

# Potential Products & Markets Identification

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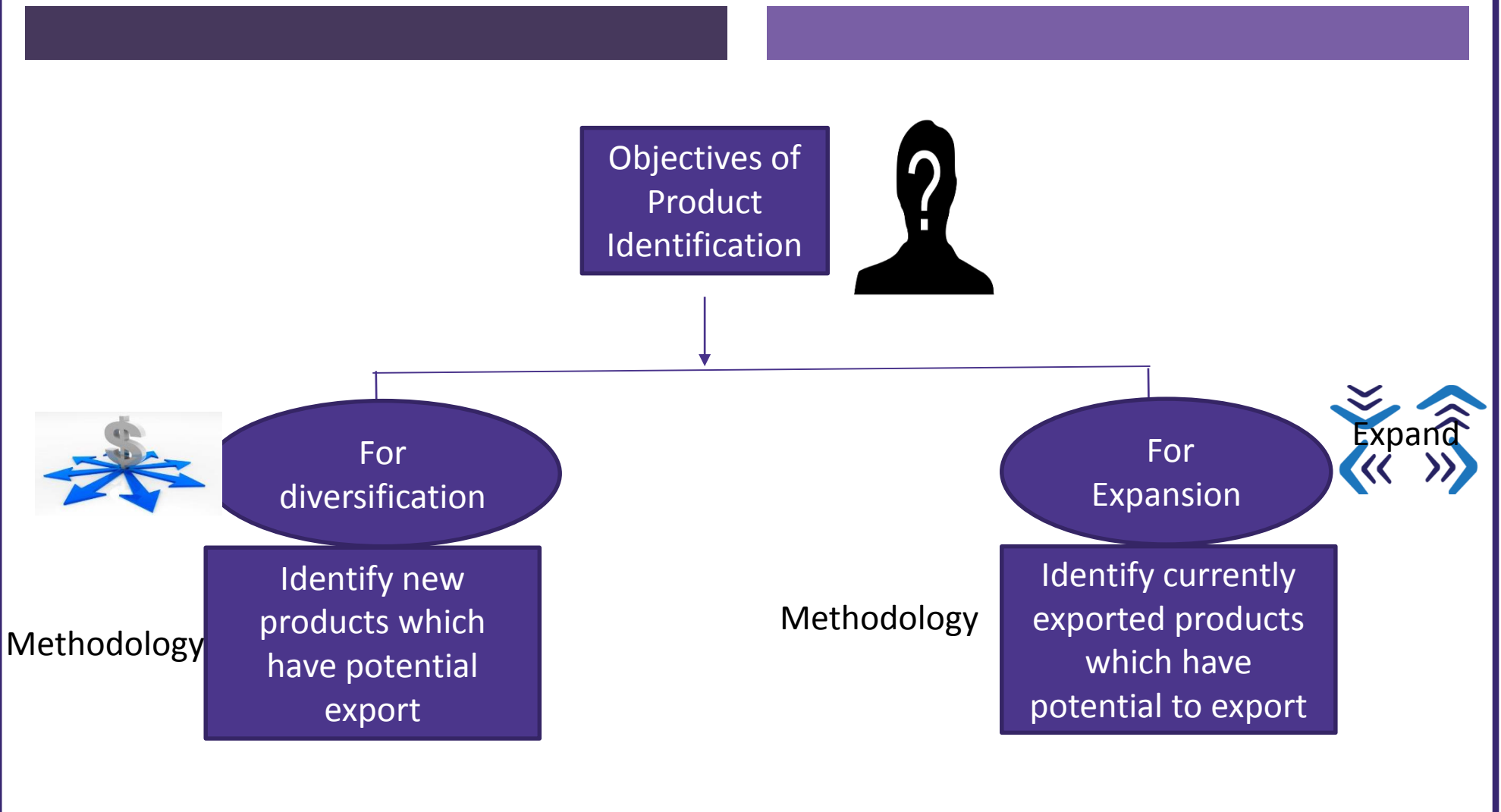
Report 2/Q42017

# Executive Summary

- This report aims to identify new products for diversification of the export basket as opposed to identification of existing products with new potential i.e. for purpose of expansion of current exports to new markets.
- In the series of identification reports we will cover both objectives, diversification into new products and expansion of potential of an existing product
- *In this report **Castor Oil** has been identified out of a number of top potential products, as a new product with a good potential for manufacturing and exporting from Dubai taking all 3 factors together i.e. supply, demand, and world imports and qualitative validation.*
- Markets are identified based on the measured export potential and market access conditions (Reference ITC export potential map)
- The markets with good potential for UAE exports of Castor Oil have been identified as **China , Netherland ,France, Germany, USA and Italy**
- Castor oil, produced from castor beans, has long been considered to be of important commercial value primarily for the manufacturing of soaps, lubricants, and coatings, among others

# Methodology

## Objectives & methodology of Product Identification



# Criteria for identification



## Diversification Criteria

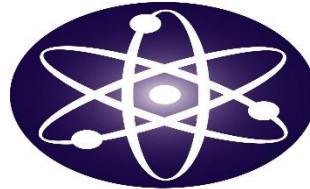
- Demand taking into account UAE's market access conditions.
- Supply measured by the proximity of UAE to diversify into the product: it is based on the overlap of UAE's current export basket and other countries' export baskets



## Expansion Criteria

- Export performance ,ease for UAE to access to the market, based on current trade in this market
- Projected demand in the market in 2020
- Tariffs in the market and distance to the market
- Qualitative validation

## Scientific basis



Science

### Export potential of existing products

The export potential value follows directly from the combination of supply, demand and easiness to trade factors,  $EP_{ijk} = Supply_{ik} \times Easiness_{ij} \times Demand_{ijk}$

$$V_{ijk} = \tilde{ik} \cdot \tilde{ij} \cdot v_{jk}$$

first term corresponds to exporter  $i$ 's world market share in product  $k$ . The second term is a measure of bilateral trade relative to what trade would be if the exporter had the same share in world markets as it has in market  $J$  The third term simply reflects total imports.

### Diversification for new products

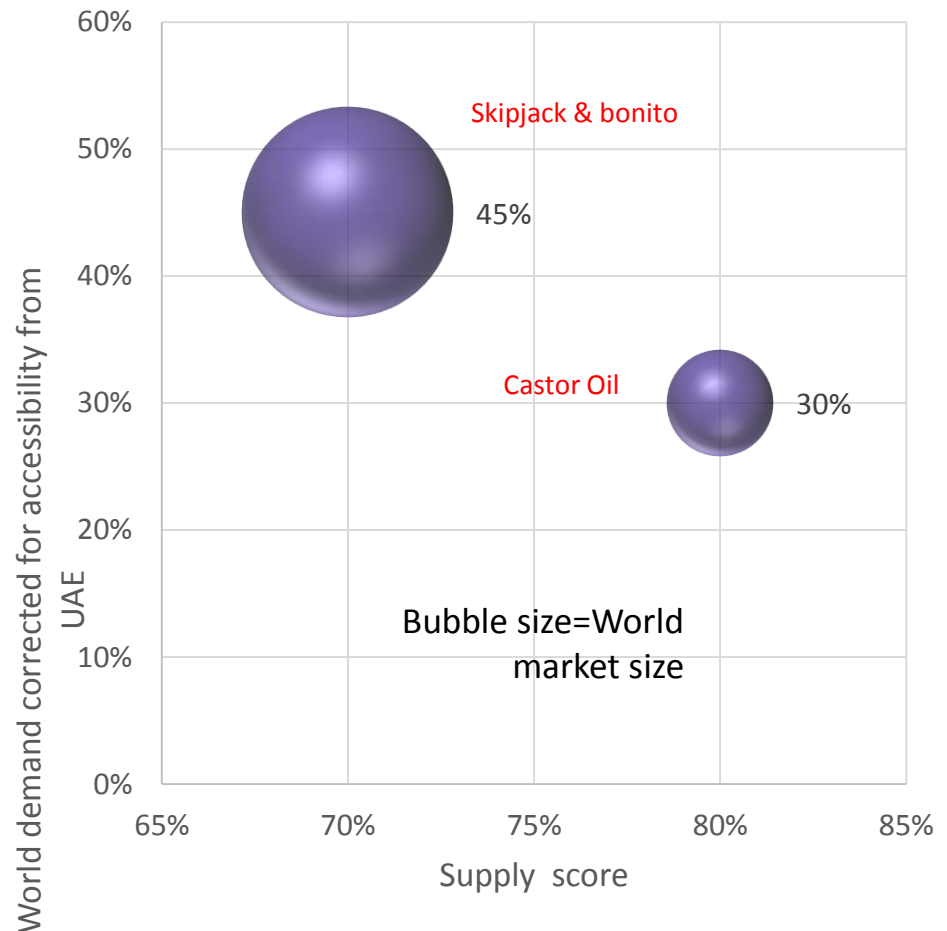
. This concept measures the relatedness of products (their "proximity") based on the observation that similar products are more likely to be produced by the same country than dissimilar products

# Product Identification

Opportunities for export of new products are identified by assessing supply based on UAE export basket overlap and other countries' export baskets and the demand represented by projected world import for each product taking into account UAE's market access conditions. The size of the bubble represents the world imports, another indicator of demand. Further the identified product is qualitatively validated.

*Castor Oil* has been identified as the product with good potential for manufacture and export from Dubai taking all 3 factors together i.e. supply, demand, and world imports

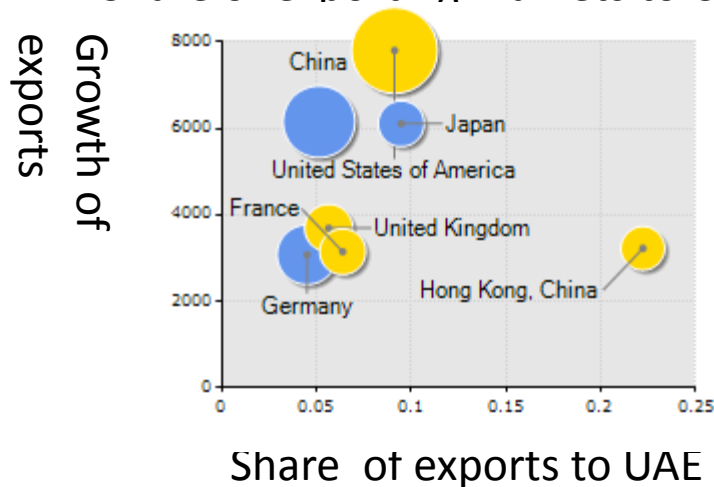
All products in the top right quadrant are having good export potential



# Validation

- Vegetable oil industry is one of the pioneer clusters, castor oil production falls under the cluster
- UAE imports currently 1600 tons in 2016
- Hong Kong is the top supplier to UAE
- This is only a preliminary assessment, for an investment decision a feasibility study will be required

Share of exporting markets to UAE



# What is Castor Oil ?

Castor oil, produced from castor beans, has long been considered to be of important commercial value primarily for the manufacturing of soaps, lubricants, and coatings, among others

**Castor oil** is a vegetable **oil** obtained by pressing the seeds of the **castor oil** plant (*Ricinus communis*). The common name "**castor oil**", from which the plant gets its name, probably comes from its use as a replacement for castoreum, a perfume base **made** from the dried perineal glands of the beaver (**castor** in Latin).



# Castor oil production

A Soxhlet or commercial solvent extractor is used for extracting **oil** from the **castor** cake. Use of organic solvents such as hexane, heptane, or a petroleum ether as a solvent in the extraction **process** then results in removal of most of the residual **oil** still inaccessible in the remaining seed bulk



## Market Identification

Market is identified based on the measured export potential as defined in slide 5 and market access conditions

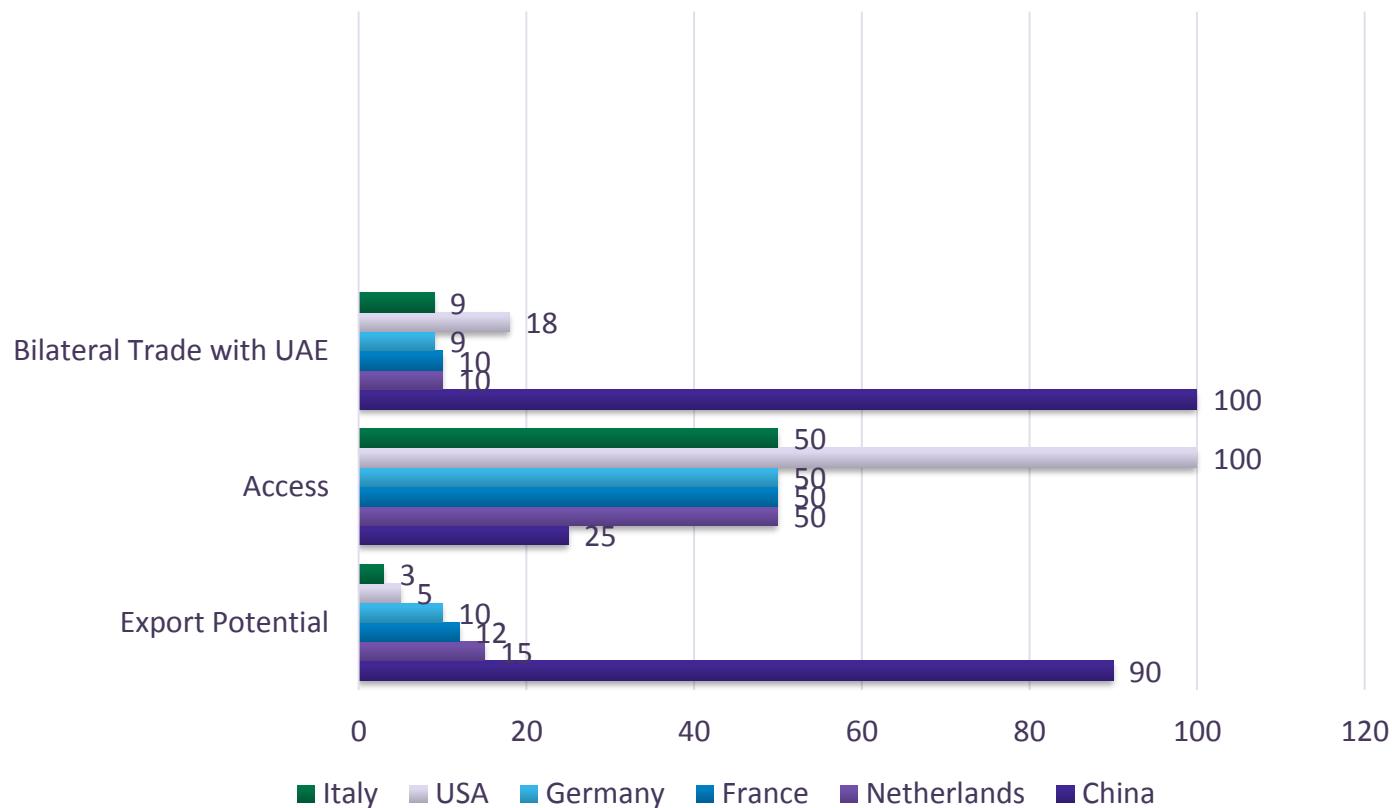
The markets with good potential for UAE exports of Castor Oil  
Are **China , Netherland ,France, Germany, USA and Italy**

	Export potential Mn. US\$	Tariff	Size of total bilateral trade with UAE Bn US\$
China	58.2	10%	9.7
Netherlands	1.2	3%	1.4
France	0.99	3%	1.4
Germany	0.92	3%	1.1
USA	0.63	0%	2.6
Italy	0.38	3%	1.1

# The markets show differences particularly in scores of export potential and size of bilateral trade with UAE



Market Scores out of 100



## Most castor oil potential markets lie in the West



All the potential markets for castor oil lie in Europe and USA except for China  
While the Ferro silicon potential markets in report 1 lie in Asia

# Ferrosilicon Potential markets for exporting from Dubai

