



# Value Adding and Speciality Markets

Why Maftoul Really Matters

By Patricia Abbott and H.E. Izzat Abdulhadi



Aspects of Palestinian society can be defined as traditional. Equally, a defining Palestinian quality is the ability to recognise the need for change and to self-drive change. This integration of tradition and innovation is part of Palestine's national character, culture, and psyche.

A highly influential example of this combination of responsiveness, tradition, and culture is found in the work of economists George T. Abed and Yusuf Sayigh.

Working from the late 1970s, Abed and Sayigh analysed the impact of the occupation on Palestine's economy and development prospects.

The intention of the occupation was to systematically deplete the economy and make Palestinians beggars in their own land. Addressing the effects of the occupation within the limits of what was possible would be central to achieving the goal of self-determination. *Sumud Muqawim* was born as a responsive concept of steadfastness and resistance that incorporated economic and social development. Palestine's political framework began to be transformed from static endurance of the occupation to actively working to overcome its worst effects.

In 2015, the argument that economic development is necessary for self-determination is accepted wisdom. Equally, the restrictions placed on Palestine by Israel are now structural obstacles to a flourishing broad-based Palestinian economy. Daily experience and economic analysis show that Palestine's economy cannot reach its full potential without the removal of Israel's restrictions, which is not within Palestine's power to effect.



Two examples of what may be the most damaging of these obstacles are goods-movement restrictions and dual-use product designations. Goods-movement restrictions can add up to 50 percent additional costs to the handling and transport of Palestinian goods. Dual-use product designation specifies items that have the potential to be used harmfully, and limits their availability. This applies

Palestine's speciality industries embody Palestinian culture and have unrealised economic potential. Their unrealised potential lies in high-end or niche markets where the qualities of limited availability and traditional production methods, localisation, and cultural authenticity are highly valuable.

Realising this economic potential depends upon a reframing of the industries. The Palestinian capacity for innovation and change can drive this re-framing and strengthen the profitability and viability of these unique industries and their products.





which are fast becoming a high-value international brand. This asset belongs to all Palestinian industries and is of particularly high value for speciality or traditional industries that embody and express Palestinian life and culture.

Recognising the assets that do exist, more difficult questions arise: *Why is this high-value potential not being realised? and How can it be realised?*

One reason may be that Palestine's speciality industries and their products are not being viewed from the perspective most likely to recognise and maximise their unique value. The dominant frameworks for understanding economic growth and its limits within Palestine focus on production-side growth. In production-side economic approaches, economic growth is created through the expansion of production. Income is increased through earnings that come from expanded production. Limiting and lowering costs is essential to providing products as cheaply as possible within large markets.

Within Palestine, however, Israel's restrictions limit production and increase costs. Palestinian products, which are then more expensive, simply cannot compete in a mass market. Until the restrictions imposed by Israel are removed, production-side growth within Palestine will remain limited.

Realising the potential of the assets that Palestine does have requires a completely different perspective, a demand-side framework. A demand-side approach views and values an industry from the perspective of

where its products have the most value. These places are the markets where demand is created.

High-value, value-adding, speciality, and niche marketing are all demand-side approaches. In these frameworks and markets, the things that are considered to be disadvantages in large-scale production-side economic approaches and markets – e.g., limited production and availability, small enterprises, localisation, uniqueness, and labour-intensive production – are highly valuable. The highest economic value of these qualities, in combination with the *Made in Palestine* brand, can be realised by targeting these products into niche or speciality markets that lie mainly outside of Palestine.

Realising this value, however, requires a conceptual re-framing of Palestine's speciality industries. The re-framing required is potentially revolutionary, as it situates the economic gain that can be made from and for things that are uniquely Palestinian, outside of Palestine.

When looking at experiences of the transformation of depressed industries into high-value industries, it is common to find scepticism and resistance before the changes take place. After the changes have taken place, they are seen as common sense. "Of course we had to do it. It was either that or see the industry die," is a normal comment afterward.

In Australia, one example of the move from economic decline to a high-value, demand-side economic approach is the Victorian Shire of Baw Baw. The shire is located relatively close to the state capital of Melbourne and is a rural area with a large dairy industry that produces up to 20 percent of Victoria's milk. Subjected to growing urban pressure for land, returns from traditional agriculture were falling and markets were changing. The local economy

was declining and economic options were seen as limited.

Working with the state government, business organisations, and federal government bodies that provide international facilitation, Baw Baw Shire has transformed its economic framework. What was failing is now thriving and what were disadvantages are now advantages. Localisation, lack of diversity, and small enterprises are now high-value specialities of limited production, organic, rural purity, and authenticity, and are marketed accordingly. By selling in markets where these qualities are valuable, transport and production costs, which would be prohibitive, are absorbed. Products are now viable and in most cases, more viable than before.

Palestine's speciality industries include traditional industries and industries that produce goods unique to Palestine. One example that shows the benefit of speciality and high-value marketing, both of which are demand-side economic approaches, is *maftoul*. *Maftoul* is uniquely Palestinian yet it is being popularised in Australia and New Zealand as Israeli couscous.

Israeli couscous is being marketed in gourmet food stores through suppliers and in restaurants as a speciality Israeli product. The product is accompanied by a range of promotional activities, including use by famous chefs, which firmly establish it as a highly desirable speciality food product, and as Israeli in origin.

Israeli couscous is not being sold into the broad-range consumption market. In this kind of market, the quantity of product in relationship to price is the most significant determiner of value and purchase. The marketing targets high-end, high-status consumption, where a limited quantity of the product commands a premium price.

to items as basic as glycerine and hydrogen peroxide, which are needed for normal production processes.

Considering the very real and ongoing economic limitations caused by the occupation, the question that arises is, *Where do Palestine's current economic assets and potentials lie?*

The most recent comprehensive PNA trade analysis, *Assisting Palestinian Independence through Trade*, identified Palestine's assets as a youthful, highly educated workforce, low wages, and a small number of speciality industries that produce a limited number of unique products. The report, which looked at how existing assets can be maximised, noted that unrealised economic potential lies in exploiting these assets, particularly through the export of high value-added goods.<sup>1</sup>

One critically important asset is not on the list: Palestine's monopoly over *Palestinian* and *Made in Palestine*,



Traditional soap factory in Nablus. Photo from Palestine Image Bank.

Laughter is one possible response to this reality. A shrug of the shoulders accompanied by “What can be done?” is another.

However, as clearly as water is stolen from Palestine under Israel’s occupation and as the value of the water is lost to Palestine and transferred to Israel, the selling of *maftoul* as Israeli couscous takes the value of a uniquely Palestinian product and transfers it to Israel. The dollar value of the loss is not as easily quantified as it is for an immediately tangible asset such as water, yet the loss is real, and it is significant.

In addition, this is more than an economic loss. It constitutes cultural loss because of the dispossession that occurs through claiming and selling what is Palestinian as brand Israel, with all the cultural value being passed to Israel.

Nabulsi olive oil soap is another example of a highly marketable

Palestinian speciality product. With only three Nablus factories left that produce soap according to traditional methods, Nabulsi soap could command niche prices in speciality markets.

In Canberra, Australia, anecdotal reports from local marketers indicate multiple requests for Palestinian hand-made olive oil soap. In these markets, hand-made soaps are selling for \$7.00 for less than 100 grams. With its unique and valuable qualities and with further value added through packaging and marketing, Nabulsi soap could command far higher prices. Its authenticity and limited availability, in combination with brand Palestine, are highly valuable, and there are no disadvantages.

Palestinian products suitable for value-added speciality export and marketing should have a long shelf life or be non-perishable, relatively compact, and physically robust. Products should be

able to be enhanced and tailored for the market through additions such as packaging. When products are marketed in this way as speciality or niche items with a high dollar value, costs such as transport can be fully absorbed.

In changing to a value-added framework for export, the most foundational aspects of success are knowledge and understanding of the target market and the ability to bridge the divides between the producing country and the market country.

Around the world, diaspora communities are a major pathway through which markets have been developed for home-country speciality products. Diaspora communities have the initial knowledge required to cross the geographical, cultural, and economic divides. Diaspora communities are often best placed to build the partnerships needed to ensure fair profits within the producing country and the market country.<sup>i</sup>

Within Australia, assistance is available for the development of Palestinian expertise through the Australian Award Fellowships, funded by the Department of Foreign Affairs and Trade. Fellowships provide generous financial support for professional development and high-quality training in Australia. Priority fellowship areas are trade facilitation and international competitiveness. Palestinians are able to travel to Australia and train with Australian organisations and businesses to develop skills, knowledge, and professional networks.<sup>iii</sup>

Palestine’s speciality industries should be high-earning jewels in the crown of Palestine’s economy and culture. Reframed through approaches that value their unique product qualities where they can earn the highest return, these industries can be viable and profitable into the long-term. This reframing can also point a way toward the development of a high-value economy where Palestine’s other unrealised asset, a highly-

educated and young workforce, is critical to success.

With Palestine’s natural capacity for innovation and change, this is an economic and cultural opportunity that stands waiting, and it is a challenge and potential transformation that is almost as revolutionary as that of Abed and Sayigh.

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<sup>i</sup> <http://www.hebroninvestment.com/pdf/STUDIES/Foreign%20Trade/assisting%20palestine%20Through%20Tade.pdf>, p. 23.

<sup>ii</sup> [http://unctad.org/en/PublicationsLibrary/Idc2012\\_en.pdf](http://unctad.org/en/PublicationsLibrary/Idc2012_en.pdf)

<sup>iii</sup> <http://aid.dfat.gov.au/australia-awards/pages/fellowships.aspx>