Market Monitor Series

Dubai Electronics Market

Dr. Eisa Abdelgalil
Natasha Husain

Data Management and Research Department

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ملخص تنفيذي

❖ تهدف هذه الدراسة بشكل رئيسي إلى تحليل التطورات التي يشهدها سوق الإلكترونيات في دبي. وتلقي الضوء، تحديدا، على حجم وبنية القطاع والمنافسة فيه وكذلك العوامل التي تؤثر أكثر على نمو السوق في السنوات المقبلة.

❖ قدرت بعض مصادر تجارة الإلكترونيات في دبي أن هنالك حوالي 30 إلى 40 وكيل للعلامات التجارية، وحوالي 80 إلى 100 موزع، وما بين 600 إلى 1000 تاجر تجزئة تقريبا في السوق. أيضا، قدرت هذه المصادر أن حجم السوق بالنسبة لفئة الأجهزة الإلكترونية الاستهلاكية بحوالي 5 إلى 5.6 مليارات درهم في عام 2005. خلال العامين المقبلين، يتوقع أن ينمو سوق دبي للإلكترونيات بما بين 10 إلى 20% وسوف يعود سبب هذا النمو بشكل رئيسي إلى النمو في عدد السكان.

❖ وجد من خلال استبيان أجري وسط 235 شركة إلكترونيات بدبي، أن الشركات تركز أكثر نسبيا على سوق إعادة الصادرات أكثر من تركيزها على السوق المحلي. في المتوسط وبالنسبة لكل الشركات التي شاركت في الاستبيان، نجد أن حصة سوق إعادة الصادرات أعلى من السوق المحلي بحوالي 8%. وترتبط مبيعات شركات الإلكترونيات في السوق المحلية عكسيا بحجم الشركة، إذا قيس الحجم بالمبيعات. لذلك، كلما نمت الشركة من ناحية الحجم كلما زاد توجهها نحو سوق إعادة الصادرات. وقد يفسر ذلك بحقيقة أن السوق المحلي صغير والشركات توسع مبيعاتها في الخارج من خلال إعادة الصادرات.

❖ تبني شركات تجارة الإلكترونيات في دبي استراتيجياتها للتنافس على ثلاثة عوامل رئيسية وهذه تحديدا هي على التوالي: نوعية المنتجات، والسعر وخدمات ما بعد البيع. من عوامل المنافسة الأخرى التي تستخدمها الشركات الضمان، ثقة المستهلكين، الابتكار وتحفيز الموظفين.

❖ هنالك حاجة إلى ضبط الجودة في سوق الإلكترونيات بدبي بسبب الوفرة وتوزيع المنتجات الإلكترونية المعدلة، والمزيفة والمقلدة وتلك التي لا تتقيد بالمواصفات. نسبة لوجود المناطق الحرة والتساهل في تعريف ماهية إعادة الصادرات، تجد الكثير من المنتجات الإلكترونية طريقها إلى السوق المحلية في حين لا يستطيع الوكلاء المعتمدون لهذه المنتجات الإلكترونية من التحكم في هذه القنوات. على الرغم من وجود المادة رقم 23 من القانون رقم 18 (قانون الوكالات التجارية في دولة الإمارات) والذي يمنع المنتجات الموازية من دخول الدولة، إلا أن هذه المنتجات لا تزال تجد طريقها إلى السوق.

❖ وجدت دراسة بحثية أن المستهلكين في الإمارات لا يعتبرون شراء منتجات إلكترونية ذات علامات مزيفة أمرا سيئا وفوق كل ذلك يجدونها بديلا جيدا للمنتجات الأصلية. لذلك يحتاج وكلاء/ موزعون الإلكترونيات الأصلية إلى التفكير في كيفية توعية المستهلكين وجعلهم أكثر معرفة ووعيا بالجوانب السلبية لذلك مثل عدم موثوقية المنتجات المزيفة. كذلك، الموقف الاجتماعي من استخدام العلامة التجارية الحقيقية وعدم احترام أولئك

الذين يشترون منتجات ذات علامات تجارية مزيفة. بالإضافة إلى ذلك، يحتاج الوكلاء والموزعون إلى دراسة تكلفة منتجاتهم الأصلية ومقارنتها بالمنتجات المزيفة لأن ذلك واحدا من الأسباب الرئيسية التي تجعل الناس يشترون منتجات مزيفة.

- عبرت شركات تجارة الإلكترونيات في دبي عن قلقها إزاء عدة قضايا وهي تحديدا المنتجات الموازية (المنتجات الأصلية التي تدخل الدولة عبر قنوات غير الوكلاء والموزعون المعتمدون)، المنتجات الإلكترونية المقلدة (منتجات غير أصلية لكنها تقلد الأصلية) والمنتجات المعدلة (وهي منتجات أصلية لكن تم تعديها بطريقة ما). من الهموم الأخرى التي عبرت عنها الشركات، التوريد المتقلب للمنتجات، المنافسة غير الصحية أو الأكثر من اللازم، القوانين، فترات استدانة طويلة من قبل المستهلكين، ارتفاع تكلفة ممارسة العمل التجاري، تذبذب أسعار العملات، غياب القوانين والمواصفات، تقليد الأفكار التجارية، وطاقة السوق الزائدة.

- لا يوجد تعريف واضح ومحدد لماهية الإلكترونيات ولا يوجد كذلك نظام تصنيف قياسي يصنف الإلكترونيات إلى مجموعات واضحة من المنتجات الإلكترونية. لذلك، هناك حاجة إلى تعريف الإلكترونيات وكذلك وضع نظام تصنيف قياسي لهذه المنتجات في دبي. يعتبر هذا أمرا هاما وذلك حتى يعرف الناس عن ماذا يتحدثون بالضبط. إن الجهة التي يمكنها القيام بهذا العمل هي مجموعة الإلكترونيات والتي تعتبر الجهة المعترف بها رسميا لتمثيل تجارة الإلكترونيات في الإمارات وأعضائها من أكثر الشركات المعروفة في مجال تجارة الإلكترونيات.

Executive Summary

- The primary objective of this study is to analyse the developments in Dubai electronics market. Specifically, the study sheds lights on the size, structure and competition in the market and the factors that are most likely to influence growth of the market in the coming years.
- Some Dubai electronics trading business sources have estimated that there are about 30 to 40 brand agents; about 80 to 100 distributors; and about 600 to 1000 retailers in the market. Also, the sources have estimated that the market size of the consumer electronics segment was about AED 5 to 5.6 billion in 2005. Within the next two years, Dubai electronics market is expected to grow by 10 to 20 per cent and this growth will be mainly driven by the growth of the population.
- A sample survey, which was carried out among 235 Dubai electronics trading companies, found that the companies are relatively more oriented towards re-export market than the domestic market. On average and for all the surveyed companies, the share of the re-export market is higher than that of the domestic market by about 8 per cent. The sales of the electronics companies in the domestic market are inversely related to the size of the company, when size is measured by the sales. Therefore, as the company grows in size it becomes more re-export oriented. This may be explained by the fact that the domestic market is small and companies expand their sales abroad through re-exporting.
- Dubai electronics trading companies base their competition strategy on three major factors and these are namely the product quality, price and after-sale-service respectively. The other competition factors used by the companies are guarantee, customers' trust, innovation, and employee motivation.
- Quality control is much needed in Dubai electronics market because of the availability and circulation of tampered, duplicate/fake, and substandard electronic products. Because of the existence of the Free Zones and the relaxed definition of what constitute re-exports, many electronics products find their way to the domestic market and the authorised agents of these electronics products have no control over these channels. Despite the existence

of Article 23 of Law No. 18 (i.e. UAE Commercial Agencies Law) that prohibits parallel products from entering the country, these products still find their way to the market.

- A research has found that UAE consumers see nothing wrong with buying fake branded electronics products and, over and above that, they find them a fine substitute to the original branded products. Therefore, the branded electronics agents/distributors need to think of ways to educate consumers and make them more brand conscious and aware of the negative aspects such as unreliability of the fake branded products. Also, the emphasis on the social status accorded to the use of the real brand and the social disrespect for those who buy counterfeit brands. Further, they need to think of the cost of their branded products relative to the fake ones because that is one of the major reasons why people buy fake branded products.
- There are several concerns that are expressed by Dubai electronics trading companies. These are namely parallel products (those genuine products which enter the country through channels other than the authorized distributors/agents); duplicate/fake electronic products (those products which are not genuine but duplicate of the genuine ones); tampered products (those products which are genuine but somehow are tampered with). The other concerns that are expressed by the companies are volatile suppliers, unhealthy or too much competition, regulations, longer credit period by consumers, increasing cost of doing business, fluctuation of currencies, absence of codes and standards, copying of business ideas, and excess capacity.
- There is neither a clear cut definition of what constitutes electronics nor there is a standard classification system that categorizes electronics into well demarcated groups of electronic products. Therefore, there is a need for both a definition and a standard classification system for electronics in Dubai. This is important in order for people to know what exactly they are talking about. The body that is well placed to do this job is The Electronics Group (TEG) which is the officially recognized body to represent the electronics trade in UAE and its members are the best known companies in the electronics trading business.

1. Introduction

1.1 Background

Electronics have always been one of Dubai attractions for the shoppers. The best electronic products from the world famous manufacturers have been sold in Dubai at competitive prices. The shoppers come from all corners of the world such as the Middle East, South Asia, the Commonwealth of Independent States (CIS), Baltic and east European countries, and Africa.

Dubai is a leading market for consumer electronics in the region and the electronics trade is an important part of the trading sector that contributes to the domestic non-oil economy. Most of the demand for consumer electronics is coming from outside Dubai domestic market, that is, re-exports and tourists. Usually, the consumer electronics trade comprises watches, cameras, household electrical appliances (known as white goods), and audio and visual products (known as brown goods). It has been estimated that the audio and visual products account for about 60 to 65 per cent of the consumer electronics business. White goods are bulky and are not easy to transport and therefore they do not have the same re-export and carry potential as brown goods. The largest proportion of sales of consumer electronics is sales in the domestic market which are carried by individual travellers out of the country (known as carry sales). Some sources estimated such carry sales as having about 40 per cent share in total sales. It has been estimated that pure domestic sales are about 40 per cent and they are mostly retail. These are for local consumption by residents and those purchased by expatriate residents as gifts when they travel to their home countries. Pure domestic demand is low, considering that the market is already saturated.

With the sophistication of trade, the diversification of the imports sources, and the introduction of new electronic products, a huge demand has sprung, from both domestic and re-exports markets. In the region, the electronics re-export destinations are South Asian countries such as Iran, India and Pakistan and the other GCC countries. The structure of the market and the profile of the shoppers have changed over time. Once the domestic demand was the primary absorber of the electronics imports, but this is now saturated. Then, the re-export market to Iran flourished and this is gradually being satisfied. Then, the re-export demand from the CIS countries has emerged, whose citizens have a huge desire for electronics products from which they were deprived during the Soviet era. And, recently the re-export demand from the African countries in general and the East African ones in particular has surged.

There are several reasons that have made Dubai as one of the most attractive destination for electronics shoppers. These are the well organized chain of importers, re-exports, retailers and wholesalers; the efficient sourcing and logistics networks; and the reputation for reliability, among others. This is in addition to the relatively low import duties and direct supplies from the manufacturers which they have contributed to the competitive prices in Dubai relative to the other markets in the region.

1.2 Objective

The primary objective of this study is to analyze the developments in Dubai electronics market in the recent years. Specifically, the study sheds lights on the size, organization and structure, competition in the market and the factors that are most likely to influence the market in the coming years.

1.3 Research questions

This research report will answer the following research questions:

1. Questions related to the size of Dubai electronics market: What is the size of Dubai electronics market? What is the value of the imports and re-exports of electronics? What is the distribution of electronics sales between domestic and re-export markets?

2. Questions related to the structure of electronic market: How Dubai electronics market is organized? How many importers, wholesalers, distributors/agents and retailers in the market?

3. Questions related to competition: Is competition based on price, quality or after-sale-service or on other factors? If it is price based, then how is the price determined? If it is quality based, then how is the quality determined?

4. What are the factors that will influence the growth of Dubai electronics market in the coming three to five years?

5. What are the major concerns of Dubai electronics trading companies?

1.4 Methodology and data

The approach to this study is supply based. Since there is hardly any manufacturing of electronics in Dubai, the trade sector instead of the manufacturing sector will be considered in this study. Basically, the imports constitute the supply side of the electronics market while the domestic consumption and re-exports constitute the demand side of the market. The data that is needed to answer the above research questions are obtained through a questionnaire sent to those who deal in electronics in Dubai. In addition, the data that is available from the DCCI membership database and Certificate of Origin database are used shed light on the size and the structure of Dubai electronics market. Secondary data from other relevant sources has also been used.

1.5 Outline of the study

The study is further divided into four sections. Section 2 discusses Dubai imports and re-exports of electronics. Section 3 gives an overview of Dubai electronics market from the stand point of those who are in the electronics business in Dubai. Section 4 discusses the results from the survey which was carried for a sample of Dubai electronics companies. Section 5 concludes the study. Finally, there are the references and the appendices.

2. Dubai Foreign Trade of Electronics

This section gives an overview of Dubai electronics foreign trade from the available trade statistics from Dubai Ports and Customs Department. There are several categories of electronics and for the listing of these please refer to the appendices of this report. However, the trade statistics data taken from Dubai Ports and Customs is only available from 2002 onwards.

2.1 Value of electronics trade

Table 2.1 below gives the imports of electronics of both Dubai and the Free Zones (FZs) in U.A.E. Dirham during the period 2002-2004. As is clear from the table, the imports of the FZs are more than those of Dubai. The imports of Dubai increased by a compound annual growth rate (CAGR) of about 32 per cent while that of the FZs increased by a CAGR of about 40 per cent during the period 2002-2004.

Table 2.1: Dubai and Free Zones imports of electronics (in million AED), 2002-2004

	2002	2003	2004
Dubai	9,400	10,772	16,372
Free Zones	9,983	13,385	19,666
Total	19,383	24,157	36,038

Source: Compiled by the author from Dubai Trade Statistics

The imports of electronics, whether of Dubai or the FZs, are either sold in Dubai domestic market or re-exported to other countries. Table 2.2 below gives the re-exports of Dubai and the FZs to other countries in U.A.E. Dirham during the period 2002-2004. The electronics re-exports of Dubai increased by a CAGR of about 44 per cent while that of the FZs increased by a CAGR of about 36 per cent during the period 2002-2004. Please note that the electronics exports of Dubai (as separate from its re-exports) represented less than 1 per cent of its re-exports during the period 2002-2004. Therefore, they are added to its re-exports and as such considered re-exports because they are only assembled and not manufactured in Dubai.

Table 2.2: Dubai and Free Zones re-exports of electronics (in million AED), 2002-2004

	2002	2003	2004
Dubai	3,822	5,203	7,947
Free Zones	8,519	10,430	15,743
Total	12,341	15,633	23,690

Source: Compiled by the author from Dubai Trade Statistics

Table 2.3 below gives the electronics re-exports of Dubai and the FZs as a ratio of their imports during the period 2002-2004. As it is clear from the table, the FZs are re-exporting a higher proportion of their electronics imports relative to those of Dubai and this is because the primary function of the FZs is re-exporting. On average, Dubai re-exported 46 per cent of its electronics imports while the FZs re-exported 81 per cent of their imports during the period 2002-2004.

Table 2.3: Dubai and Free Zones electronics re-exports as ratio of imports, 2002-2004

	2002	2003	2004
Dubai	0.41	0.48	0.49
Free Zones	0.85	0.78	0.80
Total	0.64	0.65	0.66

Source: Calculated by the author from Dubai Trade Statistics

Given that there are trade statistics for Dubai imports and re-exports of electronics, it becomes possible to derive how much of the electronics are sold in Dubai domestic market. This is done in table 2.4 below, which shows that the sales in Dubai domestic electronics market were about AED 8 billion in 2004. Please note that these Dubai domestic electronics sales also include some re-exports that are carried out of Dubai by travellers, tourists, and residents who leave to their home countries in vacations. The calculations have shown that the electronics sales in Dubai electronics domestic market increased by a CAGR of about 23 per cent between 2002 and 2004. It is worth mentioning that these sales of electronics in Dubai domestic market include both the consumer electronics and the business and industry related electronics. The consumer electronics are the products that are used in a domestic or personal context, as opposed to the electronics items that are used for business and industrial purposes. The consumer electronics include, among other, televisions, VCR, VHS and DVD players, audio equipment, digital clocks/watches, calculators, mobile telephones and pagers, and personal computers and related devices, etc. The business and industrial electronics refers to equipment, tools and processes that involve electronics and are used in business and industrial application.

Oasis Enterprises, which is the JVC distributor in UAE, estimated that the value of Dubai electronics market was $ 4.1 billion in 2004; which is equivalent to more than AED 15 billion[1]. When comparing this estimate with the sales of electronics in Dubai domestic market and the re-exports, we find the sum of these two amounts to about AED 16 billion in 2004. Therefore, the estimate of Oasis Enterprises and our estimate come close and the difference may be due to different definitions used for electronics.

Table 2.4: Electronics sales in Dubai domestic market (in million AED), 2002-2004

	2002	2003	2004
Domestic sales	5,578	5,568	8,424

Source: Calculated by the author from Dubai Trade Statistics

2.2 Destinations of electronics trade

Table 2.5 below lists, in descending order, the top 25 countries from which Dubai imported electronics in 2004, with the cut off point of AED 50 million and more. The total electronics imports from those 25 countries constituted 97 per cent of Dubai total imports of electronics in 2004; this does not include the electronics imports of the FZs. It is clear from the table that China is the dominant source of Dubai electronics imports and the other Asian countries are Japan and South Korea. Among European countries, Finland is the dominant source of Dubai electronics imports, followed by U.K and Germany.

[1] Check URL http://www.itp.net/news/details.php?id=11946&srh=&tbl=itp_news

Table 2.5: Dubai electronics imports by source countries and values, 2004 (million AED)

Country	Imports in AED	Country	Imports in AED
CHINA	2,690	SINGAPORE	279
FINLAND	1,568	TAIWAN	260
UNITED KINGDOM	1,429	ITALY	260
JAPAN	1,350	INDIA	226
GERMANY	1,315	INDONESIA	198
SOUTH KOREA	1,264	THAILAND	149
HUNGARY	993	NETHERLANDS	141
USA	874	SPAIN	105
SWITZERLAND	794	BELGIUM	81
HONG KONG	513	DENMARK	54
FRANCE	503	JEBEL ALI F.Z.	51
MALAYSIA	470	IRELAND	50
SWEDEN	296	**Total**	**15,913**

Source: Complied by the author from Dubai Trade Statistics

Table 2.6 below lists, in descending order, the top 34 countries to which Dubai re-exported electronics in 2004, with the cut off point of AED 50 million and more. The total electronics re-exports to those 34 countries constituted 87 per cent of Dubai total re-exports of electronics in 2004; this does not include the electronics re-exports of the FZs. It is obvious from the table that Iran is the dominant destination of Dubai re-exports of electronics. In 2004, about 24 per cent of Dubai electronics re-exports went to Iran. It is interesting to note that the Netherlands and Germany rank second and third respectively. Also, it is worth mentioning that all the GCC countries are re-export destinations of Dubai electronics, except Sultanate of Oman. Further, it is clear from tables 2.5 and 2.6 that there is a two-way trade in electronics between Dubai and some countries, especially EU countries. Dubai both imports electronics from these countries and at the same time re-exports electronics to them.

Table 2.6: Dubai electronics re-exports by destination and values, 2004 (million AED)

Country	Re-exports in AED	Country	Re-exports in AED
IRAN	1,650	QATAR	125
NETHERLANDS	524	INDIA	121
GERMANY	348	ALGERIA	118
IRAQ	337	LIBYA	108
SAUDI ARABIA	305	TANZANIA	106
JEBEL ALI F.Z.	299	KUWAIT	98
SYRIA	246	TURKEY	92
HONG KONG	239	KAZAKHSTAN	76
PAKISTAN	216	NIGERIA	75
AZERBAIJAN	195	BULGARIA	74
DENMARK	174	EGYPT	72
SINGAPORE	165	SOUTH AFRICA	69
YEMEN	155	CYPRUS	68
UNITED KINGDOM	154	BAHRAIN	66
LUXEMBOURG	142	JORDAN	60
RUSSIA	135	CAMEROON	56
ITALY	132	KENYA	54
Total			**6,854**

Source: Compiled by the author from Dubai Trade Statistics

Regarding the Free Zones (FZs), as separate from Dubai, a similar picture of electronics imports and re-exports emerges. Table 2.7 below shows the top 26 countries from which the FZs imported electronics and their value in 2004, with the cut off point of AED 50 million and more. The electronics imports from these 26 countries constituted 98 per cent of the FZs total electronics imports in 2004. If we compare table 2.7 with table 2.5, which lists the countries from which Dubai imported electronics in 2004, we find the same list of countries except Belgium, Denmark, and Costa Rica, although the ranking of these countries may be different in the two tables.

Table 2.7: Free Zones electronics imports by source countries and value, 2004 (million AED)

Country	Imports in AED	Country	Imports in AED
SOUTH KOREA	2,748	PHILIPPINES	314
CHINA	2,153	SWITZERLAND	281
MALAYSIA	2,005	INDIA	274
JAPAN	1,988	SINGAPORE	255
FINLAND	1,769	COSTA RICA	246
UNITED KINGDOM	1,342	HONG KONG	223
HUNGARY	1,223	NETHERLANDS	184
GERMANY	991	VIETNAM	90
USA	853	NORWAY	61
FRANCE	595	ITALY	59
TAIWAN	555	IRELAND	59
INDONESIA	481	SPAIN	58
THAILAND	423	SWEDEN	51
Total			**19,281**

Source: Compiled by the author from Dubai Trade Statistics

Regarding the re-exports of the FZs, table 2.8 below gives the top 43 re-export destination countries to which the FZs re-exported electronics in 2004 and their value, with a cut off point of AED 50 million and more. The electronics re-exports to these 43 countries represented 94 per cent of the total electronics re-exports of the FZs in 2004. Again, Iran tops the list of the electronics re-exports, as in the case of Dubai, and it received 21 per cent of the total re-exports of the FZs in 2004. All the GCC countries are in the list, except Qatar. It is interesting to note that the Netherlands ranks high in the list, as it does in the case of Dubai electronics re-exports. The list also includes countries from North, East, West and South Africa, in addition to the European and CIS countries.

Table 2.8: Free Zones electronics re-exports by destination and values, 2004 (million AED)

Country	Re-exports in AED	Country	Re-exports in AED
IRAN	3,124	BAHRAIN	224
SAUDI ARABIA	1,557	JORDAN	184
NETHERLANDS	933	LIBYA	174
PAKISTAN	609	SOUTH AFRICA	163
KUWAIT	546	YEMEN	154
IRAQ	535	AFGHANISTAN	121
GERMANY	495	KENYA	117
EGYPT	462	GEORGIA	107
INDIA	415	ALGERIA	106
SYRIA	377	MOROCCO	105
KAZAKHSTAN	308	UKRAINE	102
TURKEY	306	LUXEMBOURG	94
UNITED KINGDOM	299	NIGERIA	92
DENMARK	296	SWITZERLAND	92
HONG KONG	293	OMAN	90
AZERBAIJAN	284	SUDAN	89
JEBEL ALI Free Zone	280	FINLAND	88
RUSSIA	264	ARMENIA	86
SINGAPORE	256	USA	78
QATAR	243	TURKMENISTAN	77
AIRPORT FREE ZONE	229	TANZANIA	64
LEBANON	228	**Total**	**14,746**

Source: Compiled by the author from Dubai Trade Statistics

2.3 Electronics trade by product

The trade in electronics involves so many diverse products. According to the product classification of the Harmonized System (HS), there are more than 500 electronic product types that Dubai and the FZs deal in. Appendix 1, at the end of this report, gives the top 54 electronic products that Dubai imported in 2004 and their value in UAE Dirham, according to the HS product classification. The cut off point for these products is AED 50 million and more. These 54 products represented 83 per cent of Dubai total electronics imports in 2004. Appendix 2 gives the top 39 electronic products that the FZs imported in 2004 and their values, with the cut off point of AED 50 million and more. These 39 products represented 90 per cent of the FZs total electronics imports in 2004.

Regarding the electronics re-exports by product, Appendix 3 gives the top 19 electronic products that Dubai re-exported in 2004 and their values, with the cut off point AED 50 million and more. These 19 products represented 79 per cent of Dubai total electronics re-exports in 2004. As for the FZs, Appendix 4 gives the top 36 products that the FZs re-exported in 2004, with the cut off point of 50 AED and more.

These 36 products represented 91 per cent of the total electronics re-exports of the FZs in 2004. As it is clear from the Appendices, the ranking of the electronic products imported by Dubai and the FZs is not necessarily the same as the ranking of their re-exported products.

3. Organization and Performance of Electronics Market

At the beginning of this section a brief description is given for the organization of Dubai electronics market. Then in the subsequent sections, an overview is given for Dubai electronics market from the view point of those who are involved in electronics trading.

3.1 Organization of Dubai electronics market

There is only one professional association that represents electronics traders and it is known as The Electronics Group (TEG). TEG is an officially recognized (by Department of Economic Development of Dubai) body to represent the electronics trade in UAE. It was established in 1985 and its members are some of the best known companies in the electronics business in UAE[2]. The members are mainly sole distributors/agents engaged in marketing, distribution, retailing, servicing and re-export of electronics products. TEG categorizes the electronics products into audio/video products, small appliances, home appliances, clocks, watches, air-conditioners, photographic products, computers and office automation products, and telephones. According to TEG, electrical appliances are considered part of the electronic products because these appliances depend on electronic processes in their operation. This definition of electronics is not local one, but it is accepted world wide by those who deal in electronics.

TEG aims to achieve the following objectives: (i) promote electronics trade in UAE (ii) promote the growth of professionalism in the electronics trade, to make it globally competitive and locally efficient (iii) enhance right business practices within the electronics trade in the UAE (iv) help to protect the consumer from unfair trade practices by promoting the sale of genuine, quality products, produced locally or imported through proper channels and strengthen UAE reputation of quality and service (v) present to government authorities the point view of the electronics trade in

[2] Currently, the members of TEG are Al Futtaim Electronics; Al Ghandi Electronics; Al Sayegh Bros. Trading; Al Yousuf Electronics; Arabian Trading Agency; Better Life; Cosmos; Emirates Photo Marketing; Eros Electronics; Geco; Jashanmals; Jumbo Electronics; National Stores; Oasis Enterprises; The New Stores; and V.V. & Sons LLC.

all matters relating to the improvement, promotion and control of the electronics business in the UAE[3].

3.2 Background of Dubai electronics market

Some resource persons were approached to give a feedback on some questions about Dubai electronics market, and what follows expresses their views and opinions.

In Dubai electronics market, agents/distributors provide complete A to Z operations. They import and re-export to certain territories authorized by the principal, clear customs, stock in warehousing, promote, market and sell and provide after-sales service. The retailers stock on behalf of agents and sell to consumers, some also re-export. In Dubai electronics market, about 15 per cent of the imported electronics are consumed domestically while about 85 per cent are re-exported. Due to the tough competition in the electronics market, the agents in the UAE are extremely aggressive, dynamic, competitive and willing to work on small margins, but a large turnover. The price is not set by the agents; it is set through a consultation process between the principal and the agent in view of the market conditions and the competition from other brands. The price is determined by the production cost, brand strength, market share, and competition from other brands, among others. The electronics market is not controlled by the agents; it is controlled by consumer choice and strength of the brand itself and the latter is exogenously determined by the manufacturers and not the agents. In Dubai electronics market, there are about 30 to 40 brand agents and 80 to 100 distributors. And there are about 600 to 1000 retailers in the market, the figure 600 represents the respectable ones and the figure 1000 represent all including the small ones. In 2005, the market size of the consumer electronics segment was about AED 5 to 5.6 billion. Within the next two years, it is expected that Dubai electronics market will grow by 10 to 20 per cent and this growth will mainly be driven by the growth of the population. Mostly, the demand will be coming from the new population and not the existing one. This is because the existing population do not replace their electronics acquisitions frequently, but occasionally.

[3] For more information about the TEG please refer to their web page at URL http://www.teguae.com

Quality control is much needed in Dubai electronics market because of the availability and circulation of parallel, tampered, fake, and substandard electronic products and also because of the relaxed import and re-export rules. The existence of the Free Zones and the relaxed definition of what constitute re-exports, many electronics products (parallel products) find their way to the domestic market and the authorised agents of these electronics products have no control over these channels. Despite the existence of Article 23 of Law No. 18 (i.e. UAE Commercial Agencies Law) that explicitly prohibits parallel products from entering the country, still these products find their way into the market. So, these unauthorised channels flood the market with electronic products and the agents find themselves in an unfair and unhealthy competition with parallel products. This is because the agents have high overhead costs and while those who are selling the parallel electronic products do not incur these overhead costs. For example, the agents are obliged by their agency agreement with the principal that they should carry all products of the brand that they represent and stockpile spare parts for a period of time specified by the principal and provide after sales service for the products that they sell. Some products are fast moving while others are not. Therefore, the agents get stuck with dead stock of the products that do not sell such as the spare parts. It has been argued that government should not give license to an electronic dealer unless he provides after sales service and stock pile the necessary spare parts for the products he is selling.

The electronics market is generally structured along the followings lines:

(i) Agent/distributor: an agent can have his own distribution set up or he can just be an agent.
(ii) Wholesaler: a wholesaler is characterised by warehousing capabilities.
(iii) Dealer: a dealer can be a subset of wholesaler but the wholesaler is not a dealer.
(iv) Retailer: one with the highest consumer contact (i.e. consumer touch point).

It has been estimated that the price difference between the agent/distributor and a retailer does not exceed 2 per cent. Generally speaking, the mark up is relatively low in the range of 2 to 5 per cent. There are only two companies that are manufacturing electronics in Jebel Ali Free Zone (JAFZ), and these are mainly manufacturing air conditioners.

Generally speaking, a crude distinction between what constitutes electronics and what constitutes appliances is that electronics is what goes in the living room, while appliances is what goes in the kitchen. Broadly, the electronics comprises three main groups and these are namely consumer electronics, computing electronics, and communication electronics. This is called the 3-Cs definition of electronics plus the appliances. The appliances can further be subdivided into home appliances and air conditioners. Air conditioners are a distinct category by itself.

It has been argued that the following are the top ten brands in Dubai electronics market and their agents/distributors. The ordering is alphabetical and does not imply ranking or importance:

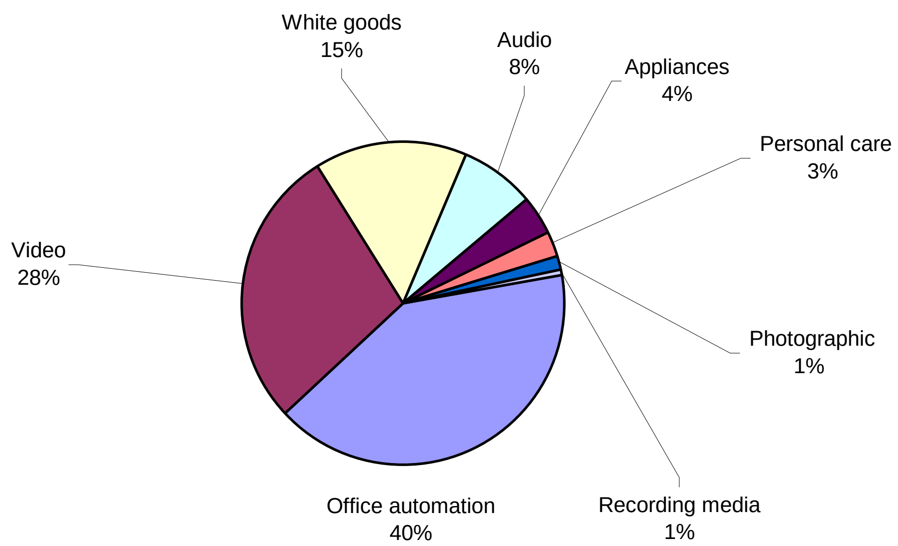
1. Hitachi and Samsung Mobiles (Eros)
2. JVC (Oasis)
3. LG (Al Sayegh)
4. Nokia (Jumbo)
5. Panasonic (Al Futtaim)
6. Phillips (Al Ghandi)
7. Samsung (Al Yousuf)
8. Sanyo (Al Futtaim)
9. Sony (Jumbo)
10. Toshiba (Al Futtaim)

Although there are agents for these brands, but parallel imports of these brands find their way to the market through illegal channels. It has been claimed that sometimes official import papers, such bills of lading, are being issued for these electronics parallel imports. When the agents find out such parallel imports in the market they just call the police who confiscate them shut down the place that is selling them. According to the UAE agency law, exclusive agents of branded electronic products have the sole right to import these electronic branded products for which they hold an agency agreement with the principal. Therefore, the imports of these branded products by any other person are considered parallel imports as they are illegally brought to the country. These parallel imports are a major problem to the branded agents as they constitute an unhealthy and unfair source of competition in the market. There are no official figures for the share of parallel electronics imports, but some sources estimated it as high as 30 per cent of total electronics imports[4].

3.3 Sales of electronics

This section provides the details of electronics sales for the period 2004-2005. Figure 3.1 below shows the percentage shares of electronic sales of eight main electronic product categories in 2005. These are namely office automation; video; white goods; audio; appliances; personal care; photographic; and recording media[5]. Table 3.2 below shows the electronic items that are included in each of these eight main categories. As it is clear from figure 3.1, the office automation electronics category has the dominant share in the electronics sales in 2005, with a share of 40 per cent. Please note the office automation category includes things such as all types of telephones which can also be for personal use (refer to table 3.2).

Figure 3.1: Shares of electronics sales by category in 2005



Source: The Electronics Group

The video category ranks next while the white goods come third, with 28 and 15 per cent respectively. The categories with the least sales share are recording media and

[4] Check URL http://www.africa-business.com/features/electronics.html

[5] This is the classification of The Electronics Group.

photographic electronic items, each with a sales share of 1 per cent. The other sales categories are personal care, appliances and audio with sales shares of 3, 4 and 8 per cent respectively. Table 3.1 below gives the sales of these electronic categories in absolute values in UAE Dirham for the two years 2004 and 2005. The sales of these eight main electronics categories grew from about AED 4.3 billion in 2004 to about AED 5.6 billion in 2005, which gives a growth rate of about 30 per cent.

Table 3.1: Electronics sales by category, 2004-2005 (in million AED)

Product description	2004	2005	Growth rate
Office automation	1,410	2,284	62%
Video	1,537	1,571	02%
White goods	612	844	38%
Audio	305	428	40%
Appliances	163	211	29%
Personal care	113	145	28%
Photographic	116	72	-38%
Recording media	40	28	-30%
Total	4,296	5,583	30%

Source: The Electronics Group

As the table 3.1 shows, the top two electronic categories that were growing most in terms of sales are the office automation and the audio with sales growth rates of 62 and 40 per cent respectively. The sales of the electronic categories photographic and recording media were declining by 38 and 30 per cent respectively. Although the sales percentage share of electronic category video is relatively large (28 per cent), but its sales growth rate is relatively small, which is about 2 per cent. The appliances and the personal care electronic items grew by 29 per cent and 28 per cent respectively.

Table 3.2 blew gives a breakdown of the sales of eight main electronic product categories in 2004 and 2005. It is interesting to note that the breakdown of the electronic product category "office automation" sales shows that the mobile phones comprised about 65 per cent of the sales of this category and the computer sales comprised about 26 per cent in 2005, which were the largest shares within this category. The other electronics items within the “office automation” category are cordless phones, fax machines, photocopiers and printers with shares of 4 per cent, 2 per cent, and 1 per cent respectively in 2005. The sales that were most growing within the category of "office automation" are those of the printers sub-category, which grew by 585 per cent between 2004 and 2005. The sales of computer and mobile phones sub-categories grew by 109 and 61 per cent respectively between 2004 and 2005. Within the "video" category, the percentage shares of televisions and camcorders[6] sales were 47 and 40 per cent respectively in 2005. The sales of the televisions sub-category are the only sales, within the video category, that were growing between 2004 and 2005; they grew by about 14 per cent while the sales of the other sub-categories were negatively growing during this period. Within the "white goods" category, the largest sales shares in 2005 were those of the washing machines and refrigerators sub-categories, whose shares were 26 and 22 per cent respectively and their sales grew by 64 and 33 per cent respectively between 2004 and 2005. The fastest growing sales sub-category, within the white goods category, was the cooking range, which grew by about 82 per cent between 2004 and 2005; with a sales share of 8 per cent in 2005. The other subcategories, within the white goods category, are window air conditioners, spilt air conditions, microwaves, deep freezers whose sales grew by 41 per cent, 5 per cent, and 35 per cent 31 respectively between 2004 and 2005.

Table 3.2: Electronics sales by sub-categories, 2004-2005 (in thousand AED)

Products Description	**2004**	**2005**
Appliances		
BLENDERS	13,528	27,862
FANS	4,527	21,879
IRONS	49,497	50,857
JUICERS	9,019	6,285
KETTLES	9,249	11,830
MEAT GRINDERS	7,550	11,900
MULTI FUNCTION KITCHEN MACHINES	16,910	7,465
TOASTERS	5,322	9,171
VACUUM CLEANERS	47,513	64,716
Sub-total	**163,115**	**211,965**
Audio		
CAR STEREOS	69,184	196,491
HI FI SYSTEMS	60,264	106,940
HIFI COMPONENTS	27,380	17,529
MULTIBAND RADIOS	4,513	921
PERSONAL STEREOS	23,593	37,644
RCR	120,961	68,891
Sub-total	**305,895**	**428,416**

[6] A camcorder is a portable electronic device for recording video images and audio onto a storage device. The camcorder contains both camera and recorder in one unit, hence its name.

Recording media		
AUDIO CASETTES	7,015	6,727
COMPAC DISKS	828	477
VIDEO CASSETTES	32,761	21,408
Sub-total	**40,604**	**28,612**
Personal care		
BEARD TRIMMERS	18,440	22,752
HAIR DRYERS	18,286	20,164
SHAVERS/EPILATORS	76,566	102,484
Sub-total	**113,292**	**145,400**
Office automation		
COMPUTERS	286,092	597,717
CORDLESS PHONES	103,338	99,283
FAX MACHINES	45,696	48,316
KEY TELEPHONES	14,201	91
MOBILE PHONES	926,510	1,489,098
PHOTOCOPIERS	32,028	31,553
PRINTERS	2,662	18,248
Sub-total	**1,410,527**	**2,284,306**
Continue table from previous page		
Photographic		
AUTOMATIC CAMERAS	69,642	55,370
PHOTO FILMS	18,926	13,956
SLR CAMERAS	27,999	2,947
Sub-total	**116,567**	**72,273**
Video		
CAMCORDERS	661,055	633,084
TELEVISIONS	638,157	730,574
DVD+CD+VCR+VCP	238,077	207,347
Sub-total	**1,537,289**	**1,571,005**
White goods		
AIR CONDITIONERS-SPLIT	140,547	147,759
AIR CONDITIONERS-WINDOW	98,419	139,174
COOKING RANGE	38,157	69,539
DEEP FREZERS	21,960	28,756
MICROWAVE OVENS	35,843	48,294
REFRIGERATORS	141,350	187,886
WASHING MACHINES	135,942	223,477
Sub-total	**612,218**	**844,885**
Grand Total	**4,299,507**	**5,586,862**

Source: The Electronics Group

4. Counterfeit Electronic Products and Parallel Trade

This section briefly looks at two issues that are of concern to Dubai electronics traders. These are namely the fake electronic products and the parallel trade in electronics.

4.1 Consumer attitude towards fake electronic products

A market research was conducted on people's attitude towards fake products such as electronics, clothes, jewellery, purses[7]. 1600 people from the US, Serbia, UAE and Hong Kong were asked about their attitude towards pirated and fake branded products. According to the research results, 53 per cent of UAE respondents think that there is nothing wrong with buying fake branded products and 93 per cent of them think that fake branded products are perfectly fine alternatives to the original brand. Table 3.3 below shows the percentage of respondents by country for the question that "*which fakes do you think are perfectly fine alternatives to the original?*". For the electronic products and appliances, one third of UAE respondents think that the fake branded products are perfectly fine alternatives to the original brands; it is the highest among the four surveyed countries. This means they think that the quality of the counterfeit brand is, more or less, similar to that of the real brand. In addition, 81 per cent of the UAE respondents said that they personally bought an imitation name brand product; it is the highest percentage among the four countries. One major reason cited for buying the counterfeit brands is the lower cost.

Table 3.3: Consumers' attitude towards fakes branded products (in percentage of respondents)

	USA	Serbia	UAE	Hong Kong
Name brand clothes	59	47	61	33
Name brand accessories like jewellery, purses	51	46	53	29
CDs/DVDs	23	31	48	37
Fragrance	38	16	38	11
Electronics or small appliances	**30**	**12**	**33**	**11**
Any of the above	76	76	93	60
None of these	24	24	7	40

Source: Gulf Marketing Review, May 2005

[7] For further information, please refer to its web page at URL http://www.synovate.com

The implication of the above research results for the branded electronics agents/distributors is that significant part of UAE's consumers see nothing wrong with buying fake branded electronics products and, over and above that, they find them a fine substitute to the original branded products. Therefore, the branded electronics agents/distributors need to think of ways to educate consumers to make them more brand conscious and aware of the of the negative aspects of the fake branded products such as their unreliability. Also, the emphasis of the social status accorded to the use of the real brand and social disrespect for those who buy counterfeit brands. Further, they need to think of the cost of their branded products relative to the fake ones.

4.2 Parallel trade

Another main concern of Dubai electronics brand agents/distributors are the parallel products. Naturally, the question that arises why does parallel trade exist? Parallel trade takes place when a product is bought in a country where it is cheaper and transported for re-sale in other countries where it is more expensive. This occurs in competition with the same product sold by the manufacturer or its local licensed agent/distributor. Parallel trade increases the effectiveness of the market and consumers enjoy lower prices as a result. It helps reduce costs in markets that are price insensitive.

Parallel trade will exist wherever there is a price differential. It has been ongoing worldwide since goods were first traded. For example, parallel trade is found in the EU in a wide range of branded products, such electronics, domestic appliances, motor cars, clothing, cosmetics, food, etc. Table 3.4 below shows the extent of parallel trade in the EU for a range of products. The extent of the consumer electronics parallel trade constitutes about 5 per cent of the trade in consumer electronics in the EU member countries[8].

[8]For more information, please refer to http://commerce.senate.gov/pdf/macarthur1120031.doc

Table 3.4: Extent of parallel trade within EU

footwear and leather goods	<5%
musical recordings	overall 5-10%, some releases up to 20%
motor cars	estimates up to 5%
consumer electronics	**around 5%**
domestic appliances	<5%
cosmetics and perfumes	around 13% for upper end of market
clothing	5-10%
soft drinks	0-15%
confectionery	<10%
alcoholic drinks	<5%

Source: http://commerce.senate.gov/pdf/macarthur1120031.doc

Generally, parallel trade occurs when four conditions are met and these are namely:

(i) there is unrestricted free trade between the countries involved, (ii) there are significant differences between the prices of identical products in these countries, (iii) the costs of transport in relation to the cost of these products are low, and (iv) the distribution of the products is entirely separate from their manufacture.

5. Results of Dubai Electronics Market Survey

This section discusses the results of the questionnaire survey which was sent in March 2006 to the companies that are involved in electronics trading in Dubai. A list of the companies that are engaged in electronics trading in Dubai is generated from the membership database of Dubai Chamber and Industry (DCCI) using the economic activity code of electronics trading, and not the electronics manufacturing code. As it has been mentioned before, there is hardly electronics manufacturing in Dubai, but there is electronics trading in the form of imports, domestic sales and re-exports sales.

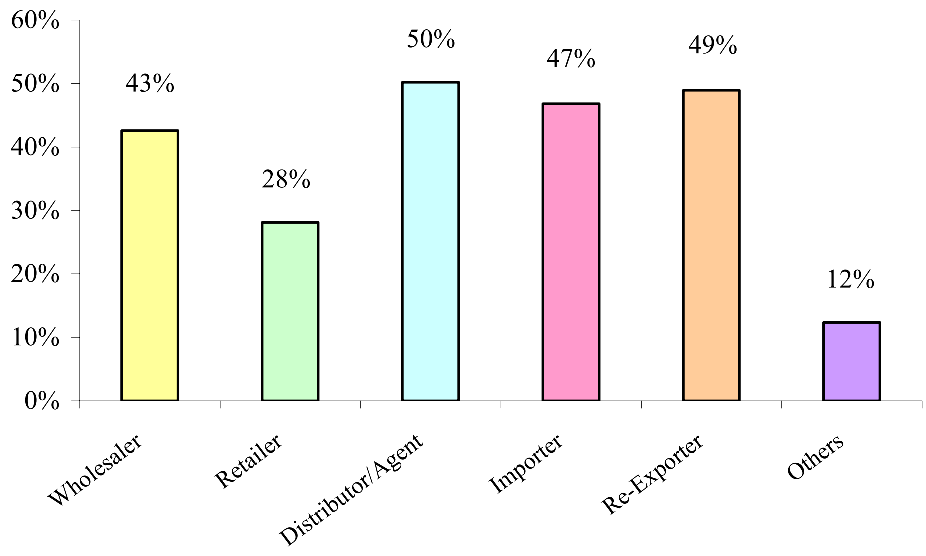
When the economic activity code of electronics trading is used to generate the list of the electronics trading companies in Dubai, we got a large list of companies. When the questionnaire was faxed out to some of those companies, it turned out most of them are not trading in electronics. This can be explained by either the economic activity codes are wrongly entered into the database or the codes are correct but the nature of the licenses of these trading companies is so general that they allow them to trade in a variety of activities and that they finally settled to economic activities other than electronics. This is the most likely explanation of the large number of companies that are registered as trading in electronics.

From the questionnaires that were faxed to the selected companies, 235 electronics trading companies responded to the questionnaire. Please refer to the questionnaire at the end of this report in appendix 5. The questionnaire has covered several areas such as the organization of Dubai electronics market, electronics product categories, sales and their distribution between domestic and re-export markets, the pricing, competition strategy and the concerns of the electronics trading companies. Each of these issues is discussed below.

5.1 Organization of electronics market

This section discusses the way the electronics market is organized in terms wholesalers, distributors/agents, retailers, importers, re-exporters. One company can assume more than one role, for example, it can be an importer, distributor/agent and retailer as the same time. As figure 5.1 below shows, the respondent companies are distributed 50 per cent as distributors/agents; 49 per cent as re-exporters; 47 per cent as importers; 43 per cent as wholesalers; 28 per cent as retailers; and 12 per cent assume roles that are different from the abovementioned ones and these are roles like subsidiary of the original manufacturer, after sales service, provider of professional electronics services, IT support, R&D, etc. Please note that the percentages do not sum up to 100 because a company can assume more than one role as the same time.

Figure 5.1: Distribution of electronics companies by activity (%)



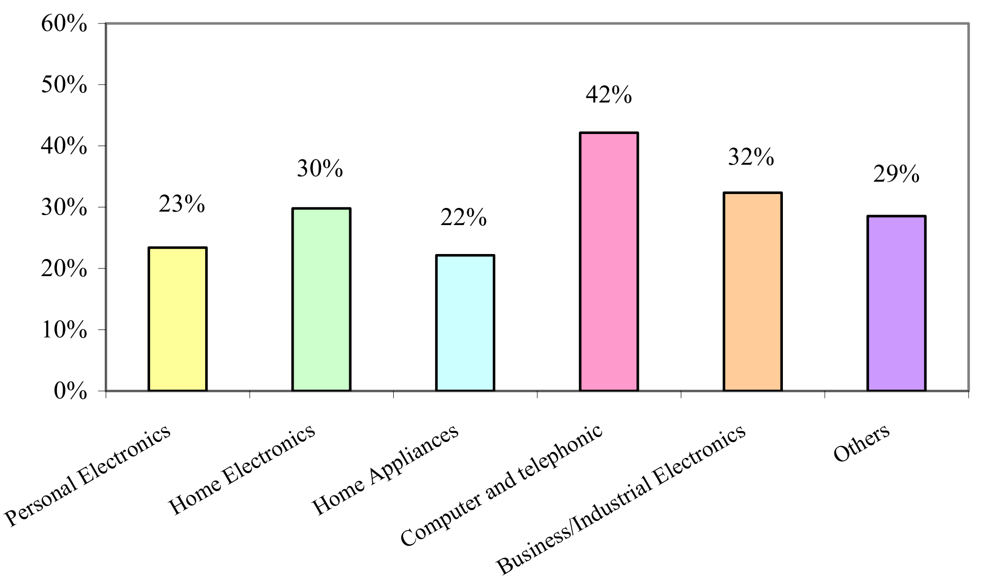
Source: DCCI survey of Dubai electronics companies, March 2006

The way the market is organized (as governed by the commercial agency law) makes the roles of the companies very interrelated. For example, an exclusive brand distributor/agent is the sole one who is authorized to import and sell that brand. Therefore, that distributor/agent is by definition assumes the role of the importer, wholesaler, re-exporter and some times the retailer as well. Therefore, the distinction among the different roles in the market is very blurred and the boundaries are overlapped. It seems that it is a matter of time and evolution that companies may gradually become more specialized in one aspect of the market and eventually the boundaries between the different roles may become distinct. This is part of Dubai development and economic evolution process that will be settled with the passage of time.

5.2 Electronics product categories

There is no standard classification system that groups electronics in well demarcated product categories. Therefore, different people use different categorization for electronic products. The categorization scheme that is used here comprises personal electronics, home electronics, home appliances, computer & telephone electronics, business & industrial electronics, and others. According this classification of electronic products, and as figure 5.2 below shows, 42 per cent of the respondent companies are involved in the trading of computer & telephone electronics; 32 per cent are involved the trading of electronics that are used for business and industry purposes; 30 per cent are involved in home electronics. 29 per cent are involved in what they described as other electronics categories such broadcast & communication, electronic games, calculators, air conditioners, security systems, photographic equipment, etc. Of the respondent companies, 23 per cent are trading in personal electronics and 22 per cent in home appliances. Please note that the percentages do not sum up to 100 because a company can be involved in the trading of more than one category of electronic products.

Figure 5.2: Distribution of electronics sales by product category (%)



Source: DCCI survey of Dubai electronics companies, March 2006

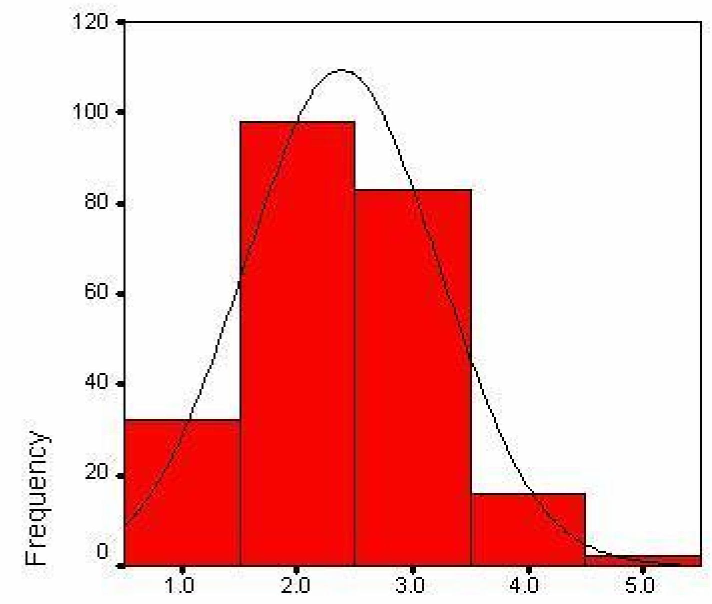
There is neither a clear cut definition of what constitutes electronics nor a standard classification system that categorizes electronics into well demarcated groups of electronic products. Therefore, there is a need for both a definition and a standard classification system for electronics in Dubai. This is important in order for people to know what exactly they are talking about. The body that is well placed to do this job is The Electronics Group (TEG) which is the officially recognized body to represent the electronics trade in UAE and its members are some of the best known companies in the electronics trading business, please refer to section 3.

5.3 Sales of electronics

The sales of electronics trading companies are given in ranges rather than exact figures. This is because it is very sensitive issue to ask companies about their exact sales figures. In 2005, 42 per cent of the respondent companies reported sales that ranged between AED 1 million to less than AED 10 million; 35 per cent reported sales that ranged between AED 10 million to less than AED 100 million; 13 per cent reported sales of less than AED 1 million; 7 per cent reported sales that ranged between AED 100 million to less than AED billion; 1 per cent of the companies reported sales of AED 1 billion and more; and 2 per cent did not report any sales (i.e. refused to answer this question).

If we consider companies with sales of less than AED 1 million as small; those with sales of more than AED 1 million but less than AED 100 million as medium; and those with AED 100 million and more are large, then the majority of the respondents companies are medium. The medium companies represented about 77 per cent of the respondent companies. This confirms the general finding that the majority of the companies in Dubai are medium sized, whether in electronics or in other economic activities. This can be seen from figure 5.3 below which shows the frequency distribution of the respondent companies' sales. In the X-axis, bar 1 is sales that are less than AED 1 million which represent the small sized companies; bars 2 and 3 are sales that are more than AED 1 million but less than AED 100 million which represent the medium sized companies; bars 4 and 5 are sales that are AED 100 million and more which represent the large sized companies. It is clear from the figure that most of the companies are concentrated in bars 2 and 3, which represent the medium sized companies. It is clear from the figure that the sales of the respondent companies are normally distributed or in other words most companies' sales are concentrated in the middle with few companies' sales on the left and right tales of the distributions.

Figure 5.3 Frequency Distribution of Sales for 2005



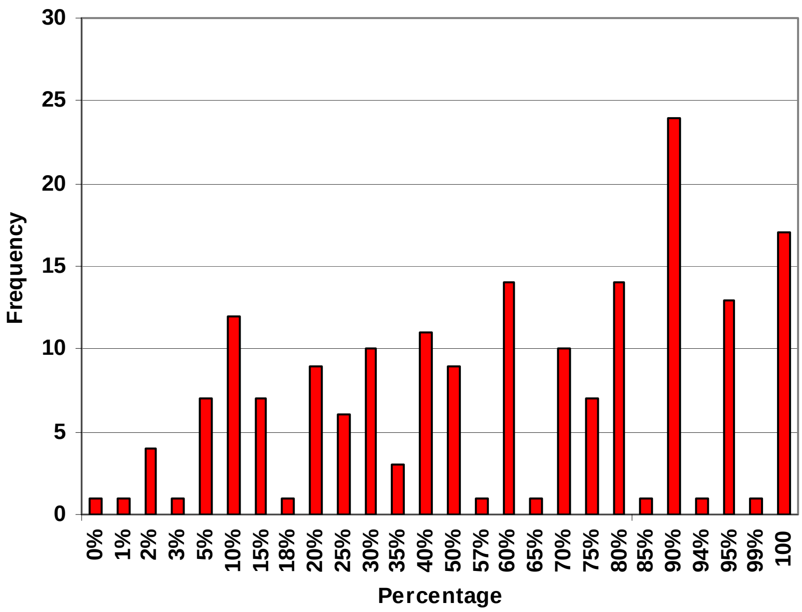
Source: DCCI survey of Dubai electronics companies, March 2006

5.4 Domestic and re-export sales

Some of the electronics trading companies sell on the domestic market, some on the re-export market and some on both markets. In 2005, 24 per cent of the respondent companies had up to 20 per cent of their sales sold on the domestic market; 15 per cent of them had 25 to 40 per cent of their sales sold on the domestic market; 9 per cent of them had 43 to 60 per cent their sales sold on the domestic market; 12 per cent of them had 65 to 80 per cent of their sales sold on the domestic market; 20 per cent of them had 82 to 100% of their sales sold on the domestic market; and 20 per cent of them did not specify their domestic and re-export sales shares.

It seems that sales on the domestic market are inversely related to the size of the company (as measured by the sales). If we consider companies with sales of less than AED 1 million as small; those with sales of more than AED 1 million but less than AED 100 million as medium; and those with AED 100 million and more are large, then on average we find that the small and the medium companies had 48 per cent of their sales sold on the domestic market; while the large companies had 47 per cent of their sales sold on the domestic market. Therefore, as the company grows in size it becomes more re-export oriented. This may be explained by the fact that the domestic market is small and thus companies have to expand their sales abroad. In general, it has been found that the respondent companies are relatively more oriented towards re-export market than the domestic market. On average and for all the respondent companies, the sales share of the re-export market is higher than that of the domestic market by about 8 per cent. As it is mentioned before, this may have to do with the relatively small size of the domestic market. Figure 5.4 below shows the frequency distribution of the respondent companies' re-export sale shares. The X-axis shows the percentage share of re-export sales in total sales of respondent companies.

Figure 5.4 Frequency Distribution of Shares of Re-export Sales, 2005



Source: DCCI survey of Dubai electronics companies, March 2006

5.5 Pricing of electronics

Generally speaking, there are three methods of pricing setting and these as follow:

(i) *Competitive pricing:* in this method the price is set at or below that of the competitors and hence production cost is made to conform to the price that has been already set.

(ii) *Cost oriented pricing:* in this method price is set individually based on the cost of each good sold and overheads plus the desired profit.

(iii) *Mark-up pricing:* in this method a mark-up is calculated and then added to the cost of the goods sold. Some companies apply a mark-up right across the board while others have different mark-ups for each sales category.

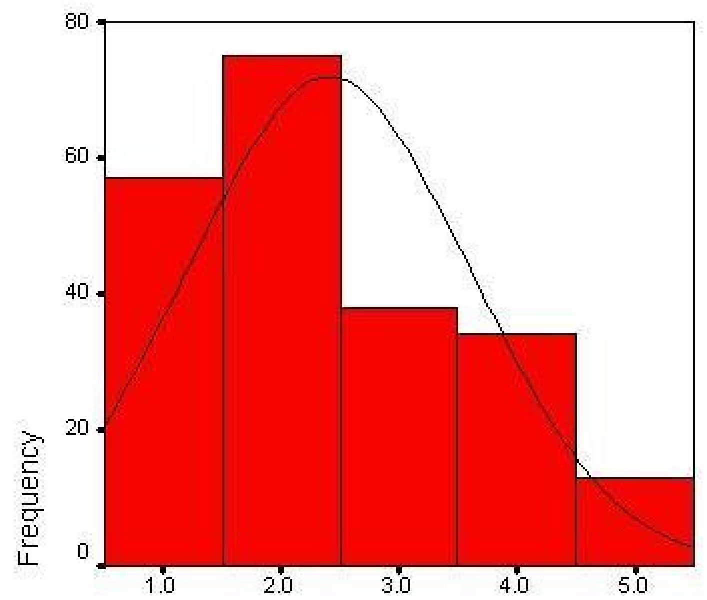
Usually, companies use the method of estimating the costs of their products by computing their labour and material costs and then add on a percentage to cover overheads. To this estimated cost they add a mark-up, i.e. margin of profit, and this gives the final selling price of their products.

Given the level of competition in Dubai electronics market, it is expected that the price mark-up (a mark-up is computed and then added to the cost of the goods to get a profit) of the electronics trading companies to be relatively small. The survey results have shown that 34 per cent of the respondent companies reported a price mark-up that ranged from 5 per cent to less than 10 per cent; 25 per cent of the companies reported a mark-up of less than 5 per cent; 18 per cent of them reported a mark-up that ranged from 10 per cent to less than 15 per cent; 15 per cent of the companies reported a mark-up that ranged from 15 per cent to less than 20 per cent; 6 per cent of the respondent companies reported a mark-up of 20 per cent and more; and 2 per cent of the companies did not specify the mark-up that they charge. These figures show that about 59 per cent of the respondent companies charge a mark-up in the range of 1 to 9 per cent.

Although some companies calculate their prices by working out their cost and then adding a mark-up that will provide them with a profit, this may not always be the case. In reality, companies face competition and if they set their prices too high, their customers will buy from their competitors. If a company's price is set at a higher level than its competitors, this can only be done if there are advantages in its product such as better quality, better performance, longer lasting, or full guarantees and back-up sales service and support. Therefore, if a company has no advantages over the competition, then it will be very hard for the company to charge a mark-up that is higher than its competitors.

This explains why 77 per cent of the respondent companies charge a mark-up that ranges between 1 per cent and less than 15 per cent; while 15 per cent of them charge a mark-up that ranges between 15 to less than 20 per cent; and only 6 per cent of them charge a mark-up that is 20 per cent and more. It seems that the latter group of companies have advantages over the competition such as quality, warranties, after-sales-service, etc. The above mentioned facts are shown clearly by Figure 5.5 below; where bar 1 gives a mark-up of less than 5 per cent, bar 2 gives a mark-up of 5 per cent and less than 10 per cent, bar 3 gives a mark up of 10 per cent and less than 15 per cent, bar 4 gives a mark-up of 15 per cent and less than 20 per cent, and bar 5 gives a mark-up of 20 per cent and more. It is clear from the figure that bar 1 and bar 2 are the most frequent ones, that is, relatively low price mark-up.

Figure 5.5 Frequency Distribution of Mark-up

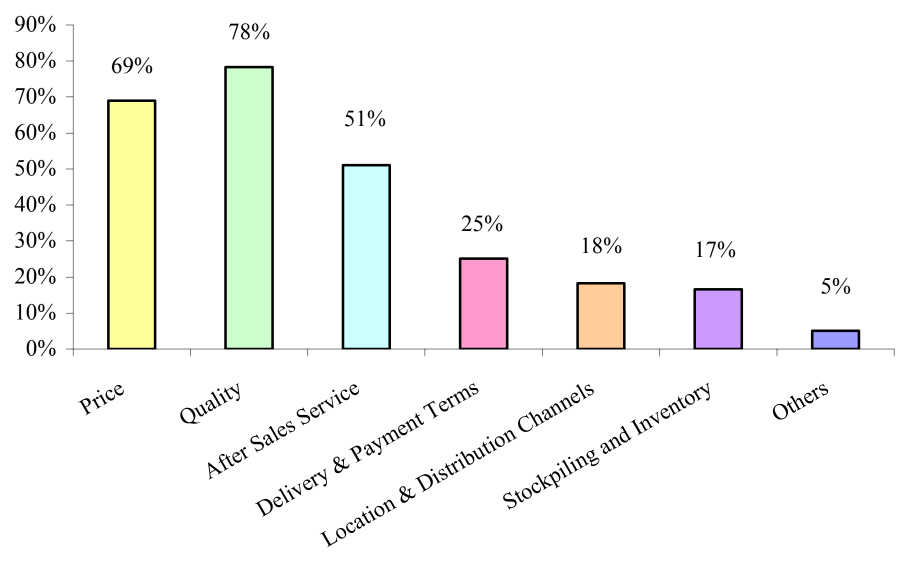


Source: DCCI survey of Dubai electronics companies, March 2006

5.6 Competition strategies

The companies can base their competition strategies on different factors such the product price, quality, etc. As figure 5.6 below shows, 78 per cent of the respondent companies base their competition strategy on the product quality; 69 per cent of them base it on the product price; 51 per cent of them base it on after-sale-service; 25 per cent of them base it on delivery and long payment terms; 18 per cent base it on location and distribution channels; 17 per cent base it on efficient stockpiling and inventory system; 5 per cent base it on other factors. The other factors on which the companies base their competition strategies are guarantee, customers' trust, innovation, employee motivation, etc. It is clear that the three major factors, on which the respondent companies base their competition strategies, are the product quality, the product price and after-sale-service respectively. Please note that the percentages do not sum up to 100 because a company can use more than one factor for its competition strategy.

Figure 5.6: Distribution of competition strategy by factor (%)



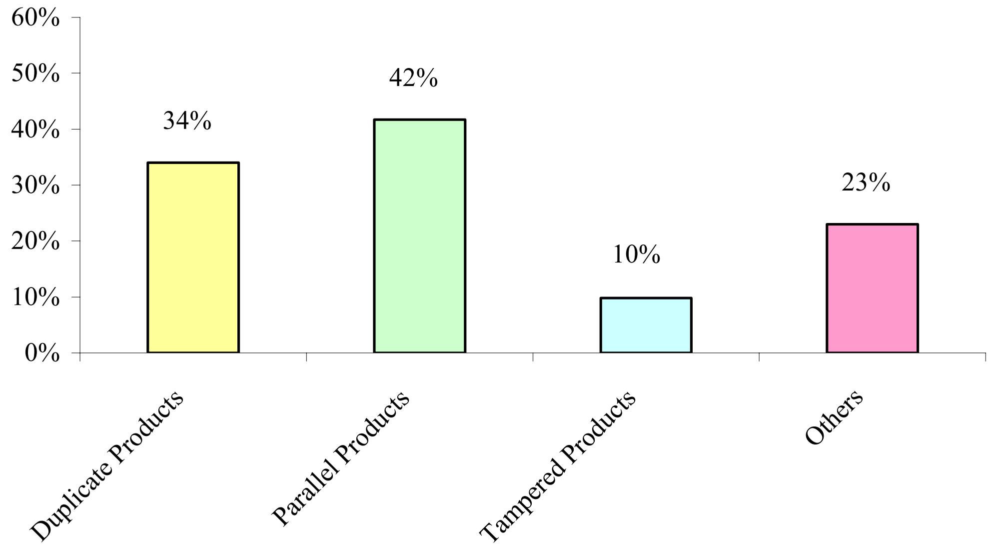
Source: DCCI survey of Dubai electronics companies, 2006

The level of competition in Dubai electronics market is indicated by that some respondent companies expressed their concern about the tough competition which they have been facing (please refer to section 5.7 below). Other companies have stated that they have been encountering what they called it "unethical" and "unhealthy" competition. For example, as authorized distributors/agents they have to comply with the agency agreements that they have signed with the principals. These agreements oblige them to stockpile spares parts for their products for a period of seven years after which they become obsolete and do not sell. This is in addition to other overhead costs which they incur as part of the agency agreement. But other companies, who are not obliged by any agency agreements, do not incur such costs and therefore the authorized distributors/agents think that it is unfair to compete with such low cost unauthorized companies because the playing ground is not levelled for fair competition. The competition is also reflected by the fact that most of the respondent companies charge a relatively low price mark-up for their products, as we have seen in section 5.5.

5.7 Concerns of electronics companies

There are several concerns of Dubai electronics companies and these range from duplicate/fake to parallel electronic products, among others. As figure 5.7 below shows, 42 per cent of the respondent companies are worried and concerned about the parallel products (those genuine products which enter the country through channels other the authorized distributor/agent); 34 per cent are concerned about the duplicate/fake electronic products (those products which are not genuine but duplicate/fake of the genuine ones); 10 per cent are concerned about the tampered products (those products which are genuine but somehow are tampered with). 23 per cent of the respondent companies reported concerns other than the ones mentioned above and these are volatile suppliers, unhealthy or too much competition, regulations, longer credit period by consumers, increasing cost of doing business, fluctuation of currencies, absence of codes and standards, copying of business ideas, and excess capacity, among others. Please note that the percentages do not sum up to 100 because a company can have more than one concern.

Figure 5.7: Distribution of companies by threat to their product (%)



Source: DCCI survey of Dubai electronics companies, March 2006

6. Conclusion

In March 2006, a survey was carried for 235 Dubai electronics trading companies. The survey has covered areas such as the organization of Dubai electronics market; electronics product categories; the size of the electronics market; the distribution of electronics sales between domestic and re-export markets; the pricing; the competition strategy; and the concerns of the electronics trading companies.

Dubai electronics market is mainly organized in terms of importers, re-exporters, distributors/agents, wholesalers, and retailers. This is in addition to the subsidiary of the original manufacturer, after sales service provider; and provider of professional electronics services.

The majority of Dubai electronics companies are medium sized companies, when size is measured by sales, and this confirms the general finding that Dubai companies are generally medium sized across almost all economic activities.

It has been found that Dubai electronics companies are relatively more oriented towards the re-export market than the domestic market. On average, the share of the re-export sales is higher than that of the domestic market. This may have to do with the relatively small size of the domestic market. Further, it has been found that Dubai electronics companies base their competition strategy on product quality, price and after-sale-service respectively. The other competition factors used by the companies are guarantee, customers’ trust, innovation, and employee motivation.

Because of the tough competition in Dubai electronics market, the majority of the companies charge a relatively small mark-up. A few of them charge a relatively higher mark-up, and those are the companies that have advantages over the competition such as quality, warranties, after-sales-service, etc.

The major concerns of Dubai electronics companies are parallel, duplicate/fake, and tampered electronic products. The other concerns are volatile suppliers, too much competition, regulations, longer credit period by consumers, increasing cost of doing business, fluctuation of currencies, absence of codes and standards, copying of business ideas, and excess capacity.

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Appendices

Appendix 1: Dubai top 54 imported electronic products in 2004 (in AED)

SEPARATELY PRESENTED CORDLESS HANDSETS FOR LINE TELEPHONE SETS.	4,910,155,692
WRIST-WATCHES, ELECTRICALLY OPERATED, WHETHER OR NOT INCORPORATING A STOP-WATCH FACILITY, WITH MECHANICAL DISPLAY ONLY.	707,731,274
STILL IMAGE VIDEO CAMERAS & OTHER VIDEO CAMERA RECORDERS; DIGITAL CAMERAS.	658,575,745
TELEVISION RECEIVERS OF THE KIND USED IN THE HOME, COLOUR.	652,355,572
RECEIVERS OF SATELLITE TELEVISION BROADCASTS, COLOUR.	644,302,888
VIDEO RECORDING OR REPRODUCING APPARATUS, WHETHER OR NOT INCORPORATING A VIDEO TUNER, OTHER THAN THOSE OF MAGNETIC TAPE-TYPE.	306,819,875
PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH THE APPARATUS OF HEADINGS 85.25 TO 85.28, OTHER THAN AERIALS & AERIAL REFLECTORS OF ALL KINDS & PARTS SUITABLE FOR USE THEREWITH.	292,651,455
PARTS OF ELECTRICAL APPARATUS FOR LINE TELEPHONY OR LINE TELELGRAPHY; PARTS OF VIDEOPHONES.	290,072,064
WRIST WATCHES, ELECTRICALLY OPERATED, WITH CASE OF PRECIOUS METAL OR OF METAL CLAD WITH PRECIOUS METAL, WITH MECHANICAL DISPLAY ONLY.	281,441,915
TRANSMISSION APPARATUS INCORPORATING RECEPTION APPARATUS (1), FOR RADIO-TELEPHONY, RADIO-TELEGRAPHY, RADIO-BROADCASTING OR TELEVISION, N.E.S.	255,009,619
AUTOMATIC CIRCUIT BREAKERS FOR A VOLTAGE NOT EXCEEDING 1000 VOLTS.	250,181,724
PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH THE APPARATUS OF HEADING 85.35, 85.36 OR 85.37, N.E.S.	239,033,485
INSTRUMENTS & APPLIANCES USED IN MEDICAL, SURGICAL OR DENTAL SCIENCES, N.E.S.	227,470,307
BOARDS, PANELS, CONSOLES, DESKS, CABINETS & OTHER BASES, EQUIPPED WITH TWO OR MORE APPARATUS OF HEADING 85.35 OR 85.36, FOR ELECTRIC CONTROL OR DISTRIBUTION OF ELECTRICITY FOR A VOLTAGE EXCEEDING 1000 V, INCLUDING THOSE INCORPORATING INSTRUMENTS OR APPAR	206,015,117
ELECTRICAL APPARATUS FOR SWITCHING OR PROTECTING ELECTRICAL CIRCUITS, OR FOR MAKING CONNECTIONS TO OR IN ELECTRICAL CIRCUITS FOR A VOLTAGE NOT EXCEEDING 1000 VOLTS, N.E.S.	179,320,184
RADIO-BROADCAST RECEIVERS COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, CAPABLE OF OPERATING WITHOUT AN EXTERNAL SOURCE OF POWER, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELEGRAPHY, OTHER THAN POCKET-SIZE RADIO CA	160,183,990
ELECTRICAL SWITCHES FOR A VOLTAGE NOT EXCEEDING 1000 VOLTS, N.E.S.	146,654,514

RADIO-BROADCAST RECEIVERS, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELEGRAPHY, COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, OTHER THAN THOSE OF SUB HEADINGS 8527.12 TO 8527.29.	136,527,822
AERIALS & AERIAL REFLECTORS OF ALL KINDS; PARTS SUITABLE FOR USE THEREWITH.	136,351,350
ELECTRIC CONDUCTORS, FOR A VOLTAGE EXCEEDING 1000 V, N.E.S.	118,105,089
TELEPHONE SETS, OTHER THAN THOSE WITH CORDLESS HANDSETS & VIDEOPHONES.	117,489,895
ELECTROSTATIC PHOTOCOPYING APPARATUS OPERATING BY REPRODUCING THE ORIGINAL IMAGE VIA AN INTERMEDIATE ONTO THE COPY (INDIRECT PROCESS).	114,824,576
RADIO-BROADCAST RECEIVERS, COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, NOT CAPABLE OF OPERATING WITHOUT AN EXTERNAL SOURCE OF POWER, OF A KIND USED IN MOTOR VEHICLES, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELE	112,701,059
BOARDS, PANELS, CONSOLES, DESKS, CABINETS & OTHER BASES, EQUIPPED WITH TWO OR MORE APPARATUS OF HEADING 85.35 OR 85.36, FOR ELECTRIC CONTROL OR DISTRIBUTION OF ELECTRICITY FOR A VOLTAGE NOT EXCEEDING 1000 V, INCLUDING THOSE INCORPORATING INSTRUMENTS OR A	110,222,025
PARTS & ACCESSORIES OTHER THAN AUTOMATIC DOCUMENT FEEDERS, PAPER FEEDERS, SORTERS.	107,893,767
ELECTRICAL MACHINES & APPARATUS, HAVING INDIVIDUAL FUNCTIONS, N.E.S.	106,965,448
WRIST-WATCHES WITH AUTOMATIC WINDING, NOT ELECTRICALLY OPERATED WHETHER OR NOT INCORPORATING A STOP-WATCH.	105,393,850
ELECTRIC CONDUCTORS, FOR A VOLTAGE EXCEEDING 80 V BUT NOT EXCEEDING 1000 V, NOT FITTED WITH CONNECTORS, N.E.S.	105,041,275
FLUORESCENT DISCHARGE LAMPS, HOT CATHODE TYPE, OTHER THAN ULTRA-VIOLET OR INFRA-RED LAMPS.	104,178,552
MONOLITHIC INTEGRATED CIRCUITS, DIGITAL.	99,902,223
CAMERAS, OTHER THAN THOSE WITH A THROUGH-THE-LENS VIEWFINDER (SINGLE LENS REFLEX (SLR)), FOR ROLL FILM OF A WIDTH OF 35 MM.	99,517,987
PARTS & ACCESSORIES OF SURVEYING (INCLUDING PHOTOGRAMMETRICAL SURVEYING), HYDROGRAPHIC, OCEANOGRAPHIC, HYDROLOGICAL, METEOROLOGICAL OR GEOPHYSICAL INSTRUMENTS (EXCLUDING COMPASSES) & OF RANGEFINDERS.	98,949,443
MULTIPLE LOUDSPEAKERS, MOUNTED IN THE SAME ENCLOSURE.	93,729,472
ELECTRIC CABLE EXCEEDING 10 MM CROSS-SECTION, FOR A VOLTAGE EXCEEDING 1000 V, N.E.S.	87,299,614
PLUGS & SOCKETS FOR A VOLTAGE NOT EXCEEDING 1000 VOLTS.	85,161,662
ELECTRICAL APPARATUS FOR SWITCHING OR PROTECTING ELECTRICAL CIRCUITS, OR FOR MAKING CONNECTIONS TO OR IN ELECTRICAL CIRCUITS, FOR A VOLTAGE EXCEEDING 1000 VOLTS, N.E.S.	82,950,580
AUTOMATIC REGULATING OR CONTROLLING INSTRUMENTS & APPARATUS, N.E.S.	77,028,554
ELECTRICAL APPARATUS FOR LINE TELEPHONY OR LINE TELEGRAPHY, N.E.S.	76,906,011

VIDEO MONITORS, COLOUR.	74,884,720
RECORDED MEDIA FOR REPRODUCING PHENOMENA OTHER THAN SOUND OR IMAGE.	69,411,285
RELAYS FOR A VOLTAGE EXCEEDING 60 V BUT NOT EXCEEDING 1000 VOLTS.	68,536,433
ISOLATING SWITCHES & MAKE-&-BREAK SWITCHES FOR A VOLTAGE EXCEEDING 1000 VOLTS.	68,447,922
LINE TELEPHONE SETS WITH CORDLESS HANDSETS.	64,083,043
ELECTRICAL APPARATUS FOR CARRIER-CURRENT LINE SYSTEM OR FOR DIGITAL LINE SYSTEM, N.E.S.	62,994,683
BURGLAR OR FIRE ALARMS & SIMILAR APPARATUS.	62,149,961
SOUND REPRODUCING APPARATUS, N.E.S.	61,066,312
WRIST-WATCHES WITH CASE OF PRECIOUS METAL OR OF METAL CLAD WITH PRECIOUS METAL, WITH AUTOMATIC WINDING, NOT ELECTRICALLY OPERATED.	60,454,798
VIDEO PROJECTORS.	58,892,122
ELECTRIC CABLE NOT FITTED WITH CONNECTORS, OVER 10 MM & OVER 300 VOLTS.	57,195,725
RECORDED DISCS FOR LASER READING SYSTEMS, N.E.S.	54,135,534
RECORDED DISCS FOR LASER READING SYSTEMS FOR REPRODUCING PHENOMENA OTHER THAN SOUND OR IMAGE.	52,597,235
FACSIMILE MACHINES.	52,297,251
BOARDS, PANELS, CONSOLES, DESKS, CABINETS & OTHER BASES FOR THE GOODS OF HEADING 85.37, NOT EQUIPPED WITH THEIR APPARATUS.	50,528,773
INSTRUMENTS & APPARATUS, SPECIALLY DESIGNED FOR TELECOMMUNICATIONS (FOR EXAMPLE, CROSS-TALK METERS, GAIN MEASURING INSTRUMENTS, DISTORTION FACTOR METERS, PSOPHOMETERS), N.E.S.	50,155,328
Total	**13,552,946,799**

Source: Compile by the author from Dubai Trade Statistics

Appendix 2: Fee Zones top 39 imported electronic products in 2004 (in AED)

SEPARATELY PRESENTED CORDLESS HANDSETS FOR LINE TELEPHONE SETS.	7,348,432,983
TELEVISION RECEIVERS OF THE KIND USED IN THE HOME, COLOUR.	1,871,672,785
MONOLITHIC INTEGRATED CIRCUITS, DIGITAL.	1,488,960,891
STILL IMAGE VIDEO CAMERAS & OTHER VIDEO CAMERA RECORDERS; DIGITAL CAMERAS.	1,335,815,830
RADIO-BROADCAST RECEIVERS, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELEGRAPHY, COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, OTHER THAN THOSE OF SUB HEADINGS 8527.12 TO 8527.29.	527,681,347
PARTS & ACCESSORIES OF SURVEYING (INCLUDING PHOTOGRAMMETRICAL SURVEYING), HYDROGRAPHIC, OCEANOGRAPHIC, HYDROLOGICAL, METEOROLOGICAL OR GEOPHYSICAL INSTRUMENTS (EXCLUDING COMPASSES) & OF RANGEFINDERS.	395,805,121
PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH THE APPARATUS OF HEADING 85.35, 85.36 OR 85.37, N.E.S.	359,686,815
TRANSMISSION APPARATUS INCORPORATING RECEPTION APPARATUS (1), FOR RADIO-TELEPHONY, RADIO-TELEGRAPHY, RADIO-BROADCASTING OR TELEVISION, N.E.S.	339,045,392
SURVEYING, HYDROGRAPHIC, OCEANOGRAPHIC, HYDROLOGICAL, METEOROLOGICAL OR GEOPHYSICAL INSTRUMENTS & APPLIANCES, N.E.S.	334,345,948
VIDEO RECORDING OR REPRODUCING APPARATUS, WHETHER OR NOT INCORPORATING A VIDEO TUNER, OTHER THAN THOSE OF MAGNETIC TAPE-TYPE.	313,224,796
RADIO-BROADCAST RECEIVERS, COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, NOT CAPABLE OF OPERATING WITHOUT AN EXTERNAL SOURCE OF POWER, OF A KIND USED IN MOTOR VEHICLES, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELE	272,258,523
RECEIVERS OF SATELLITE TELEVISION BROADCASTS, COLOUR.	225,341,716
PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH THE APPARATUS OF HEADINGS 85.25 TO 85.28, OTHER THAN AERIALS & AERIAL REFLECTORS OF ALL KINDS & PARTS SUITABLE FOR USE THEREWITH.	211,596,616
ELECTROSTATIC PHOTOCOPYING APPARATUS OPERATING BY REPRODUCING THE ORIGINAL IMAGE VIA AN INTERMEDIATE ONTO THE COPY (INDIRECT PROCESS).	204,858,841
WRIST-WATCHES, ELECTRICALLY OPERATED, WHETHER OR NOT INCORPORATING A STOP-WATCH FACILITY, WITH MECHANICAL DISPLAY ONLY.	177,817,724
PREPARED UNRECORDED MAGNETIC DISCS, FOR COMPUTERS.	165,540,223
VIDEO RECORDING OR REPRODUCING APPARATUS, OF MAGNETIC TAPE-TYPE WHETHER OR NOT INCORPORATING A VIDEO TUNER.	156,748,556
VIDEO MONITORS, COLOUR.	154,569,290
WRIST WATCHES, ELECTRICALLY OPERATED, WITH CASE OF PRECIOUS METAL OR OF METAL CLAD WITH PRECIOUS METAL, WITH MECHANICAL DISPLAY ONLY.	150,071,105
SOUND REPRODUCING APPARATUS, N.E.S.	140,555,322

LOUDSPEAKERS, OTHER THAN SINGLE LOUDSPEAKERS MOUNTED IN THEIR ENCLOSURES OR MULTIPLE LOUDSPEAKERS MOUNTED IN THE SAME ENCLOSURE.	139,091,855
MULTIPLE LOUDSPEAKERS, MOUNTED IN THE SAME ENCLOSURE.	112,094,930
LINE TELEPHONE SETS WITH CORDLESS HANDSETS.	108,902,456
RADIO-BROADCAST RECEIVERS COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, CAPABLE OF OPERATING WITHOUT AN EXTERNAL SOURCE OF POWER, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELEGRAPHY, OTHER THAN POCKET-SIZE RADIO CA	103,286,892
FACSIMILE MACHINES.	101,760,259
RECORDED DISCS FOR LASER READING SYSTEMS FOR REPRODUCING PHENOMENA OTHER THAN SOUND OR IMAGE.	93,261,491
INSTRUMENTS & APPLIANCES USED IN MEDICAL, SURGICAL OR DENTAL SCIENCES, N.E.S.	90,633,596
RECORDED MEDIA FOR REPRODUCING PHENOMENA OTHER THAN SOUND OR IMAGE.	81,993,208
VIDEO PROJECTORS.	76,811,509
AUTOMATIC CIRCUIT BREAKERS FOR A VOLTAGE NOT EXCEEDING 1000 VOLTS.	72,709,594
ELECTRICAL APPARATUS FOR SWITCHING OR PROTECTING ELECTRICAL CIRCUITS, OR FOR MAKING CONNECTIONS TO OR IN ELECTRICAL CIRCUITS FOR A VOLTAGE NOT EXCEEDING 1000 VOLTS, N.E.S.	70,900,352
PARTS OF ELECTRICAL APPARATUS FOR LINE TELEPHONY OR LINE TELELGRAPHY; PARTS OF VIDEOPHONES.	69,095,347
RECORDED DISCS FOR LASER READING SYSTEMS, N.E.S.	66,345,965
TELEVISION CAMERAS.	58,893,874
PARTS & ACCESSORIES OTHER THAN AUTOMATIC DOCUMENT FEEDERS, PAPER FEEDERS, SORTERS.	57,327,151
WRIST-WATCHES WITH CASE OF PRECIOUS METAL OR OF METAL CLAD WITH PRECIOUS METAL, WITH AUTOMATIC WINDING, NOT ELECTRICALLY OPERATED.	55,763,891
PREPARED UNRECORDED MAGNETIC TAPES OF A WIDTH EXCEEDING 6.5 MM, FOR VIDEOTAPE APPARATUS.	53,923,642
ELECTRICAL APPARATUS FOR CARRIER-CURRENT LINE SYSTEM OR FOR DIGITAL LINE SYSTEM, N.E.S.	53,298,726
APPARATUS & EQUIPMENT FOR AUTOMATICALLY DEVELOPING PHOTOGRAPHIC (INCLUDING CINEMATOGRAPHIC) FILM OR PAPER IN ROLLS OR FOR AUTOMATICALLY EXPOSING DEVELOPED FILM TO ROLLS OF PHOTOGRAPHIC PAPER.	51,913,773
Total	**17,692,038,335**

Source: Compile by the author from Dubai Trade Statistics

Appendix 3: Dubai top 19 re-exported electronic products in 2004 (in AED)

SEPARATELY PRESENTED CORDLESS HANDSETS FOR LINE TELEPHONE SETS.	3,748,489,877
TELEVISION RECEIVERS OF THE KIND USED IN THE HOME, COLOUR.	470,262,123
WRIST-WATCHES, ELECTRICALLY OPERATED, WHETHER OR NOT INCORPORATING A STOP-WATCH FACILITY, WITH MECHANICAL DISPLAY ONLY.	252,093,579
RECEIVERS OF SATELLITE TELEVISION BROADCASTS, COLOUR.	229,701,519
PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH THE APPARATUS OF HEADINGS 85.25 TO 85.28, OTHER THAN AERIALS & AERIAL REFLECTORS OF ALL KINDS & PARTS SUITABLE FOR USE THEREWITH.	217,187,835
VIDEO RECORDING OR REPRODUCING APPARATUS, WHETHER OR NOT INCORPORATING A VIDEO TUNER, OTHER THAN THOSE OF MAGNETIC TAPE-TYPE.	167,488,172
RADIO-BROADCAST RECEIVERS COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, CAPABLE OF OPERATING WITHOUT AN EXTERNAL SOURCE OF POWER, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELEGRAPHY, OTHER THAN POCKET-SIZE RADIO CA	128,065,406
TELEPHONE SETS, OTHER THAN THOSE WITH CORDLESS HANDSETS & VIDEOPHONES.	115,226,350
STILL IMAGE VIDEO CAMERAS & OTHER VIDEO CAMERA RECORDERS; DIGITAL CAMERAS.	106,086,352
ARTIFICIAL OCULAR FITTINGS (FOR EXAMPLE, ARTIFICIAL EYES, INTRA-OCULAR LENSES, ETC.).	101,831,467
AERIALS & AERIAL REFLECTORS OF ALL KINDS; PARTS SUITABLE FOR USE THEREWITH.	96,438,415
ELECTRICAL MACHINES & APPARATUS, HAVING INDIVIDUAL FUNCTIONS, N.E.S.	82,480,871
INSTRUMENTS & APPLIANCES USED IN MEDICAL, SURGICAL OR DENTAL SCIENCES, N.E.S.	76,413,574
RADIO-BROADCAST RECEIVERS, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELEGRAPHY, COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, OTHER THAN THOSE OF SUB HEADINGS 8527.12 TO 8527.29.	75,832,134
MONOLITHIC INTEGRATED CIRCUITS, DIGITAL.	69,352,745
RADIO-BROADCAST RECEIVERS, COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, NOT CAPABLE OF OPERATING WITHOUT AN EXTERNAL SOURCE OF POWER, OF A KIND USED IN MOTOR VEHICLES, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELE	66,396,234
RECORDED MEDIA FOR REPRODUCING PHENOMENA OTHER THAN SOUND OR IMAGE.	59,363,095
ELECTRICAL APPARATUS FOR SWITCHING OR PROTECTING ELECTRICAL CIRCUITS, OR FOR MAKING CONNECTIONS TO OR IN ELECTRICAL CIRCUITS FOR A VOLTAGE NOT EXCEEDING 1000 VOLTS, N.E.S.	58,602,124
TRANSMISSION APPARATUS INCORPORATING RECEPTION APPARATUS (1), FOR RADIO-TELEPHONY, RADIO-TELEGRAPHY, RADIO-BROADCASTING OR TELEVISION, N.E.S.	57,309,460
Total	**6,178,621,332**

Source: Compile by the author from Dubai Trade Statistics

Appendix 4: Fee Zones top 36 re-exported electronic products in 2004 (in AED)

SEPARATELY PRESENTED CORDLESS HANDSETS FOR LINE TELEPHONE SETS.	6,013,574,755
TELEVISION RECEIVERS OF THE KIND USED IN THE HOME, COLOUR.	1,644,579,414
MONOLITHIC INTEGRATED CIRCUITS, DIGITAL.	1,206,323,307
STILL IMAGE VIDEO CAMERAS & OTHER VIDEO CAMERA RECORDERS; DIGITAL CAMERAS.	913,420,881
PARTS & ACCESSORIES OF SURVEYING (INCLUDING PHOTOGRAMMETRICAL SURVEYING), HYDROGRAPHIC, OCEANOGRAPHIC, HYDROLOGICAL, METEOROLOGICAL OR GEOPHYSICAL INSTRUMENTS (EXCLUDING COMPASSES) & OF RANGEFINDERS.	591,170,881
RADIO-BROADCAST RECEIVERS, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELEGRAPHY, COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, OTHER THAN THOSE OF SUB HEADINGS 8527.12 TO 8527.29.	548,987,059
SURVEYING, HYDROGRAPHIC, OCEANOGRAPHIC, HYDROLOGICAL, METEOROLOGICAL OR GEOPHYSICAL INSTRUMENTS & APPLIANCES, N.E.S.	280,894,331
RADIO-BROADCAST RECEIVERS, COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, NOT CAPABLE OF OPERATING WITHOUT AN EXTERNAL SOURCE OF POWER, OF A KIND USED IN MOTOR VEHICLES, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELE	267,659,839
VIDEO RECORDING OR REPRODUCING APPARATUS, WHETHER OR NOT INCORPORATING A VIDEO TUNER, OTHER THAN THOSE OF MAGNETIC TAPE-TYPE.	237,655,853
RECEIVERS OF SATELLITE TELEVISION BROADCASTS, COLOUR.	182,187,738
ELECTRICAL APPARATUS FOR SWITCHING OR PROTECTING ELECTRICAL CIRCUITS, OR FOR MAKING CONNECTIONS TO OR IN ELECTRICAL CIRCUITS FOR A VOLTAGE NOT EXCEEDING 1000 VOLTS, N.E.S.	165,123,644
PREPARED UNRECORDED MAGNETIC DISCS, FOR COMPUTERS.	157,302,430
AUTOMATIC CIRCUIT BREAKERS FOR A VOLTAGE NOT EXCEEDING 1000 VOLTS.	136,245,094
WRIST WATCHES, ELECTRICALLY OPERATED, WITH CASE OF PRECIOUS METAL OR OF METAL CLAD WITH PRECIOUS METAL, WITH MECHANICAL DISPLAY ONLY.	132,206,749
VIDEO RECORDING OR REPRODUCING APPARATUS, OF MAGNETIC TAPE-TYPE WHETHER OR NOT INCORPORATING A VIDEO TUNER.	131,552,382
ELECTROSTATIC PHOTOCOPYING APPARATUS OPERATING BY REPRODUCING THE ORIGINAL IMAGE VIA AN INTERMEDIATE ONTO THE COPY (INDIRECT PROCESS).	126,368,191
VIDEO MONITORS, COLOUR.	120,693,860
LINE TELEPHONE SETS WITH CORDLESS HANDSETS.	114,460,220
LOUDSPEAKERS, OTHER THAN SINGLE LOUDSPEAKERS MOUNTED IN THEIR ENCLOSURES OR MULTIPLE LOUDSPEAKERS MOUNTED IN THE SAME ENCLOSURE.	112,889,741
RADIO-BROADCAST RECEIVERS COMBINED WITH SOUND RECORDING OR REPRODUCING APPARATUS, CAPABLE OF OPERATING WITHOUT AN EXTERNAL SOURCE OF POWER, INCLUDING APPARATUS CAPABLE OF RECEIVING ALSO RADIO-TELEPHONY OR RADIO-TELEGRAPHY, OTHER THAN POCKET-SIZE RADIO CA	108,476,390

PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH THE APPARATUS OF HEADINGS 85.25 TO 85.28, OTHER THAN AERIALS & AERIAL REFLECTORS OF ALL KINDS & PARTS SUITABLE FOR USE THEREWITH.	107,268,362
MULTIPLE LOUDSPEAKERS, MOUNTED IN THE SAME ENCLOSURE.	97,486,424
WRIST-WATCHES, ELECTRICALLY OPERATED, WHETHER OR NOT INCORPORATING A STOP-WATCH FACILITY, WITH MECHANICAL DISPLAY ONLY.	94,287,078
RECORDED MEDIA FOR REPRODUCING PHENOMENA OTHER THAN SOUND OR IMAGE.	89,710,264
SOUND REPRODUCING APPARATUS, N.E.S.	80,554,351
INSTRUMENTS & APPLIANCES USED IN MEDICAL, SURGICAL OR DENTAL SCIENCES, N.E.S.	80,440,923
ELECTRICAL SWITCHES FOR A VOLTAGE NOT EXCEEDING 1000 VOLTS, N.E.S.	76,051,227
TRANSMISSION APPARATUS INCORPORATING RECEPTION APPARATUS (1), FOR RADIO-TELEPHONY, RADIO-TELEGRAPHY, RADIO-BROADCASTING OR TELEVISION, N.E.S.	71,139,752
VIDEO PROJECTORS.	69,209,100
FACSIMILE MACHINES.	67,884,269
TELEVISION CAMERAS.	66,631,848
PREPARED UNRECORDED MAGNETIC TAPES OF A WIDTH EXCEEDING 6.5 MM, FOR RECORDING APPARATUS.	59,652,883
CARDS INCORPORATING AN ELECTRONIC INTEGRATED CIRCUIT ("SMART" CARDS).	58,151,530
PARTS SUITABLE FOR USE SOLELY OR PRINCIPALLY WITH THE APPARATUS OF HEADING 85.35, 85.36 OR 85.37, N.E.S.	55,242,798
IGNITION WIRING SETS & OTHER WIRING SETS OF A KIND USED IN VEHICLES, AIRCRAFT OR SHIPS.	50,612,719
APPARATUS & EQUIPMENT FOR AUTOMATICALLY DEVELOPING PHOTOGRAPHIC (INCLUDING CINEMATOGRAPHIC) FILM OR PAPER IN ROLLS OR FOR AUTOMATICALLY EXPOSING DEVELOPED FILM TO ROLLS OF PHOTOGRAPHIC PAPER.	50,056,240
Total	**14,366,152,527**

Source: Compile by the author from Dubai Trade Statistics

Appendix 5: The Questionnaire

1. Which of the following profiles fits your company?
(You can select more than one)

- ☐ 1.1 Wholesaler
- ☐ 1.2 Retailer
- ☐ 1.3 Distributor/Agent
- ☐ 1.4 Importer
- ☐ 1.5 Re-Exporter
- ☐ 1.6 Other (Please Specify) ________________________

2. Which of the following electronics group does your company deal in?
(You can select more than one)

- ☐ 2.1 Personal electronics
- ☐ 2.2 Home electronics
- ☐ 2.3 Home appliances
- ☐ 2.4 Computer and telephonic electronics
- ☐ 2.5 Electronic items used for business/industrial purposes
- ☐ 2.6 Other (Please Specify) ________________________

3. How much were your sales in 2005?
(Please check one of the following)

- ☐ 3.1 Less than 1 million AED
- ☐ 3.2 1 million to less than 10 million AED
- ☐ 3.3 10 million to less than 100 million AED
- ☐ 3.4 100 million to less than 1 billion AED
- ☐ 3.5 1 billion and more

4. How much were the percentage shares of your domestic and re-exports sales in 2005?

4.1 Share of domestic sales %

4.2 Share of re-export sales %

5. How much is the mark-up that your company charges on average?

- ☐ 5.1 Less than 5%
- ☐ 5.2 5% to less than 10%
- ☐ 5.3 10% to less than 15%
- ☐ 5.4 15% to less than 20%
- ☐ 5.5 20% and more

6. On which of the following factors does your company base its competition policy?
(You can select more than one)

- ☐ 6.1 Price
- ☐ 6.2 Quality
- ☐ 6.3 After sale service
- ☐ 6.4 Delivery and long payment terms
- ☐ 6.5 Accessibility of location and distribution channels
- ☐ 6.6 Efficient stockpiling and inventory system
- ☐ 6.7 Other (Please specify) ________________________

7. Which of the following poses a threat to the product that your company is dealing in?

- ☐ 7.1 Duplicate Products (Fake)
- ☐ 7.2 Parallel Products
- ☐ 7.3 Tampered Products
- ☐ 7.4 Others (Please Specify) ______________________

B. Respondent's Contact Information

Member No : ___________

Name of the company : ____

Name of respondent : ______________________ Tel: ______________

Designation/Position : ______________________ Fax: ______________