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Lebanon's Manufacturing Sector
Inaction and Untapped Potential

Sebastian Bustos & Muhammed Ali Yildirim

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Inaction and Untapped Potential

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An overview of Lebanon

A study of Lebanon's product space reveals that the country should focus on facilitating the development of new complex products, particularly in the machinery-electrical clusters and the chemical community. These products are attractive in terms of the tradeoff between distance and complexity and their potential strategic value in improving the position of the country.[1] Table 1 lists the target sectors that the methodology identifies as those strategic for Lebanon's future development.

The community with the greatest number of target products is the machinery/electrical cluster, with 19 products (HS2:84-85). The next clusters with the highest number of target products are the textile (with a total of 13 products, HS2:50-63) and foodstuff communities (with a total of seven products, HS2:16-24), whose products are closer in distance in terms of the country's productive knowledge and capabilities, but have on average lower complexity. The methodology also identifies some products in the chemical & allied industries cluster (HS2:28-38) and in the plastics or rubbers community (HS2:39-48). Interestingly, it can be seen in the table that Lebanon currently has a presence in all of the product categories of target communities.

Table 1 **Summary of target sectors**

HS2	Product name	Product Targets	Product World Exports ($)
84	Machinery and Mechanical Appliances, Computers, Boilers, Nuclear Reactors	13	1470 B
85	Electrial Machinery	8	1520 B
61	Articles of Apparel and Clothing Accessories Knitted/Crocheted	6	117 B
21	Misc. Edible Preparations	2	11 B
94	Furniture, Bedding, Lighting, Prefabricated Buildings	2	78 B
16	Ed. Prep of Meat, Fish, Crustaceans, Etc.	2	30 B
40	Rubbers and Articles Thereof	2	197 B
63	Made-Up Text. Articles Nesoi, Needlecraft Sets, Worn Clothing, Rags	2	15 B
59	Impregnated, Coated, Covered, or Laminated Text. Prod	2	20 B
87	Vehicles other than Rail/Tramway Rolling Stock	2	1090 B
62	Articles of Apparel and Clothing Accessories-Not Knitted/Crocheted	2	33 B
23	Food Industries Residue and Animal Feed	2	69 B
30	Pharmaceutical Products	2	452 B
90	Optical, Photo/Cinematographic, Medical Instruments and Accessories	1	481 B

HS2	Product name	Product Targets	Product World Exports ($)
38	Misc. Chemical Prods.	1	113 B
24	Tobacco and Manuf. Tobacco Subs.	1	27 B
39	Plastic and Articles Thereof	1	186 B
56	Wadding, Felt and Nonwovens, Special Yarns, Twine, Cordage, Ropes and Cables and Articles	1	17 B
54	Man-Made Filaments, Inc. Yarns and Woven Etc.	1	41 B
64	Footwear/Gaiters and Such	1	55 B
31	Fertilizers	1	44 B

K = thousand, M = million, B = billion

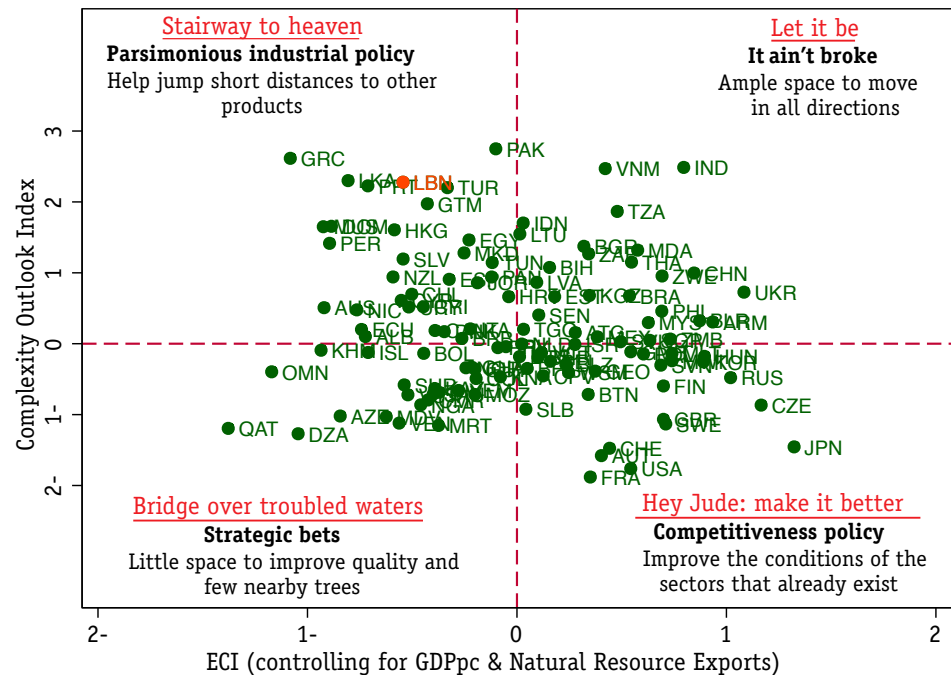Figure 1 **Evolution of Lebanon's complexity, GDP and exports**
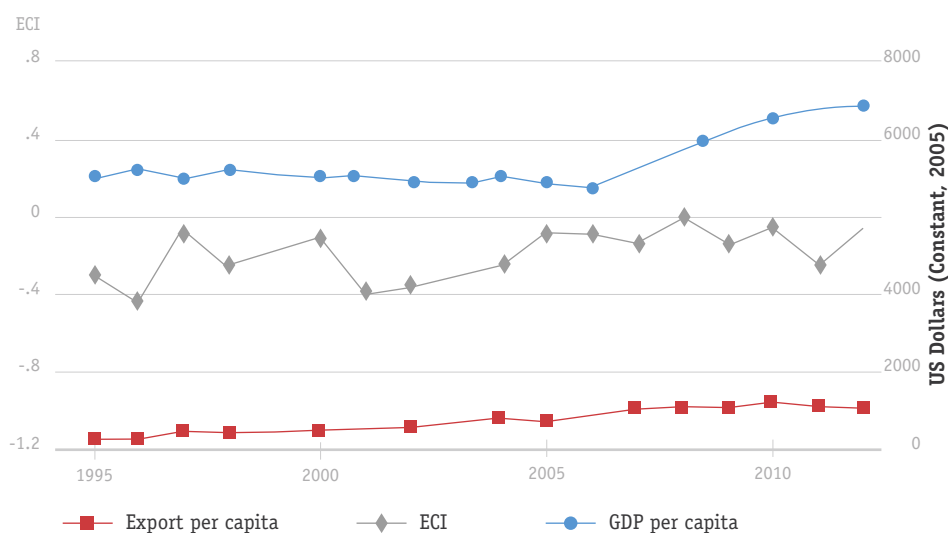
Note **Own calculation using HS4-level trade data from United Nations COMTRADE, and the World Development Indicators from the World Bank Database.**

   Lebanon's GDP per capita has steadily increased, albeit slowly (figure 1). Its exports per capita almost tripled during the same period, reaching nearly $1,000 in 2012. Despite this important increase, Lebanon's Economic Complexity Index (ECI) has been relatively stable since 1995, fluctuating between -0.4 and 0. ECI is unique to a country and year and summarizes how complex its product mix is. Although ECI has no absolute interpretation, but rather is used to rank countries according to the complexity of their export basket, a slight improvement seen in this value over a period of years indicates that the average complexity of Lebanon's products has increased significantly. In general, countries whose export basket is more complex than what their income would suggest have tended to grow faster. Nevertheless, as will be seen in the following section, Lebanon's product space, despite not

being highly diversified, exports products that are in the vicinity of more complex products. Developing such products would improve the country's standing in terms of average complexity, impacting its future growth prospects.

Figure 2 **Summary of Lebanon in the product space**

In this sense, this study's methodology suggests that Lebanon has the potential to climb the 'Stairway to Heaven' by jumping short distances to more complex products. Figure 2 above shows the position of countries in terms of ECI (after accounting for the effect of income and natural resources for its level of economic complexity) and the country's position relative to complex products on the product space. Despite Lebanon's average low complexity, nearby complex products could be developed using productive knowledge that already exists to a large extent within the country. Given its ECI and the relative short distance to nearby products, Lebanon is located in the upper left quadrant of the figure, calling for what is termed parsimonious industrial policy or industrial policy 'in the small'. Countries in this quadrant should focus on providing support and public inputs (such as infrastructure, regulation, etc.) to existing industries with the aim of improving their productivity and ability to jump to nearby opportunities.

Lebanon's productive structure

In 2012, Lebanon exported almost $5 billion (figure 3a) worth of products. Three stylized facts can be determined using data from these figures. First, although there is widespread diversity in the products Lebanon exports, a large percentage of these were precious metals such as gold and diamonds. Second, when looking at figure 3b, it is possible to conclude that Lebanon—to a large extent—imports raw materials, processes them, and then re-exports these precious metals. This constitutes 15% of its net exports in jewelry made of precious metals. The international trade data used in this study accounts for products that are re-exported, without any value added in the country. Third, among other products with a significant share of Lebanon's net export, the metal rolling industry stands out. This industry is in the machinery cluster that contains high complexity products and could serve as a springboard for jumping into and developing those products.

Figure 3c shows that the stone/glass industry has gained importance in Lebanon's export basket. Additionally, exports from the machinery and chemical clusters have also increased significantly, together accounting for over 10% of net exports in 2012. As will be shown in the following section, these two clusters should be considered key for Lebanon's future development.
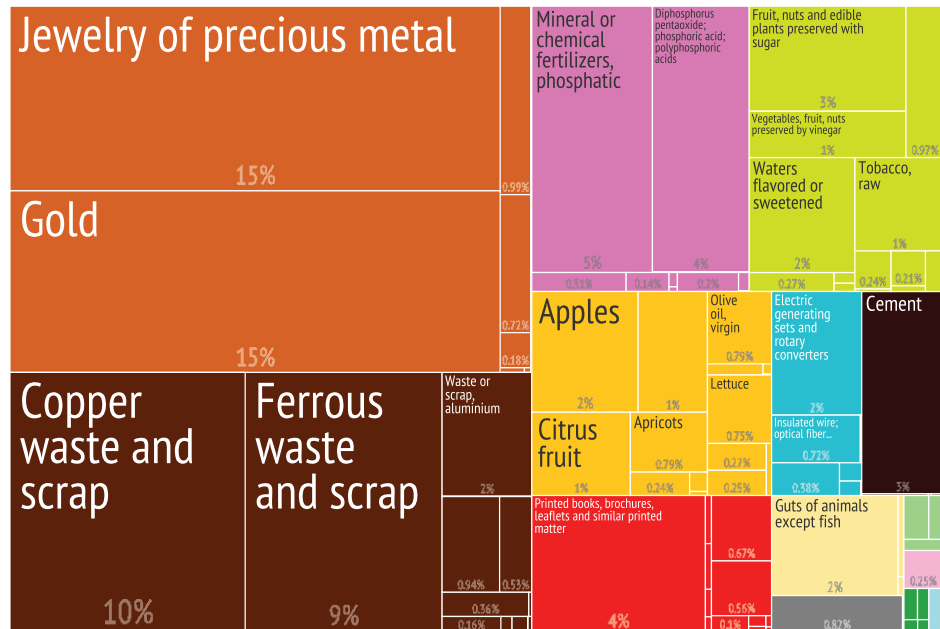
Figure 3 **Lebanon's trade structure 2012 and evolution of exports per capita (1995-2012)**

a   **Exports of Lebanon**
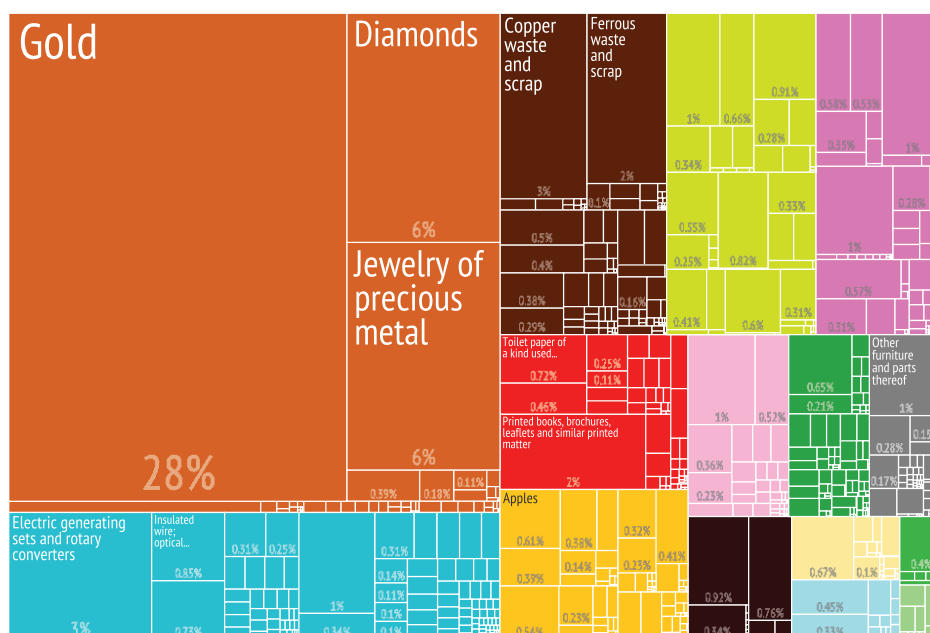
Lebanese exports totaling approximately $5 billion

b   **Net exports of Lebanon**

Lebanese net exports totaling approximately $1.3 billion

c   **Evolution of exports**
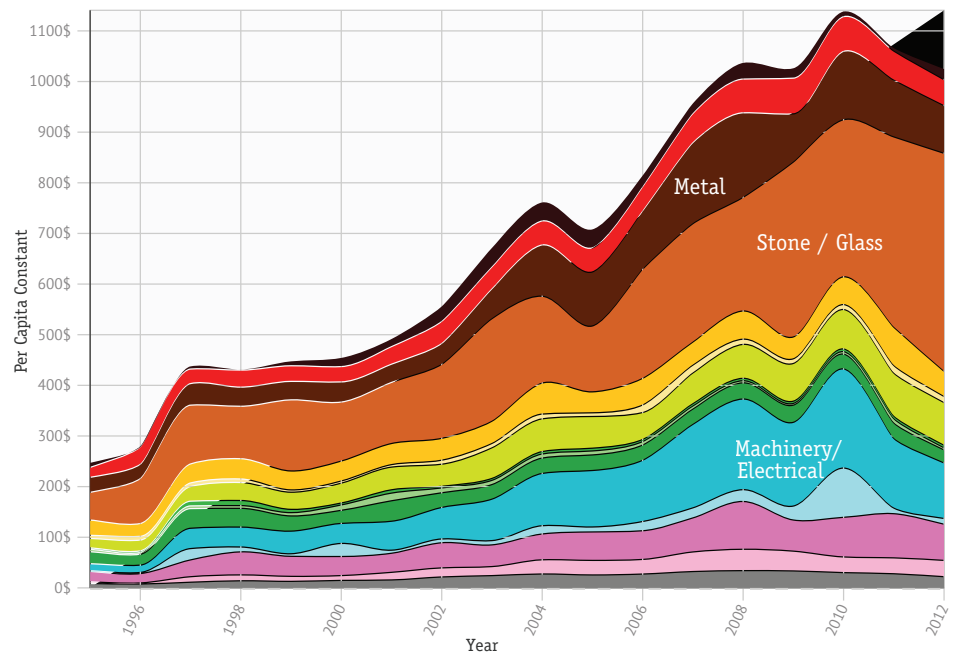
Once again, in order to get a sense of the type of productive knowledge present in Lebanon and what may be nearby, Lebanon's product space and its changes are analyzed from 1995 and 2012 (figure 4a and 4b). The color nodes represent products that Lebanon currently exports with revealed comparative advantage (RCA greater than one). The pale nodes are those in which Lebanon does not have a significant presence (RCA less than one). The color of each node corresponds to its 'community', a grouping of products requiring related productive knowledge similar to the notion of a sector.

Figure 4 **Lebanon on the product space**

a **1995**

b **2012**

Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Products are colored according to the communities that they belong according to the following legend:**

A general feature of the product space is that products in some communities naturally cluster more than others. For example, most machinery products (blue) cluster in the center of the product space, chemical products (purple) in the bottom left, electronic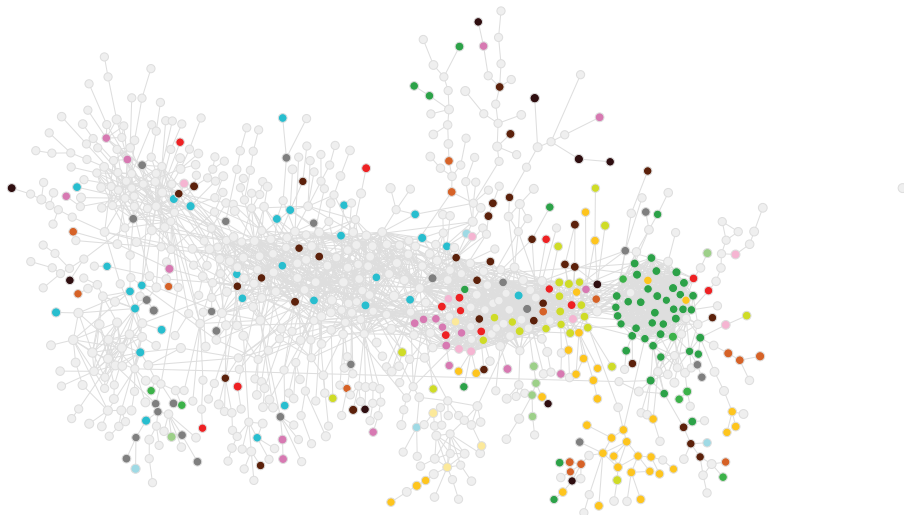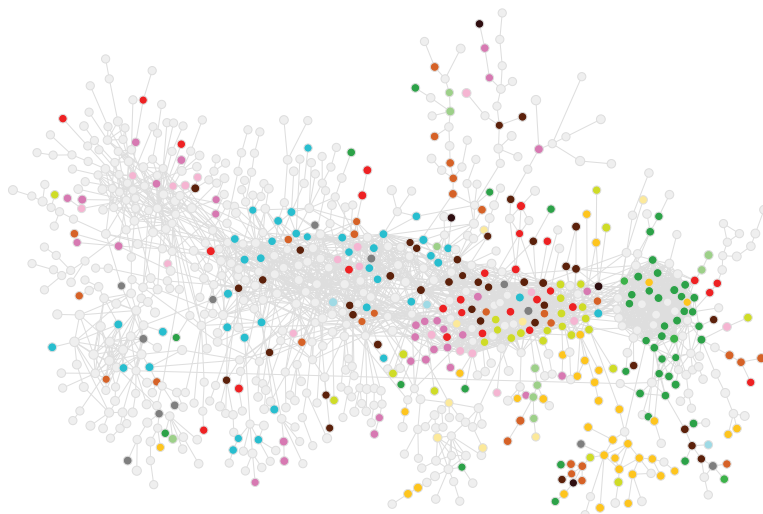s (light blue) in the top left, home and office products (red) in the center right, and textiles (green) form a densely connected cluster in the far right of the product space. When products are tightly interconnected, such as those in the textiles community, this suggests that they share a large amount of the requisite inputs needed in their production process. On the other hand, many natural resource products (brown) and agricultural products (yellow) tend to be less interconnected and more peripheral in the product space. This suggests that inputs required for the production of these foods are less central to the production of many other goods.

The figures above show that Lebanon's product space has not diversified significantly since 1995. Additionally, the country mostly produces low-complexity materials, which are located on the right side or periphery of the product space, making knowledge accumulation more difficult. Like many developing countries, Lebanon has an important presence in the textile and agricultural industries (green and yellow). It should be noted that the number of products (with RCA greater than one) within these clusters diminished from 1995 to 2012, particularly textile products. Lebanon's most important export, precious stones and metal products, are, broadly speaking, located in the sparse part of the product space, meaning they do little to facilitate diversification into other products.

Despite the limited diversification of Lebanon's product space, the country has been adding new products in industries with higher complexity, particularly in the machinery (blue), chemicals (purple), and construction materials (red) clusters of the product space. These sectors may prove key in the future development of the country and be important steps toward increasing the diversity of Lebanon's exports by populating the product space, moving from the simpler products on the right side to more complex products on the left side.

To shed light on how to increase the average complexity of a country's production, the product space can provide clues about what new products are feasible given Lebanon's constraints. In figures 5a and 5b, the ease of moving into a product (captured by the distance variable) and the attractiveness of the product (captured by the Product Complexity Index [PCI] or opportunity gain variables) are depicted. PCI affects the immediate complexity of a country whereas the Complexity Outlook Gain (COG) quantifies how much a country's position would improve relative to more complex products if the country starts making a given product. It can be thought of as how strategic or connected a product is, and therefore, how developing the capacity to produce such a product would facilitate future diversification in the country. Hence, a higher value of PCI or COG is better for the country. According to this view, countries will optimize between the attractiveness of a product versus the ease of conquering a product. Therefore, the most attractive corner is in the northwest section of the graphs. Using these criteria, frontier products that Lebanon can target with its industrial policy can be identified.

Figure 5   **Strategic bets for Lebanon 2012**

a   **Product Complexity Index**
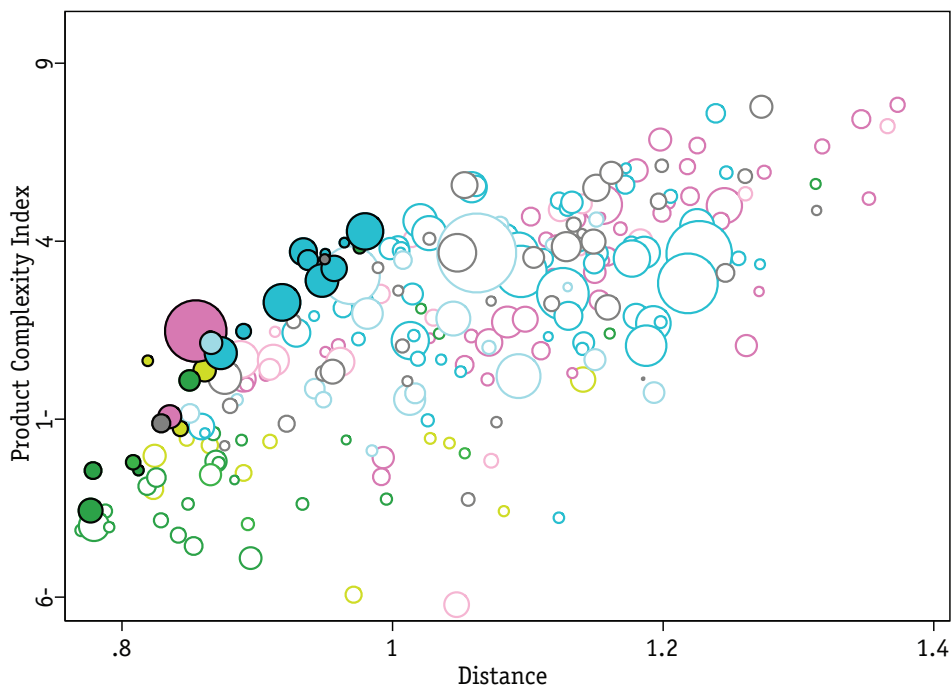
b **Opportunity Gain Index**
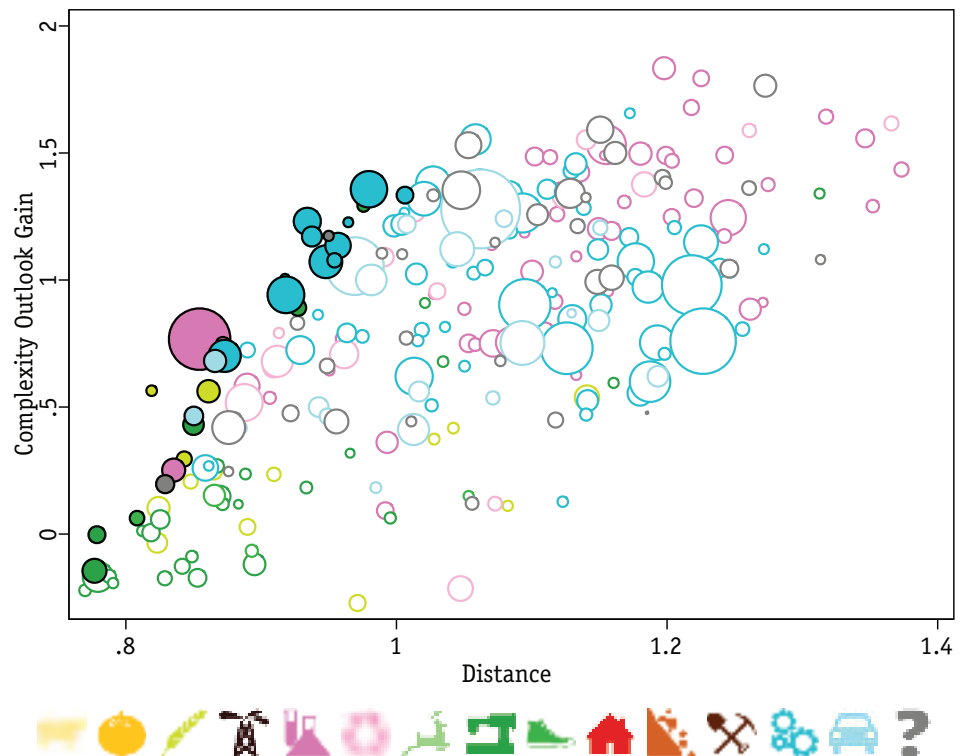
Figures 5a and 5b highlight the products that are attractive based on PCI and COG, respectively. A detailed description of the products on the target list is provided in table 2. These products signal to strategic clusters in Lebanon, for which a parsimonious industrial policy should aim to provide support and public inputs to improve their productivity and ability to jump to new opportunities.

From the figures above it is possible to see that target products are mainly in the machinery, chemical, or textile clusters. As a group, the textile cluster is relatively close in terms of the country possessing the inputs required for its production and therefore should be easier to 'conquer'. Nevertheless these products have lower PCI or COG, making them less desirable. On the other hand, the machinery cluster is farther in distance, and therefore harder to develop based on present productive knowledge in the country, but has higher values of PCI and COG. New products belonging to this community would increase the average complexity of Lebanon's export basket, compensating for the cost of developing them. In between these two clusters are a few strategic products in the chemical community which are closer in distance than most machinery products, but have higher PCI and COG than the textile bets.

A few products in the chemical and machinery communities stand out in the figures above given the world trade figures in those product

categories. The product with the largest potential market is medicaments, packaged (code 3004), whose world trade for 2012 was over $330 billion. In the machinery community, on the other hand, there are four products considered whose world trade is over $50 billion. Nevertheless, although the level of world trade of a product category is an important aspect to consider, the distance and PCI or COG are variables that are used in order to identify strategic opportunities. By considering the tradeoff between existing productive knowledge (distance), complexity of a new product, and future diversification possibilities that the new productive knowledge would bring, a country is more likely to be successful in diversifying its product space.

Table 2 **Recommendations for Lebanon**

HS4	Product name	RCA-2012	Distance	PCI	Target rank	World Trade($)	Top Importers	Top Exporters
8419	Machinery, plant or laboratory equipment involving a change of temperature such as heating, cooking, roasting	0.6	0.9	3.7	1	37 B	USA CHN DEU	DEU USA CHN
3004	Medicaments, packaged	0.9	0.9	1.5	2	331 B	USA DEU BEL	DEU USA CHE
2105	Ice cream	0.4	0.8	0.6	3	3 B	GBR FRA DEU	DEU FRA BEL
1601	Sausages	1.0	0.9	1.4	3	4 B	GBR DEU JPN	DEU USA ITA
8424	Mechanical appliances for dispersing liquids or powders; fire extinguishers; spray guns; steam or sand blasting machines	0.4	0.9	3.5	5	17 B	USA CHN DEU	CHN DEU USA
3922	Baths, shower baths, sinks, wasbasins, bidets, lavatory pans, seats and covers	1.0	0.9	1.3	6	3 B	DEU FRA GBR	CHN DEU ITA
8530	Electric signal, safety and traffic controls, railways, waterways, parking or airfields	0.6	1.0	3.7	7	2 B	USA CHN DEU	DEU SWE ESP
8416	Furnace burners for liquid fuel	0.4	1.0	4.0	8	2 B	CHN RUS FRA	DEU ITA CHN
8481	Appliances for thermostatically controlled valves	0.3	1.0	4.3	9	82 B	USA CHN DEU	CHN DEU USA
9402	Medical, surgical, dental or veterinary furniture	1.0	0.9	3.5	10	3 B	USA DEU RUS	CHN DEU USA
8716	Trailers and semi-trailers	0.4	0.9	1.1	11	22 B	CAN USA DEU	DEU USA CHN
8434	Milking and dairy machines	0.4	0.9	2.5	12	2 B	DEU FRA BLR	DEU NLD SWE
3005	Wadding, gauze and bandages	0.2	0.9	1.1	13	7 B	USA DEU FRA	CHN USA DEU
5402	Synthetic filament yarn	0.0	0.9	0.1	14	18 B	TUR USA CHN	CHN TWN IND
2309	Preparations of a kind used in animal feeding	0.0	0.9	0.4	14	23 B	DEU USA JPN	NLD USA FRA
6108	Women's undergarmnets	0.5	0.8	-2.4	16	11 B	USA JPN DEU	CHN IND KHM
3105	Mineral or chemical fertilizers, mixed	0.4	0.8	-0.9	16	24 B	IND BRA THA	RUS USA CHN

HS4	Product name	RCA-2012	Distance	PCI	Target rank	World Trade($)	Top Importers	Top Exporters
5911	Textile fabric for card clothing, technical use	0.3	1.0	3.8	18	4 B	USA DEU CHN	DEU USA CHN
9404	Mattress supports; articles of bedding	0.6	0.8	-1.1	18	13 B	USA JPN DEU	CHN POL DEU
8432	Agricultural, forestry machinery for soil preparation	0.2	0.9	1.5	20	8 B	USA FRA RUS	DEU USA ITA
8536	Apparatus protecting electrical circuits for < 1k volts	0.7	0.9	2.3	21	84 B	USA CHN HKG	CHN DEU JPN
8403	Central heating boilers	0.1	1.0	3.2	22	7 B	DEU GBR FRA	DEU ITA FRA
6406	Parts of footwear	0.4	0.8	-2.2	23	7 B	ITA DEU RUS	CHN ITA IND
8413	Pumps for liquids	0.6	0.9	2.9	23	62 B	USA DEU CHN	DEU USA CHN
8538	Parts for use with apparatus for protecting electrical circuits	0.8	1.0	3.2	25	32 B	CHN USA MEX	DEU CHN JPN
8431	Parts for use with hoists and excavation machinery	0.3	0.9	0.9	26	59 B	USA DEU CHN	CHN DEU USA
6306	Tarpaulins, awnings and sunblinds	0.5	0.8	-2.4	26	3 B	USA DEU FRA	CHN DEU PAK
6104	Women's suits	0.9	0.8	-3.6	28	27 B	USA DEU JPN	CHN TUR VNM
2101	Extracts of coffee, tea or mate	0.9	0.8	-1.3	28	8 B	USA DEU RUS	DEU BRA MYS
2402	Cigars	0.4	0.8	-2.0	31	22 B	ITA FRA JPN	DEU NLD POL
6106	Women's shirts	0.9	0.8	-3.7	31	6 B	USA DEU GBR	CHN TUR BGD
8705	Special purpose motor vehicles	0.9	0.9	-0.8	31	14 B	CAN RUS USA	DEU USA CHN
6305	Sacks and bags, used for packing goods	0.6	0.8	-4.1	33	4 B	USA JPN DEU	CHN IND TUR
2306	Cotton seed oilcake	0.9	0.8	-1.6	34	7 B	USA NLD ESP	CAN UKR IDN
6107	Men's undergarments	0.8	0.8	-3.6	35	6 B	USA JPN GBR	CHN IND VNM
6201	Men's overcoats, not knit	0.1	0.8	-2.9	36	12 B	USA JPN DEU	CHN VNM ITA
9028	Gas, liquid or electricity supply or production meters	0.1	0.9	1.7	38	6 B	USA DEU GBR	CHN USA MEX
6110	Sweaters, pullovers, sweatshirts, etc	0.8	0.8	-4.0	38	50 B	USA JPN DEU	CHN BGD ITA
4012	Retreaded or used pneumatic tires of rubber	0.4	0.9	1.5	38	3 B	USA DEU FRA	LKA DEU CHN
1604	Prepared or preserved fish	0.8	0.8	-3.0	40	16 B	USA JPN ITA	THA CHN ECU
4011	New pneumatic tires, of rubber	0.6	0.9	0.7	40	86 B	USA DEU FRA	CHN JPN DEU
6202	Womens overcoats, not knit	0.5	0.8	-2.6	43	14 B	USA JPN DEU	CHN VNM ITA
8512	Electrical lighting or signaling equipment used for motor vehicles	0.2	1.0	3.8	43	19 B	DEU USA CHN	CHN DEU JPN
8514	Industrial or laboratory electric furnaces	0.8	1.0	3.0	43	5 B	CHN USA KOR	DEU JPN USA
8507	Electric storage batteries	0.6	0.9	-1.2	45	32 B	USA CHN HKG	CHN JPN KOR
8433	Harvesting or agricultural machinery	0.1	1.0	3.8	45	20 B	FRA DEU USA	USA DEU CHN
6102	Women's overcoats	0.4	0.8	-4.0	47	3 B	USA DEU GBR	CHN VNM KHM
8546	Electrical insulators of any material	0.0	0.9	1.9	48	3 B	USA CHN DEU	CHN DEU ITA
5903	Textile fabrics impregnated with plastics	0.4	0.9	1.6	49	9 B	CHN USA MEX	CHN KOR DEU
8409	Parts suitable for use with spark-ignition engines	0.4	1.0	4.6	49	67 B	USA DEU GBR	DEU JPN USA

K = thousand, M = million, B = billion

The previous exercise is then repeated for the year 2000 to identify target products given a hybrid rank that combines the ease and attractiveness of a product, in order to compare it to data from 2010. The idea is to identify sectors that, although attractive, were not developed potentially because of constraints or market failures. In figures 6a and 6c the nodes of target products are colored according to the product communities. Figures 6b and 6d highlight in red and blue the products that Lebanon was not making in 2000 that are part of the identified target products. Those in red are products that Lebanon has conquered (i.e., achieved RCA > 1) by 2010. Those in blue are products that Lebanon failed to conquer. Those in yellow are products that Lebanon conquered but were outside the target group.

It can be observed from the figures below that yellow products are not far away from red or blue products, validating this study's approach. Nevertheless, there are several products (in blue) that have high attractiveness and are also relatively easy to conquer which were not developed in Lebanon by 2010. These are interpreted as missed opportunities. Blue products warrant special attention as they might also hint to the presence of market failures in the country. As can be seen in figures 6a and 6c, while there are products from the textile and chemical communities, most of them are in the machinery cluster. A detailed description of these products is provided in table 3.

From the table it is possible to see that even though they do not reach the benchmark RCA>1, many products identified increased their revealed comparative advantage value significantly. Seven products including nonwoven textiles (5603); stones for milling, grinding, or pulping (6804); parts for use with apparatus for protecting electrical circuits; (8538) and new pneumatic tires of rubber (4011) reached an RCA value of 0.7 or more. Only six products (out of the 37 identified) decreased their RCA from 2000 to 2010.

Figure 6 **Strategic bets for Lebanon in year 2000**

a   **Opportunity Gain Index 2000**
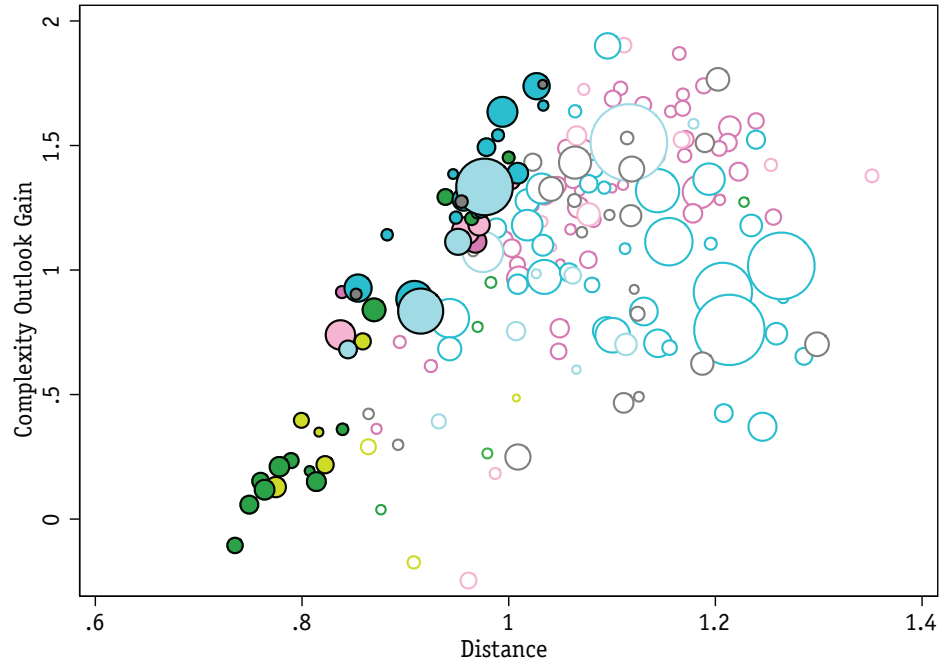
b   **Opportunity Gain Index 2010**
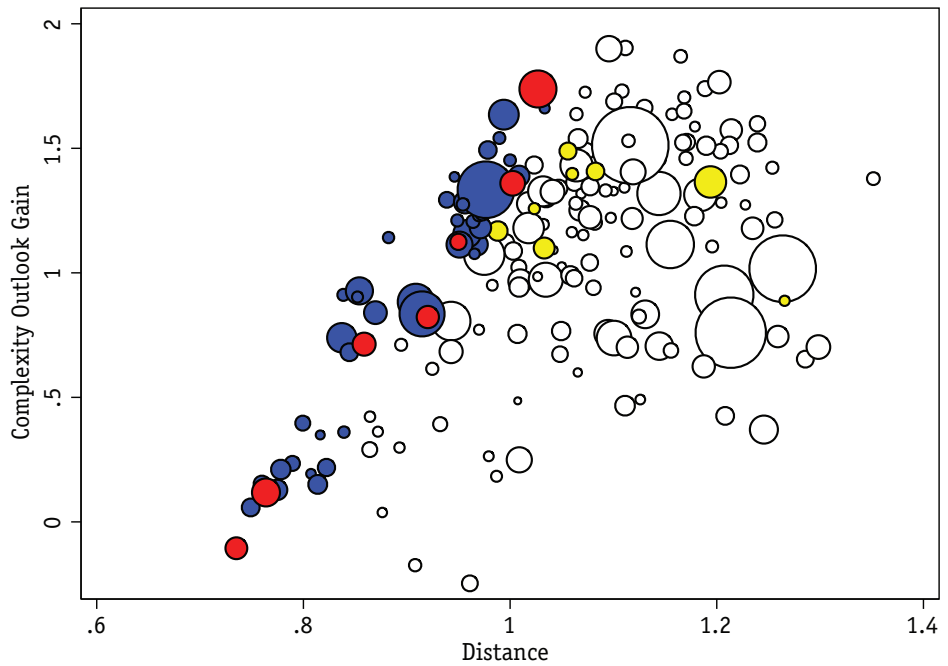
c   **Product Complexity Index 2000**
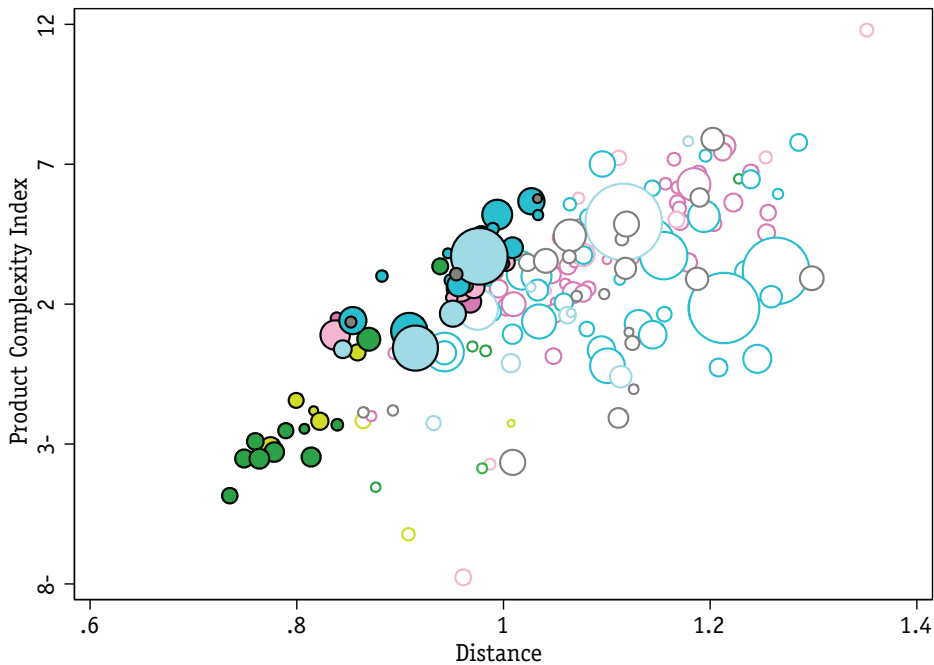
d   **Product Complexity Index 2010**
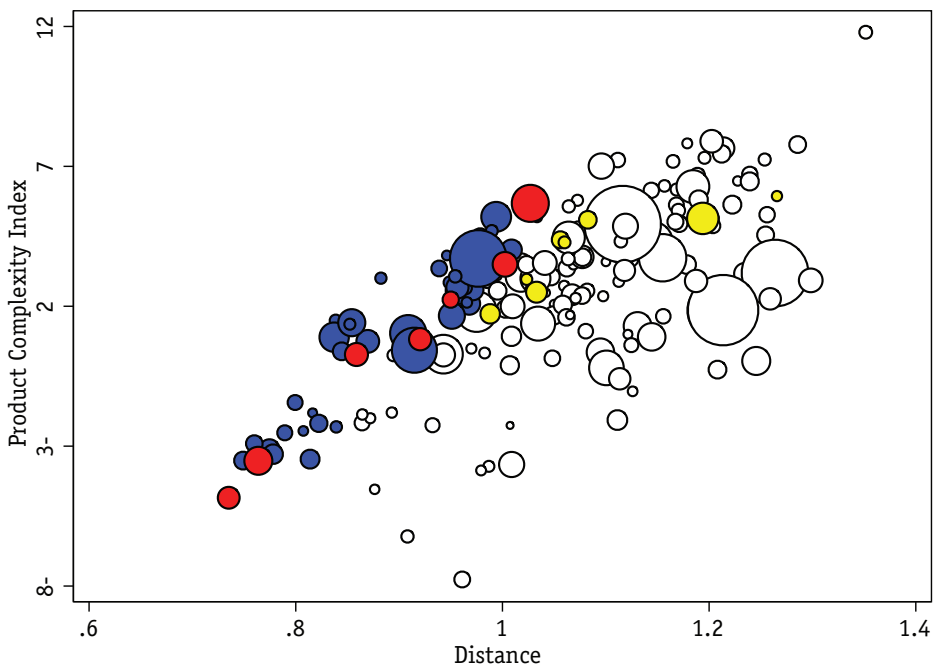
Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Node size is proportional to world trade. The nodes are colored according to the communities that they belong to in (a) and (c). In figures (b) and (d), Red nodes are conquered by Lebanon and were also in our target list, Blue nodes are not conquered by Lebanon and were in our target list. Finally, Yellow nodes are conquered but were not in the target list.**

Table 3 **Strategic bets for Lebanon in year 2000**

HS4	Product name	RCA-2000	RCA-2010	Distance	PCI	COG	World Trade ($)	Target rank
8546	Electrical insulators of any material	0.8	0.6	0.9	3.8	1.4	1 B	1
5603	Nonwoven textiles	0.2	0.8	0.9	3.4	1.3	5 B	2
8481	Appliances for thermostatically controlled valves	0.3	0.4	1.0	5.2	1.6	25 B	3
8432	Agricultural, forestry machinery for soil preparation	0.0	0.4	0.9	3.0	1.1	2 B	3
8433	Harvesting or agricultural machinery	0.1	0.2	1.0	4.5	1.5	6 B	5
9306	Bombs, grenades, torpedoes, mines, missiles and similar munitions of war	0.2	0.8	1.0	3.1	1.3	2 B	6
3005	Wadding, gauze and bandages	0.1	0.2	0.8	1.5	0.9	2 B	6
8455	Metal-rolling mills	0.1	0.1	1.0	4.7	1.5	2 B	8
8431	Parts for use with hoists and excavation machinery	0.8	0.6	0.9	1.4	0.9	19 B	9
9028	Gas, liquid or electricity supply or production meters	0.0	0.1	0.9	1.4	0.9	2 B	10
8403	Central heating boilers	0.1	0.2	0.9	2.8	1.2	2 B	11
8406	Steam turbines and other vapor turbines	0.0	0.0	1.0	3.4	1.4	3 B	12
4011	New pneumatic tires, of rubber	0.5	0.8	0.8	0.9	0.7	24 B	13
8538	Parts for use with apparatus for protecting electrical circuits	0.3	1.0	1.0	2.7	1.3	11 B	14
8607	Parts of railway locomotives	0.0	0.0	1.0	3.4	1.3	4 B	15
8708	Parts and accessories of the motor vehicles	0.4	0.6	1.0	3.7	1.3	137 B	16
8459	Machine tools for drilling, boring or milling by removing metal	0.3	0.7	1.0	3.1	1.2	2 B	17
8421	Centrifuges	0.9	1.2	1.0	5.7	1.7	18 B	18
1901	Malt extract	0.4	1.2	0.8	-1.4	0.4	4 B	19
8702	Motor vehicles for the transport of > 10 persons	0.3	0.1	0.8	0.4	0.7	6 B	20
5402	Synthetic filament yarn	0.0	0.1	0.9	0.7	0.8	12 B	21
6202	Womens overcoats, not knit	0.4	0.4	0.8	-2.9	0.2	5 B	22
3907	Polyacetals	0.3	0.4	1.0	2.6	1.2	20 B	23
5112	Woven fabrics of combed wool or combed fine animal hair	0.4	0.5	1.0	2.7	1.2	3 B	24
3916	Monofilament	0.2	1.6	0.9	2.2	1.1	2 B	25
6201	Men's overcoats, not knit	0.3	0.3	0.7	-3.5	0.1	6 B	26
9402	Medical, surgical, dental or veterinary furniture	0.7	0.4	1.0	5.8	1.7	1 B	27
6105	Men's shirts	0.4	1.8	0.7	-4.8	-0.1	4 B	28
2203	Beer	0.8	1.7	0.9	0.3	0.7	5 B	29
8451	Machinery for washing, cleaning or drying fabrics	0.8	0.5	1.0	3.0	1.2	4 B	30
2207	Ethyl alcohol > 80% by volume	0.1	0.3	0.8	-1.8	0.3	1 B	32
5509	Yarn of synthetic staple fibers	0.5	0.2	0.8	-2.5	0.2	4 B	32
1701	Raw sugar, cane	0.1	0.5	0.8	-3.1	0.1	9 B	32
5911	Textile fabric for card clothing, technical use	0.3	0.5	1.0	3.5	1.5	2 B	34

HS4	Product name	RCA-2000	RCA-2010	Distance	PCI	COG	World Trade ($)	Target rank
5209	Woven fabrics of cotton of < 85% weighing > 200 g/m²	0.1	0.8	0.8	-3.3	0.2	8 B	35
5208	Woven fabrics of cotton of > 85% weighing < 200 g/m2	0.1	1.7	0.8	-3.5	0.1	8 B	36
8701	Tractors	0.9	0.2	1.0	1.7	1.1	17 B	37
8536	Apparatus protecting electrical circuits for < 1k volts	0.3	1.0	0.9	1.0	0.9	42 B	38
3902	Polymers of propylene or of other olefins, in primary forms	0.2	0.7	1.0	2.6	1.2	10 B	39
6306	Tarpaulins, awnings and sunblinds	0.3	0.3	0.8	-2.5	0.2	1 B	40
8475	Machines for assembling electric lamps	0.7	0.6	1.0	5.2	1.7	1 B	41
3919	Self-adhesive plates, sheets, film, foil, tape	0.8	2.2	1.0	3.5	1.4	6 B	42
1604	Prepared or preserved fish	0.2	0.8	0.8	-2.2	0.2	6 B	43
8466	Parts and accessories for metal working machines	0.1	0.3	1.0	4.0	1.4	9 B	44
5210	Woven fabrics of cotton of < 85% weighing < 200 g/m2	0.0	0.5	0.8	-2.3	0.4	2 B	45
5201	Cotton raw	0.0	0.0	0.8	-3.5	0.2	7 B	46
8802	Aircraft, spacecraft and launch vehicles	0.0	0.5	0.9	0.4	0.8	75 B	47
5503	Synthetic staple fibers	0.0	1.7	0.9	0.8	0.8	5 B	48
3002	Human or animal blood prepared for therapeutic uses	0.0	0.1	1.0	2.1	1.1	11 B	49
9025	Hydrometers and similar floating instruments, thermometers, pyrometers, barometers, hygrometers and psychrometers	0.3	0.2	1.0	2.1	1.1	2 B	50

K = thousand, M = million, B = billion

Lebanon's export destinations

As can be observed in figure 7a, Lebanon mainly exports to nearby countries in the Middle East (Western Asia) and Africa. The two major destinations of Lebanon's exports are Switzerland and South Africa (both accounting for 17%), followed by Saudi Arabia and the United Arab Emirates (7% each). Figure 7b shows that exports to Middle Eastern as well as Western European countries have risen. In recent years, it is possible to observe a significant increase in exports to Africa, particularly to southern Africa after 2008.

Figure 7 **Lebanon trade partners (2012)**

a   **Export destinations**
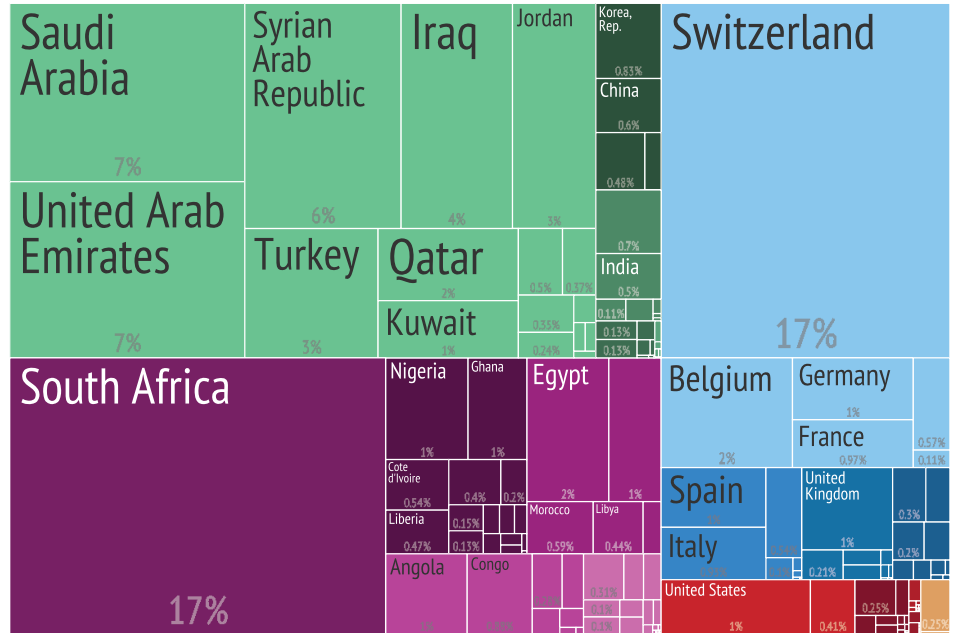
Lebanese exports totaling approximately $5 billion

b   **Evolution of export destinations**
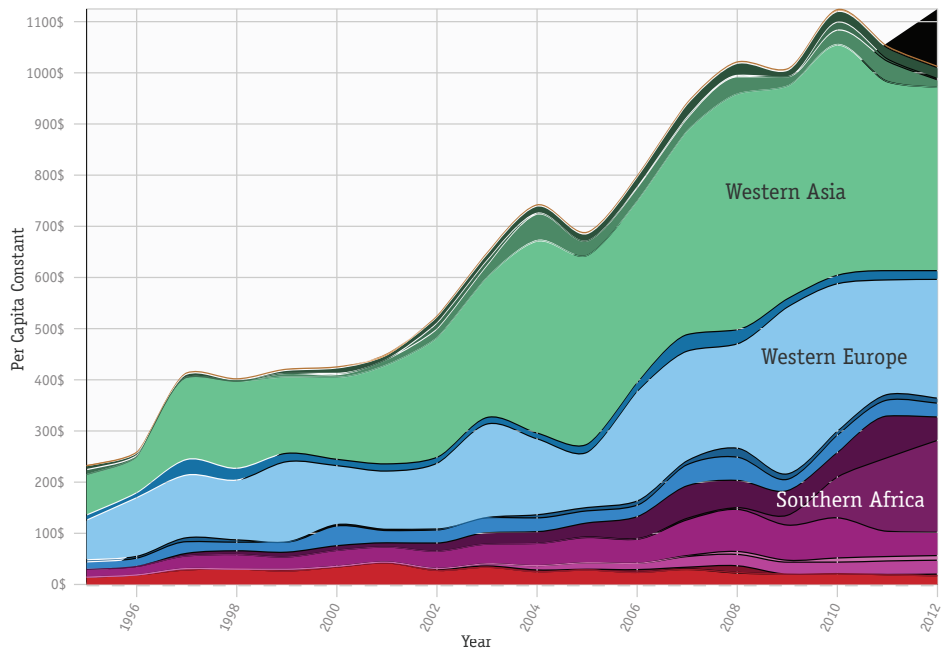
Note **Own calculation using HS4-level trade data from United Nations COMTRADE. Products are colored according to the communities that they belong according to the following legend:**

E Africa | Middle Africa | N Africa | S Africa | W Africa | N America | Caribbean | C America | S America | W Asia | C Asia | S Asia | SE Asia | E Asia

Australia and New Zealand | Melanesia | Micronesia | Polynesia | W Europe | S Europe | N Europe | E Europe

When taking into account the current trade in eligible products versus potential, it is possible to identify top export destinations for the country. Table 4 presents the potential trade in those export destination countries as well as the potential of other countries included in this report. From the table it follows that Lebanon's greatest trade potential countries are Germany, India, the United States, and France. Also, the table demonstrates that Lebanon's trade with other countries in the region is healthy, particularly with Syria, Jordan, and Iraq.

Table 4 **Trade potential**

Importer	Trade Health	Number of Eligible Products	Potential in Eligible Products ($)	Current Trade in Eligible Products ($)	Total Trade ($)
United Arab Emirates	6.3	82	1 M	93 M	126 M
Chile	1.8	1	0 K	75 K	87 K
China	0.0	5	13 M	438 K	816 K
Germany	0.0	59	53 M	19 M	30 M
Algeria	1.9	41	290 K	49 M	52 M
Egypt	3.9	52	1 M	22 M	33 M
France	0.2	58	27 M	49 M	62 M
United Kingdom	0.2	51	23 M	42 M	53 M
India	0.1	11	30 M	10 M	11 M
Iraq	20.7	57	444 K	133 M	157 M
Jordan	21.5	75	9 K	42 M	56 M
Kuwait	10.5	72	175 K	45 M	56 M
Libya	1.4	17	582 K	2 M	4 M
Saudi Arabia	6.7	68	1 M	105 M	132 M
Syria	30.0	59	11 K	69 M	94 M
Tunisia	2.8	17	187 K	2 M	5 M
Turkey	0.8	26	9 M	64 M	66 M
United States	0.0	25	28 M	15 M	32 M
Yemen	4.4	47	134 K	6 M	9 M

K = thousand, M = million, B = billion

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Iraq's Manufacturing Sector
A Challenging Path to More Products

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Syria's Manufacturing Sector
Pre-War Industrial Potential

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Egypt's Manufacturing Sector
Seizing on an Advantageous Product Space Position

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Lebanon's Manufacturing Sector
Inaction and Untapped Potential

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Tunisia's Manufacturing Sector
Machinery, Electronics, and Chemical Sector Potential

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Saudi Arabia's Manufacturing Sector
Looking Beyond Petroleum

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Yemen's Manufacturing Sector
Few Opportunities for Expansion

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Kuwait's Manufacturing Sector
Targeting New Industries

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Jordan's Manufacturing Sector
Edging into More Complex Products

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A Secondary Product Space Report
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Placing Strategic Bets to Become Competitive

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UAE's Manufacturing Sector
Small Industry, Significant Potential

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Algeria's Manufacturing Sector
Placing Strategic Bets to Become Competitive