

# Arab trade in 2023: trends and highlights



Shared Prosperity Dignified Life



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Value of total Arab merchandise  
exports in 2023

**\$1,389 billion**

Annual change in Arab exports

**-11.4%**

Arab exports' share of global exports

**5.8%**



# Key messages

## Exports and market concentration

constitute challenges for many Arab countries, which often export a limited range of products to a small number of markets. To tackle this, it is essential to adopt trade promotion strategies to continually diversify export products and markets.



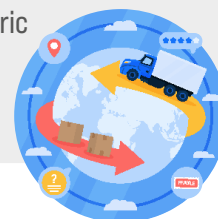
**Intra-regional trade** plays an instrumental role in the development of vital economic sectors in the Arab region where it constitutes more than 75 per cent of export markets for certain domestic industries. To capitalize on this strength, expanding the existing Greater Arab Free Trade Area agreement to include new boundaries would help create more favourable access for Arab exports.



**Food security** poses a significant challenge in the Arab region. To tackle this issue effectively, it is imperative for Governments to incentivize farmers, promote the cultivation of vital crops and essential food items, and diversify import sources to maintain stable supplies.



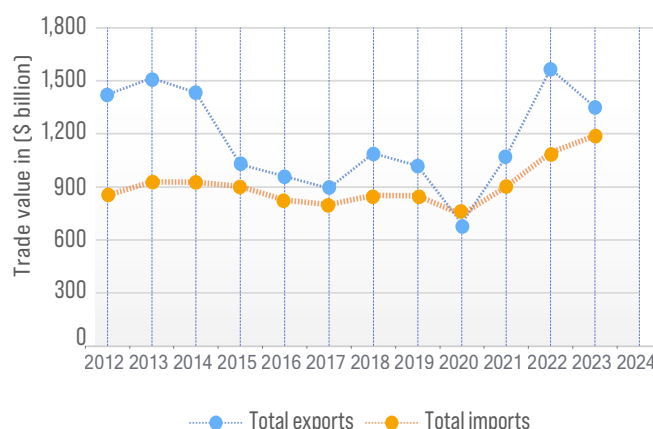
**Globalization of manufacturing** offers a wealth of opportunities for Arab countries. If they forge strategic partnerships beyond the region, they can seize these opportunities and stay competitive in the global market. This will unlock access to green technologies such as next-generation batteries, electric vehicles and solar energy equipment.



## Exports trends

In keeping with global trade trends and recovery from the COVID-19 pandemic slowdown in 2020, Arab exports experienced significant growth throughout 2021 and 2022, culminating in a remarkable 46.2 per cent surge in 2022, surpassing the global average of 11.4 per cent. Nonetheless, the deceleration in import demand from key economies primarily in Europe, North America and Asia, accompanied by declining commodity prices, led to a 11.4 per cent drop in total Arab exports, which reached \$1,388.6 billion in 2023 (figure 1). This downturn had adverse effects on the balance of payments, particularly impacting oil-exporting Arab nations, partially reducing their benefits from the preceding two years but at the same time improving the trade balances of the more diversified economies like Jordan, Mauritania and Morocco.

**Figure 1. Total merchandise trade of the Arab region, 2012–2023**



The Arab region is a significant exporter of energy products, predominantly crude oil and natural gas. The relatively lower crude oil prices in 2023 with a 10 per cent decrease, averaging \$83 per barrel, and the 63 per cent decline in natural gas prices from their 2022 levels, impacted the total value of the region's exports.

With nearly half of the region's countries rich in oil and gas resources, their exports of crude oil and gas collectively account on average for 60 per cent of the region's total exports.

**Figure 2.** Percentage change of exports and imports for selected countries in 2023

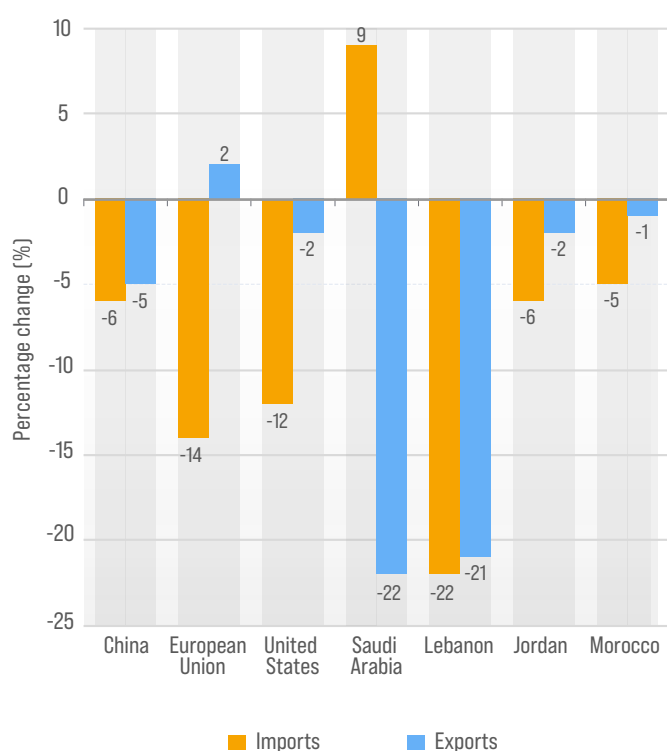


Figure 2 illustrates the diminishing global demands observed across developed economies during 2023. External imports in Europe experienced a 14 per cent reduction, the United States saw a 12 per cent decline, and China recorded a 6 per cent decrease, with their exports slightly affected.

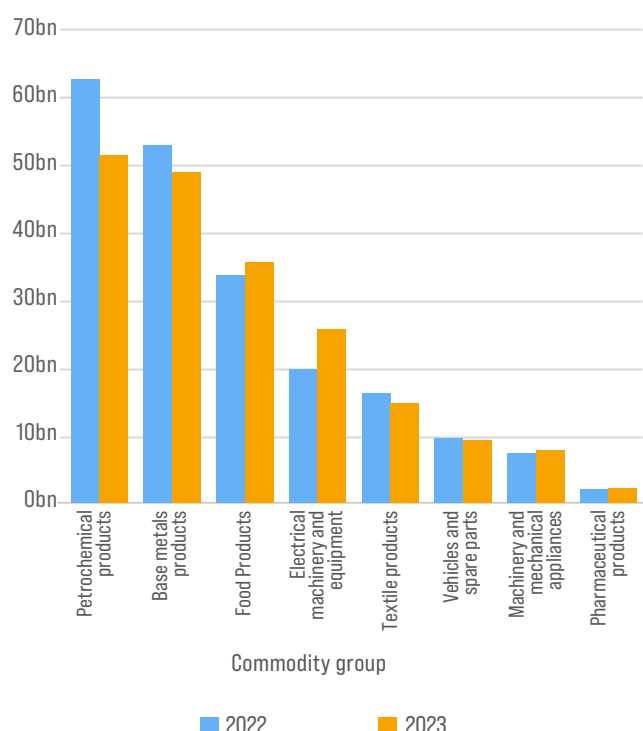
The Arab region experienced a significant drop in exports during 2023. For instance, exports from Qatar suffered the most substantial decrease of 49 per cent, followed by Saudi Arabia with a 22 per cent decline, Algeria with a 21 per cent decline, and Kuwait with a 17 per cent decrease. These declines were attributed to lower global demands and falling energy prices. Lebanon and Egypt experienced declines in their exports of 21 per cent and 17 per cent, respectively.





Arab energy exports are highly concentrated in foreign markets with roughly 60 per cent flowing to east and south-east Asia. China alone accounts for about 20 per cent of Arab energy exports, followed by India with 12.4 per cent, and Japan and Korea jointly accounting for 20 per cent. As for non-oil and gas exports from the Arab region, the leading sectors are mainly petrochemical products, fertilizers and other chemicals, base metals, precious stones and metals, agricultural and processed food products. The region also has prominent re-exporting activities mainly in electrical machinery and equipment, precious stones and metals, and vehicles and spare parts. The United Arab Emirates is the main re-exporter in the Arab region.

**Figure 3. Non-oil and gas exports of the Arab region, 2022–2023**



Arab non-oil and gas exports bounced back strongly since the COVID-19 slump in 2020 but slowed down in 2023. Compared to the Arab energy exports that declined substantially in 2023, non-oil and gas exports of national origin showed mixed trends but overall declined by 4 per cent.

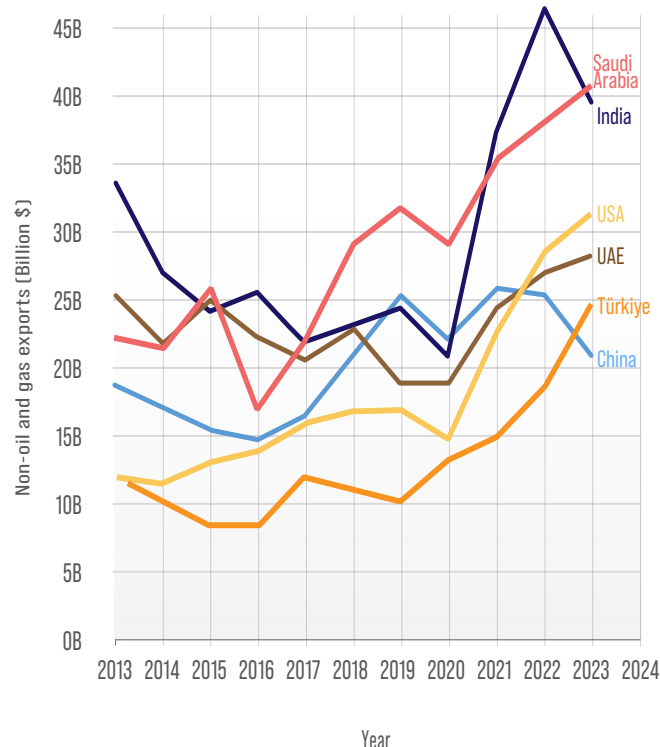
The largest drops were in the petrochemical industries (18 per cent), followed by the base metal and textiles exports (9 per cent) (figure 3).

Exports of national industry products like electrical machinery and equipment, pharmaceuticals and food stuffs showed remarkable increases compared to their 2022 levels. Electrical machinery industries experienced the highest export increase rate of 30 per cent per cent in 2023. Backed by sizable investments in many Arab countries, pharmaceutical exports also increased by 14 per cent.

Key destinations of Arab non-oil and gas exports, primarily Saudi Arabia, India and the United States saw significant growth during the COVID-19 recovery period, while exports to the United Arab Emirates, Türkiye and China also increased, albeit at a slower pace with a slight slowdown in non-oil exports in 2023.

Saudi Arabia was the top export destination market for non-oil and gas products in 2023, importing \$41 billion, followed by India at \$40 billion, and the United States and the United Arab Emirates at \$31 and \$28 billion, respectively.

**Figure 4. Top markets of Arab non-oil and gas exports during 2013–2023**



The leading exports to Saudi Arabia and the United Arab Emirates in 2023 were machinery, appliances and electric equipment, base metals and jewelry and precious metals. Exports to India included unwrought diamond and gold and fertilizers. Arab non-oil exports to the United States included base metals, textiles, fertilizers, and precious metals and stones.

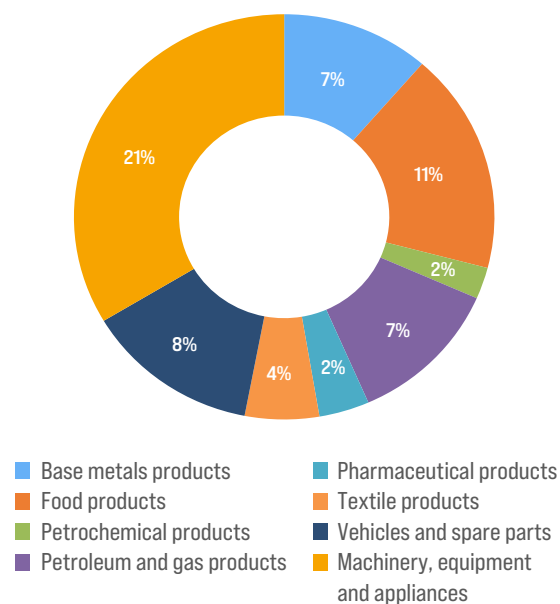
# Imports

In contrast to global trends in 2023, the Arab region experienced a surge in imports reaching \$1,198.3 billion, driven by increased demand primarily from oil-exporting countries. This marked a 9.7 per cent year-on-year increase (figure 1). The United Arab Emirates and Saudi Arabia accounted for much of this rise, with their imports growing by 35 per cent and 9 per cent, respectively, and to a lesser extent, Algeria, Kuwait and Iraq. However, most countries with more diversified economies such as Morocco, Tunisia, Jordan and Egypt, least developed countries and countries going through political instability saw their imports decline moderately by between 4 and 10 per cent. Of the least developed countries in the Arab region, only the Sudan saw its imports surge by 42 per cent. Lebanon experienced around a 21 per cent decrease in imports.

Overall, in 2023, import increases were seen in most commodity groups except food products, petrochemicals and textiles. Mechanical and electrical machinery, equipment and appliances accounted for the highest share with 21 per cent of the Arab region's imports, amounting to \$252 billion (figure 5).

Food imports were second with a value of \$132.4 billion, accounting for 11.1 per cent of the region's total imports in 2023. The third group consists of vehicles and spare parts. Share reached 8.4 per cent of total imports. Crude oil, oil derivatives and natural gas accounted for 7.4 per cent of total Arab imports in 2023. Imports of pharmaceuticals, textiles, and furniture exhibited the lowest share.

**Figure 5. The Arab region's major imports in 2023**



Imports from China topped the Arab imports list at \$207 billion, accounting for 17.3 per cent, followed by the United Arab Emirates at 8.6 per cent, the United States at 6.2 per cent and India at 5.7 per cent.

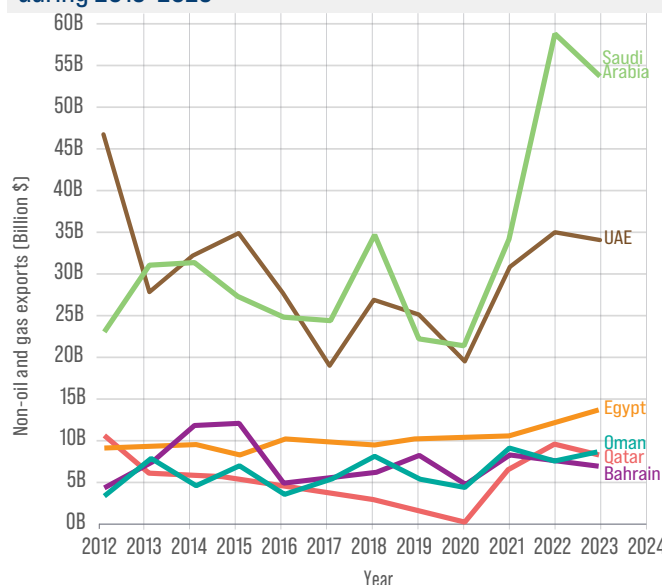
In 2023, the region imported machinery, equipment and appliances from China, with cell phone imports alone reaching \$25 billion. Imports from the United Arab Emirates included \$8.3 billion in cell phones, \$16.3 billion in petroleum derivatives and \$11.4 billion in jewelry. The region also imported \$6 billion in turbojets and turbines, \$14.7 billion in machinery and equipment, and \$10.8 billion in vehicles from the United States. It imported \$8.4 billion in petroleum derivatives, \$4.8 billion in cell phones, and \$4.1 billion in jewelry from India.



# Importance of intra-regional trade

The Greater Arab Free Trade Area agreement, which came into effect in 1998, regulates and facilitates intra-regional trade between the Arab countries. While the share of intra-regional trade in the Arab region stood at 14 per cent of total exports in 2022–2023, the trade of non-oil and gas products among the Arab countries increased substantially to 32.7 per cent.

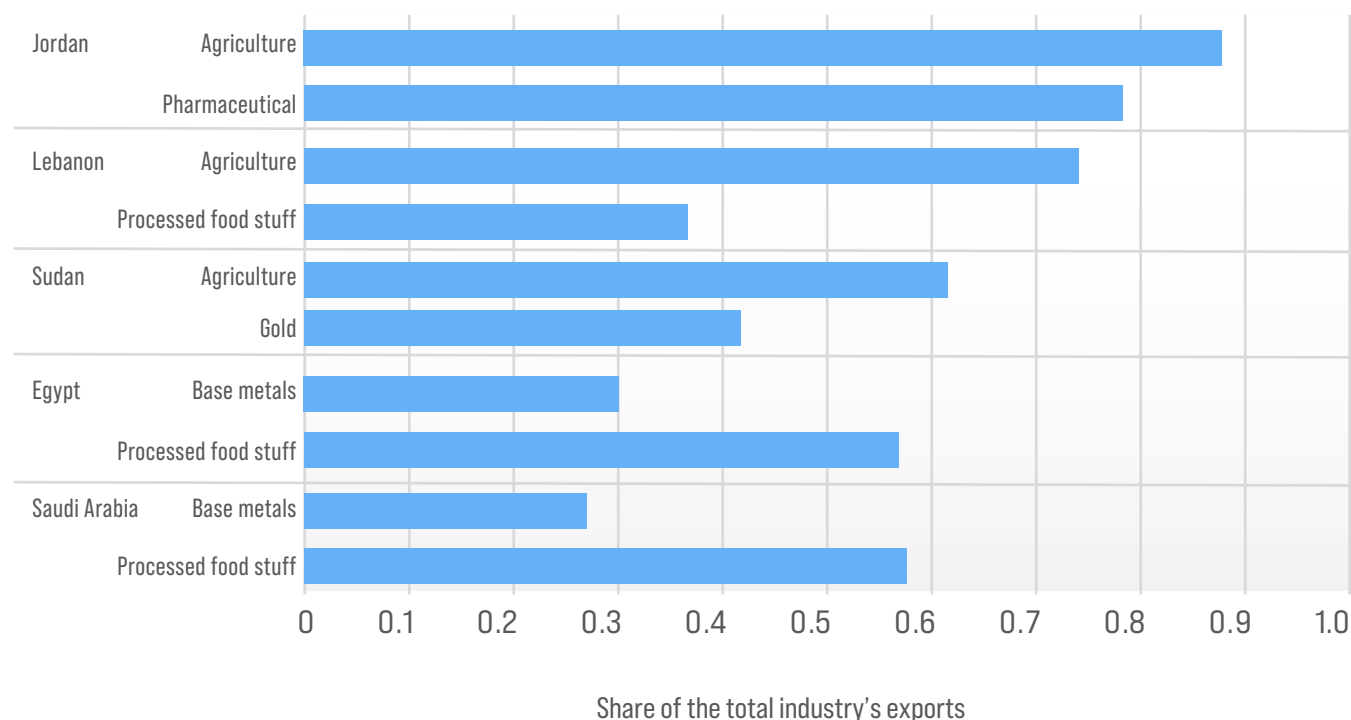
**Figure 6. Leading contributors to intra-regional exports during 2013–2023**



Saudi Arabia and the United Arab Emirates are the major exporters of national exports to the Arab region, excluding re-exports. There is a widening gap with other exporters like Egypt, Qatar, Oman and Bahrain where Saudi Arabia exports \$53.7 billion while Oman exports \$8.5 billion (figure 6). Data also show the recovery of intra-regional trade after the 2020 slowdown and the return to the pre-2020 levels despite the 2023 decline.

Intra-regional imports exhibit a parallel trend, with the leading exporters also serving as the main importers. However, Saudi Arabia and United Arab Emirates stand out as the leading importers from the Arab region, accounting for \$30 billion each in 2023. Recent data indicate that intra-regional trade significantly contributes to the expansion of trade associated with domestic industries in the Arab countries.

**Figure 7. Share of intra-regional exports to total exports by industry in select Arab countries, 2023**



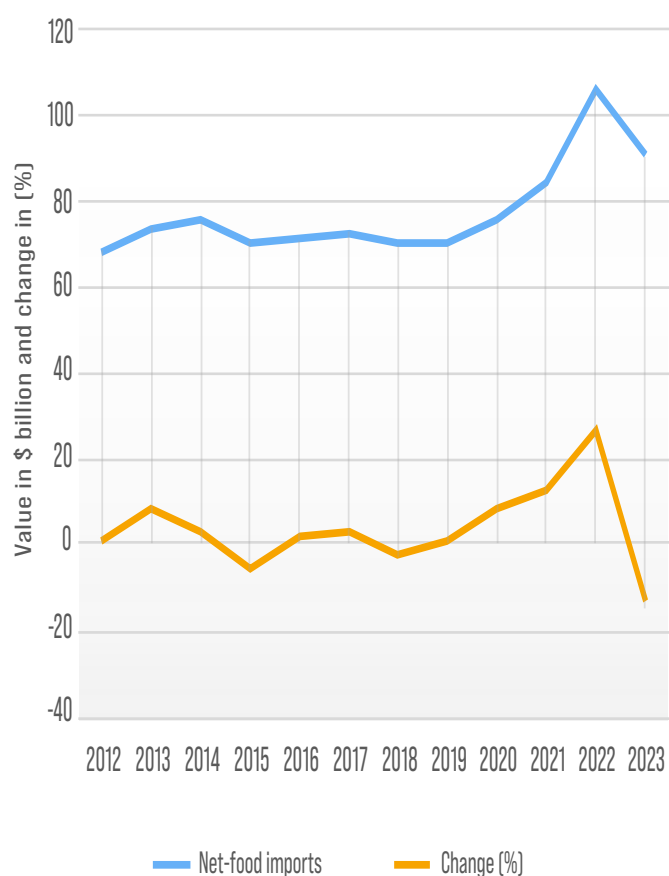
Agricultural products, processed foods, pharmaceuticals and base metal industries are among the national economic sectors experiencing growth through intra-regional trade. To illustrate, the Egyptian metal industry exports 37 per cent of its total output within the region and Saudi Arabia exports 27 per cent within the region.

The shares of agricultural exports from Jordan, Lebanon and the Sudan destined to Arab markets constitute 85 per cent, 75 per cent, and 61 per cent of their respective total agricultural exports.

## The Arab region as a net-food importing region

The Arab region is a net-food importing region as Arab countries import more food products than they export. The region imported \$132.5 billion of food products in 2023 while exporting \$41.5 billion, resulting in a food import deficit of \$90.9 billion.

**Figure 8.** Net-food imports of the Arab region trends during 2013–2023



The Arab region net-food deficit challenge is an ongoing chronic phenomenon, which worsened in 2022, escalating by 26.4 per cent compared to relatively stable levels observed over the past decade. However, Arab food imports slowed in 2023, improving the net-food balance to \$90.9 billion. Saudi Arabia had the largest food import deficit at \$21.3 billion, followed by Egypt at \$9 billion and the United Arab Emirates at \$8.3 billion. The Comoros, Djibouti and Mauritania recorded deficits under \$1 billion.

The significant rise in the value of the Arab region's food imports seen in 2022 may be attributed partly to the Russian-Ukrainian conflict. This conflict led to a surge in food commodity prices to unprecedented levels before subsiding during the latter half of the year. Many Arab countries were at risk due to their high reliance on imports of grains and vegetable oils from Ukraine and the Russian Federation. For instance, in 2021, Lebanon imported 85 per cent of its wheat grains from these countries, while Egypt depended on them for 77 per cent, Mauritania for 49 per cent, and Tunisia for 37 per cent. The situation was eased in 2023 with the falling prices of food commodities that led to a decrease in the food imports bill by 15 per cent, while diversification of import sources was adopted by some Arab countries, supplemented by promoting domestic agriculture, such as in Egypt and Lebanon.

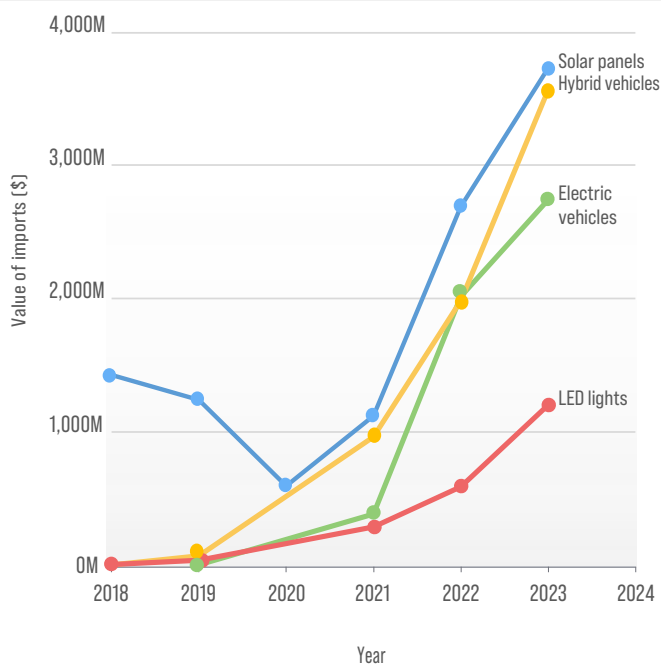
Arab region imports of grains and vegetable oil surged by 27 per cent, climbing from \$37.2 billion in 2021 to \$47.2 billion in 2022, before settling at \$40 billion in 2023. Grains exports from Ukraine and the Russian Federation accounted for 26.2 per cent of the Arab region's grains imports in 2021. They were substituted during 2022 and 2023 by imports largely from France, Brazil, Romania and

India due to the disruptions of war. In 2023, the share imported from the Russian Federation and Ukraine was at around 12 per cent. Although this shift alleviated the situation temporarily, it raises concerns about food security in the Arab region. Addressing this necessitates a long-term strategy aimed at enhancing resources to bolster food production within the region.

## Trade in green technology products

Following global trends and market needs, recent trade statistics in the Arab region suggest an increasing preference for importing green technology products such as solar energy related products, electric vehicles (EVs), and energy-efficient light-emitting diode (LED) lighting solutions. These green technologies diminish waste and emissions, conserve resources through enhanced energy efficiency, and promote sustainable consumption practices.

**Figure 9. Green imports: a comparison of hybrids, EVs, LEDs, and solar panels**



Since 2012, there has been a continuous upward trend in the importation of solar panels in Arab countries. Following a decline in 2020, import figures surged by approximately 500 per cent in subsequent years, culminating in a record high of \$3.7 billion in 2023. The imports values of LED lights have been steadily rising, exceeding \$1.2 billion in 2023.

Both hybrid and EV imports have witnessed significant growth since 2018. In 2023, hybrid vehicle imports saw a remarkable 80 per cent surge, reaching \$3.6 billion. EV imports also climbed in 2023, reaching \$2.7 billion, reflecting a 36 per cent increase.

China accounted for 55 per cent of all electric cars imported by Arab countries, with the United States of America and Germany following with 14 per cent and 13 per cent, respectively. Additionally, China emerged as the primary supplier of solar panels to the Arab region, with its share exceeding 90 per cent. The imports of hybrid vehicles, however, are led by Japan with a share of 28.5 per cent, Germany with 26.2 per cent, and the United States with 10.2 per cent. The trend is expected to gain momentum in the coming years.

## Non-traditional exports: success stories

Despite the vibrant characteristics and resource wealth of the Arab region, trade patterns have largely remained unchanged. Still, over the past two decades, some Arab countries have enacted strategic policies to encourage

foreign investment and cultivate partnerships with global companies. These cases underscore the significance of proactive investment and trade policies and their supportive roles in the development of non-traditional exports.



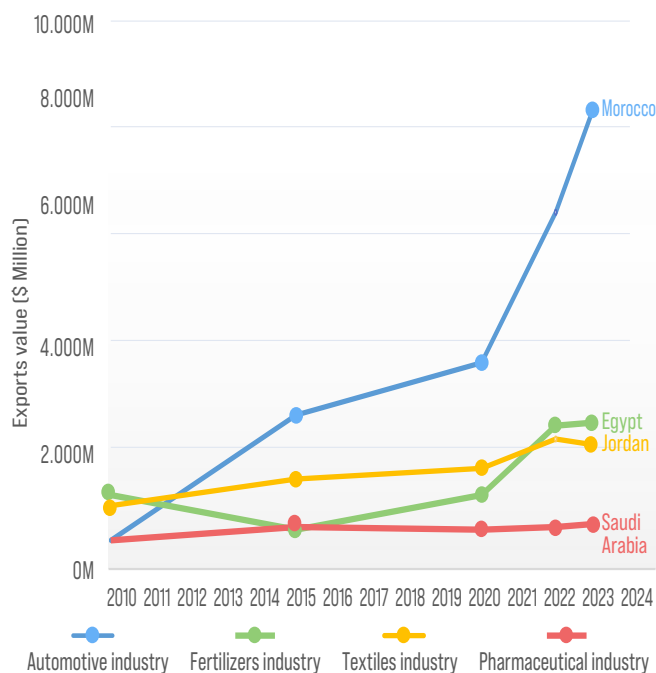
## Morocco: Automotive industry

In Morocco, government initiatives and foreign investments are key drivers of the automotive industry's growth, elevating the country's position in manufacturing within Africa and Europe. Partnerships with leading global car manufacturers have paved the way for the establishment of an unconventional industry in Morocco, further reinforced by the inauguration of an EV factory in 2022. Moroccan automotive exports now reach over 65 global markets, with Europe as the primary destination. Remarkably, exports surged from \$65 million in 2010 to an impressive \$6.4 billion by 2022, and further increased by 30 per cent in 2023.

## Saudi Arabia: Pharmaceutical industry

In recent years, Saudi Arabia has been investing heavily in building its pharmaceutical and biotechnology capabilities. These investments include establishing research institutions and biotechnology parks and partnerships with international pharmaceutical companies. The development of the pharmaceutical and biotechnology industry aligns with broader economic diversification goals for Saudi Arabia, as outlined in the Vision 2030 plan. In 2023, Saudi Arabia witnessed the sustained growth of its pharmaceutical exports, totaling \$565 million, primarily targeting Arab and Asian markets, compared to \$115 million in 2005.

**Figure 10.** Emerging export industries in selected Arab countries



## Jordan: Textiles industry

Prior to 2000, Jordan was not widely recognized for its export of high-quality garments. However, it subsequently emerged as a leading exporter of apparel, particularly to developed markets like the United States and Europe. In 2000, Jordan exported apparel and clothes worth \$113 million to 15 markets. Over time, the exports from this sector expanded



to encompass over 60 markets, reaching a total value of \$2.1 billion by 2023. This surge is due in part to the country's trade policy that led to a series of trade agreements with the

United States and the European Union, which attracted foreign investment and boosted Jordanian exports.

## Egypt: Fertilizers industry

The Egyptian fertilizer industry has boomed in recent years as a result of continuous support and the adoption of a strategy to expand production.

The discovery of new natural gas reserves, a key ingredient in fertilizer production, fueled this growth. By building new factories and upgrading old ones, Egypt transformed

itself from a fertilizer importer to a major global exporter.

Egyptian fertilizer exports soared from a mere \$77 million in 2007 to a remarkable \$2.46 billion by 2023. Today, Egyptian fertilizers are exported to countries across Europe and India, Türkiye and the Arab region.



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