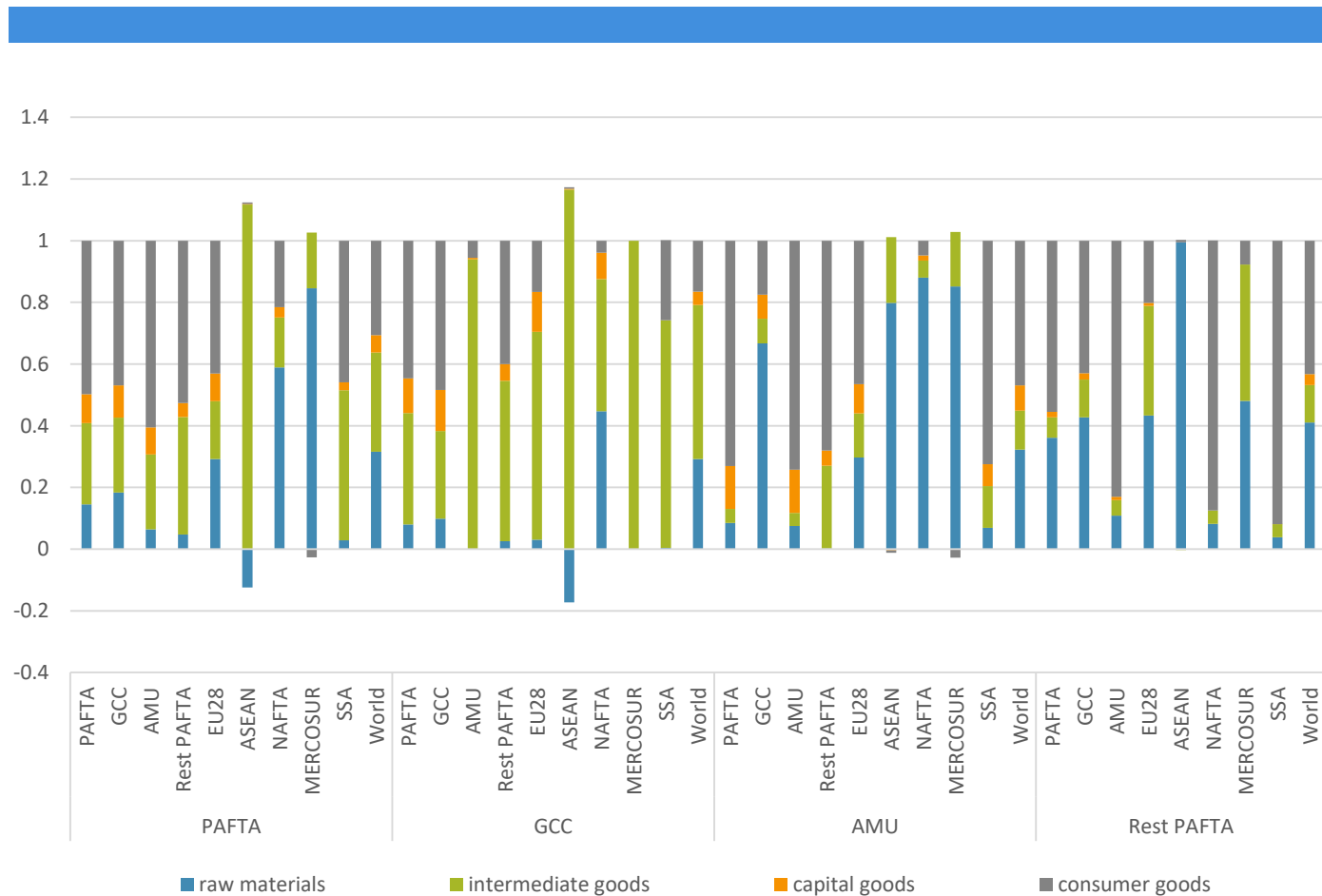
The composition of new products by stage of processing in the Arab region and its sub-regions, between 1995 and 2016



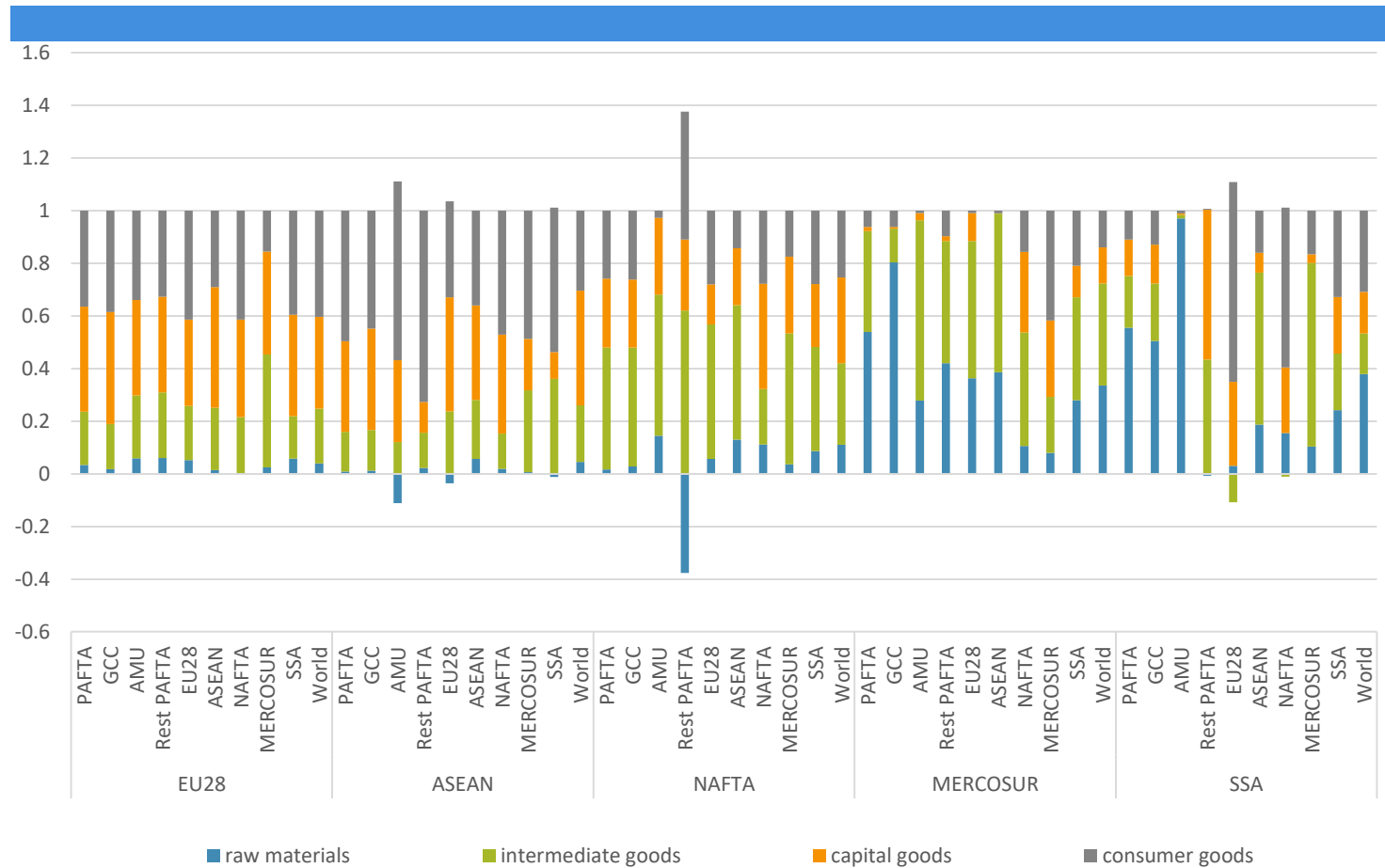
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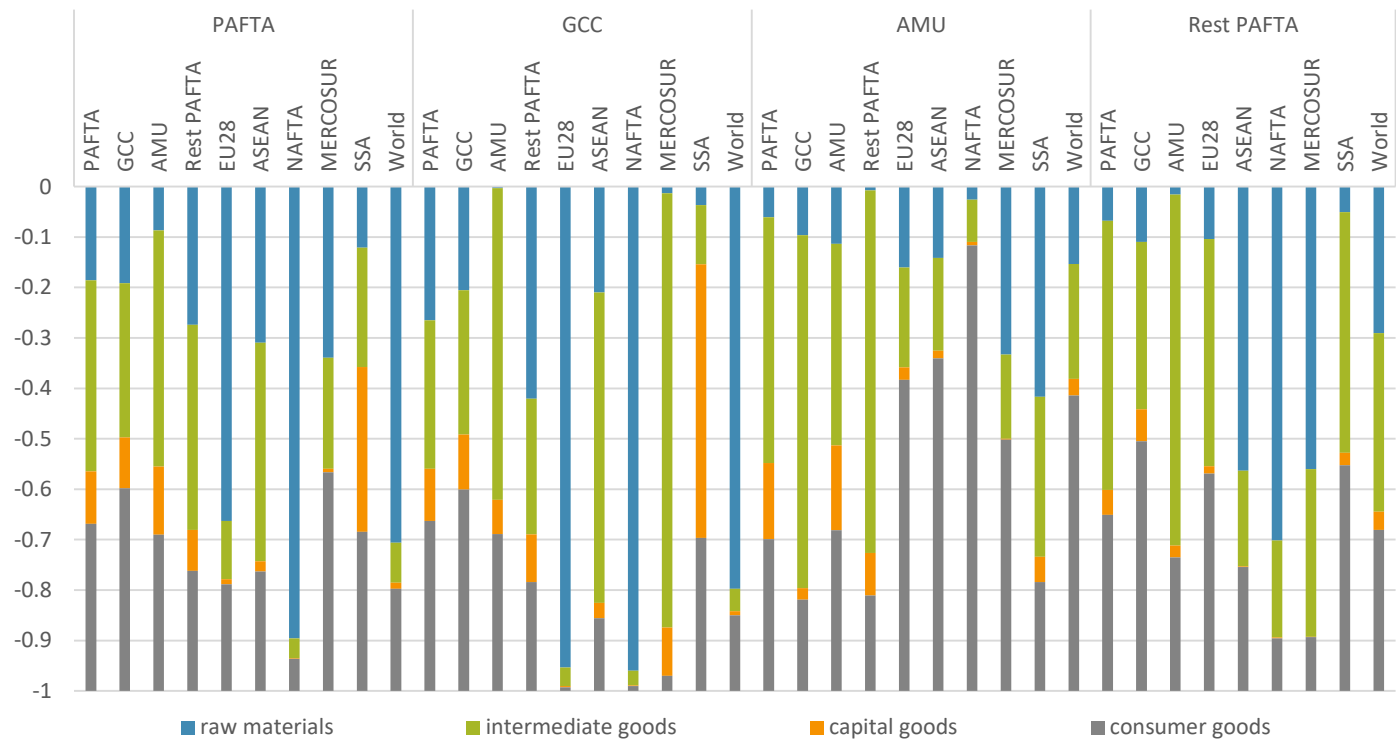
The composition of existing products by stage of processing in the Arab region and its sub-regions, between 1995 and 2016



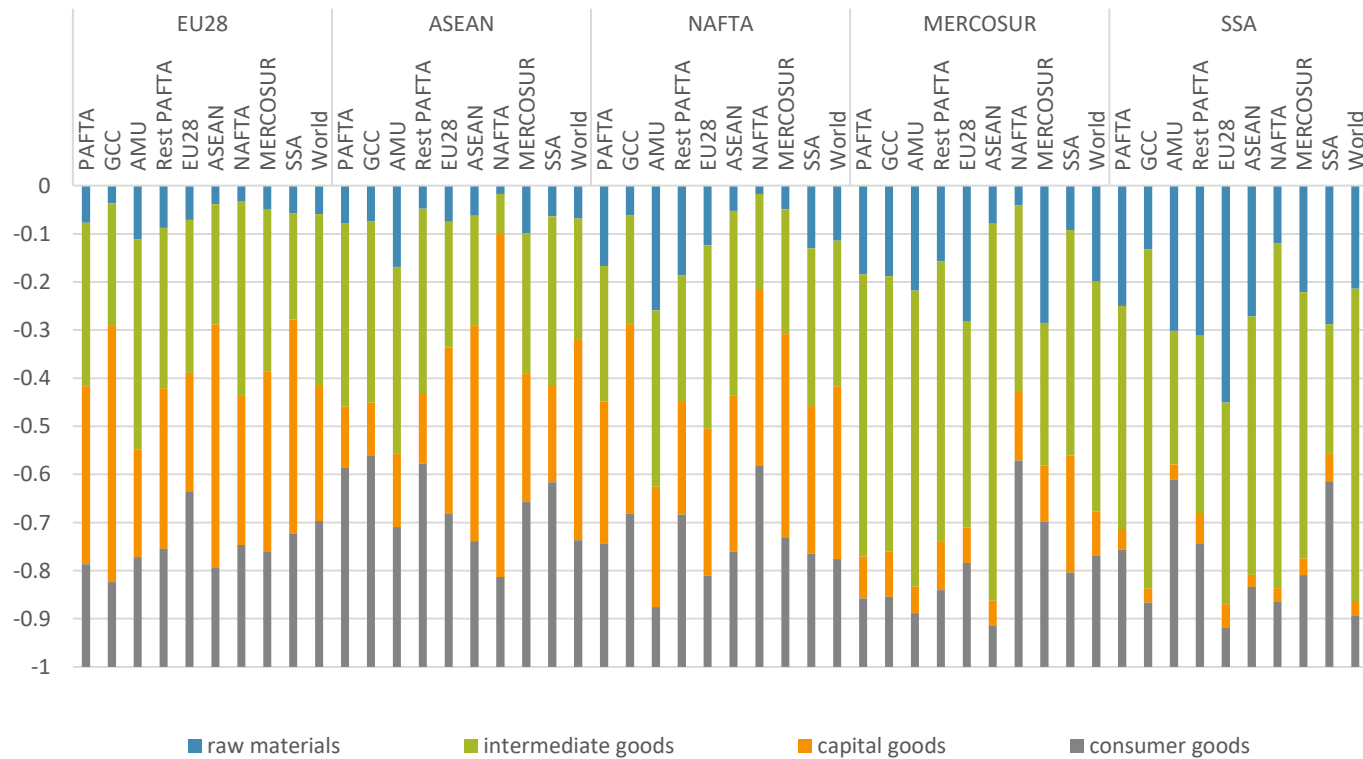
The composition of existing products by stage of processing in the selected trading blocs, between 1995 and 2016



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

- New products or markets tend to make up a greater portion of the change in merchandise exports of the Arab region vis-à-vis partners outside the region
- PAFTA appears to have largely failed to spur Arab firms to forge trade relations with their intra-regional partners
- Arab countries need to build comparative advantages in intermediate and capital goods for sustained export growth
- In other words, participation in international production networks is imperative for Arab countries

THANK YOU

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