

Lebanon Must Develop an Export Strategy to Create Jobs

Sami Atallah, Nancy Ezzeddine, and Jana Mourad

About the authors

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Executive Summary

The Lebanese industrial sector is plagued with high production costs and limited government support. The worsening regional situation has contributed to the reduction in the sector's exports, further aggravating its weak performance. Despite these difficulties, the industrial sector has managed to maintain its position in global markets and has displayed a propensity for potential growth. This brief, which is part of a three policy briefs series on manufacturing exports, calls for an export promotion strategy as part of an industrial policy whose aim is to increase growth and create jobs. To this end, we argue that the government must develop a more nuanced export strategy that promotes specific products to key markets, tackle the factors that led to loss in market share, and work with the Association of Lebanese Industrialists to reduce production costs and trade logistics.

Introduction

Since the government won the parliament's vote of confidence, it has been largely debating, besides the electricity plan, how to reduce the fiscal deficit. Little effort has been spent on how to increase economic growth and create jobs, and no strategy has been put forward on how to boost the manufacturing sector and its exports. In fact, the CEDRE capital investment plan valued at \$17 billion has allocated only \$75 million for the manufacturing sector, to be invested on industrial cities. Although the 2019 Mckenzie report highlighted the manufacturing sector's importance in its strategy, it did not pursue the sector's export potential.

In fact, successive Lebanese governments have largely neglected the manufacturing sector. Policies were instead limited to a number of financing schemes, based on subsidized interest rates and several trade agreements with the EU and Arab countries. Industrialists were left to contend with

... the CEDRE capital investment plan valued at \$17 billion has allocated only \$75 million for the manufacturing sector

multiple challenges including high production costs, inefficient provision of public services, and significant skills mismatch. Consequently, the manufacturing sector's share of the GDP has shrunk from around 10% in 2005 to 6.2% in 2017 despite employing 25% of the labor force.

The absence of an industrial policy poses an obstacle to economic growth, since empirical evidence based on international experience shows that a manufacturing-led structural transformation creates higher productivity and better paying jobs.¹ Hence, promoting Lebanon's manufacturing sector with an export-led strategy is particularly important for three reasons. First, manufacturing-led structural transformation creates direct employment opportunities, which is highly needed for the country since its post-war growth record had failed to create jobs.² Second, the manufacturing sector is considered to be the largest employment multiplier as it has numerous substantial links to other sectors in the economy and its output stimulates more economic activity than any other sector. Third, the promotion of productive sectors would generate exports, deemed a key source of foreign currency, thus easing import expenditures and increasing central bank reserves of foreign currency. Therefore, and in light of the persistent trade deficit, Lebanon must not simply count on capital inflows largely in the form of remittances and deposits, but should rather boost exports, particularly industrial exports, to finance its imbalances.

To this end, support to the sector should be prioritized with a strategy to capitalize on existing potential and opportunity in the global market. This policy brief, which is part of a three policy brief series, argues for a more sophisticated strategy that targets specific products to key markets.

1

In fact, industrial development is deemed 'an engine of economic growth.' Rodrik (2006) argues that countries that have sustained high growth rates had large manufacturing sectors, experienced structural change in the sector, focused on diversification, and promoted the export of sophisticated products.

Rodrik, D. 2006. 'Industrial Development: Stylized Facts and Policies'. In *Industrial Development for the 21st Century: Sustainable Development Perspectives*, edited by David O'Connor, 7-28. New York: UN-DESA.

2

According to the World Bank, GDP grew at an average rate of 3.7% per annum whereas employment only grew by 1.1%.

World Bank. 2012. *Republic of Lebanon - Good Jobs Needed: The Role of Macro, Investment, Education, Labor and Social Protection Policies*.

<https://openknowledge.worldbank.org/handle/10986/13217>.

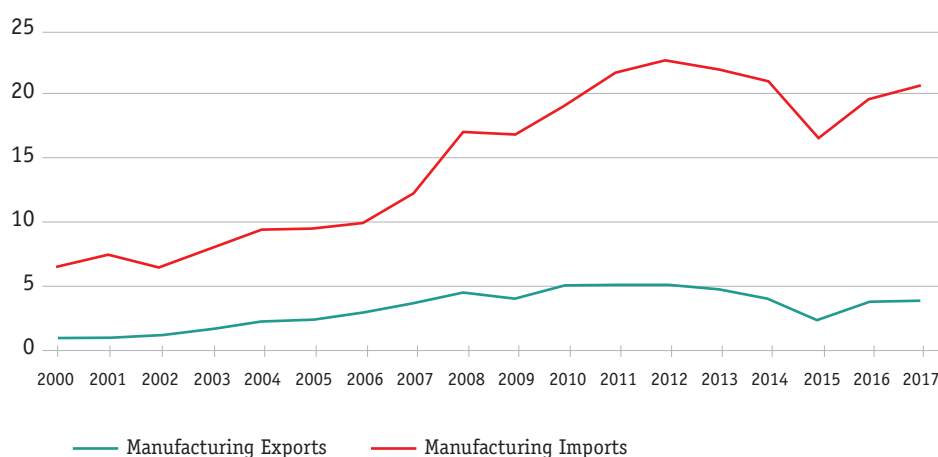
The next two policy briefs seek to promote manufacturing exports by first, capitalizing on existing comparative advantage exhibited largely by Lebanese agro-food products, and second, by diversifying into the production of new complex products in the chemical and machinery sectors that Lebanon has the potential to produce.

Falling Exports

Lebanese exports increased steadily throughout the years, being less than \$1 billion in 2000 to \$5 billion in 2012. Since then, it fell to \$3.9 billion in 2017. In the meantime, the gap between exports and imports began to widen significantly, from around \$10 billion in 2006 to \$20.8 billion in 2017, resulting in a record trade deficit of \$16.9 billion (figure 1).

Figure 1

Lebanon's exports and imports³



Source [Observatory of Economic Complexity \(2018\)](#).

A closer analysis of export growth components between 2009 and 2013, when Lebanon experienced a 13% increase in exports, provides some insight on the factors impeding the country's potential in developing its manufacturing sector. Although Lebanese exports benefited from growth due to world trade growth (by almost 49%), product specialization (almost 24%), and geographic specialization (36%), it has been hard hit by its lack of competitiveness. This is largely due to high local production costs, which are mainly the result of high labor costs, expensive utility services, high costs of upgrading the industry such as offering training and purchasing equipment, as well as the high cost of borrowing. Most pertinent among these costs are the expenses and losses caused by Lebanon's electricity crisis. According to the World Bank's 2013 Enterprise Surveys, manufacturing enterprises in Lebanon face about 273 hours of electricity outages per month, costing them 7% of their annual sales.

3

The Observatory of Economic Complexity focuses only on industrial exports and imports, leaving out other traded products such as agricultural goods. The World Bank, however, accounts for all goods and services that are traded. Nonetheless, similar trends are observed in both indices.

Table 1

Disaggregated growth in exports between 2009 and 2013

Marginal growth due to	Change (in USD)	Percent Change
World trade growth	1,699,716	48.8
Product specialization	831,504	23.9
Geographic specialization	1,238,229	35.5
Competitiveness	-3,316,859	-95
Sum of the marginal growths	452,591	13

Source **International Trade Center (2013)**.

4

World Bank. 2013. 'World Bank Enterprise Surveys.' <https://www.enterprisesurveys.org/data/exploreconomies/2013/lebanon>

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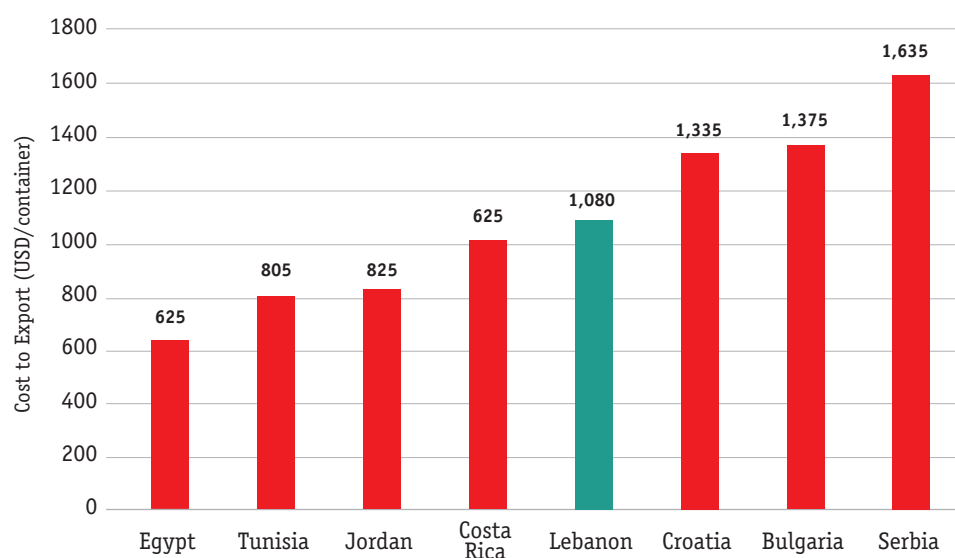
The LPI ranks countries based on six dimensions of trade: 1) Customs, specifically the efficiency of customs and border management clearance; 2) Infrastructure, specifically the quality of trade and transport infrastructure; 3) Ease of arranging shipment, specifically the ease of arranging competitively priced shipments; 4) Quality of logistics services, specifically the competence and quality of logistics services-trucking, forwarding, and customs brokerage; 5) Tracking and tracing, specifically the ability to track and trace consignments; and 6) Timeliness, specifically the frequency with which shipments reach consignees within scheduled or expected delivery times.

6

Cost to export measures the fees incurred on a 20-foot container in US dollars. All related fees to finalizing procedures to export and import goods are part of this measure. These include 'costs for documents, administrative fees for customs clearance and technical control, customs broker fees, terminal handling charges and inland transport'. However, the indicator excludes tariffs and trade taxes. It is important to not that the measure only reflects official recorded costs.

In addition to production costs, Lebanon has also a challenging record with respect to its trade logistics, which impedes export growth. Twenty-six percent of manufacturing firms in Lebanon identify customs and trade regulations as a major constraint, as opposed to 21% in the Middle East and North Africa (MENA) region, and 17% globally.⁴ The Logistics Performance Index (LPI) ranked Lebanon 79th of 160 countries in terms of trade friendliness in 2018. In addition to all this, the cost to export in Lebanon was reported at \$1,080 per container in 2014, which is higher than countries in the region (World Bank 2016).

Figure 2

Cost to export in Lebanon versus other countries

Source **World Bank World Bank; World Development Indicators (2016)**.

Hope Despite Grimness

Despite these challenges, Lebanon's exports are well diversified both in terms of products as well as markets. In 2017, Lebanon exported 1,147 products from various sectors, including agro-food, machinery and electrical equipment, chemicals, and paper and wood.

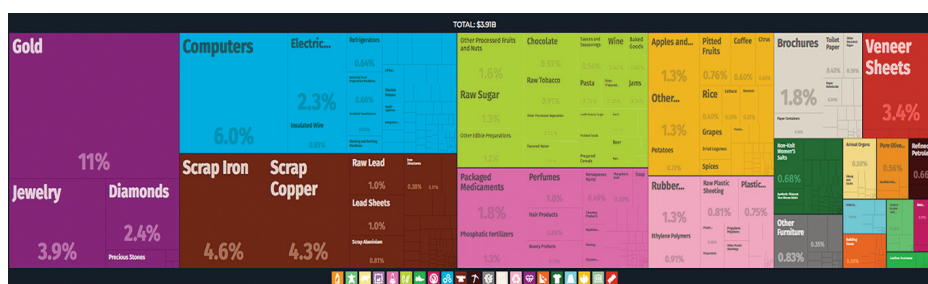
More precisely, Lebanon has a high degree of product diversification across sectors (figure 3): 18% of its exports are in precious metals which include gold and jewelry;

15% in machinery, which include computers, electric generating sets, and insulated wires; 14% in metals; 13% in foodstuff such as processed fruits, raw sugar, other edible preparation, and chocolate, among others; and 8.7% in chemicals, including packaged medicaments, phosphoric fertilizers, and perfumes.

In 2017, Lebanon exported 1,147 products from various sectors, including agro-food, machinery and electrical equipment, chemicals, and paper and wood

Figure 3

Lebanon's exports by industrial sector, 2017



Source [Observatory of Economic Complexity \(2017\)](#).

Lebanon's ability to produce and export products in sophisticated sectors such as machinery and chemicals is telling. Indeed, it shows that despite the current large share of exports in less complex products such as foodstuffs and metals, the country has the advanced productive capacity and know-how to manufacture a wide variety of complex products.⁷

Export diversification is not only across various sectors of the economy, but also within the manufacturing sector. One way to measure this is by calculating the share of the top three products from the sub-sector total exports. In the processed food sector, the top three exported products make up only 28% of the sub-sector total exports (table 2). Even in the chemical sub-sectors, this amounts to 37% of the sub-sector total exports. In fact, in six out of the fifteen sectors, industrialists produce a variety of other products within these sectors where the share of the top 3 products does not exceed 40% of exports.

Furthermore, the Lebanese industrial exports are well positioned in the global market with an opportunity for further growth. Although the marginal loss of exports due to competitiveness shown in table 1 constrained Lebanon's exports, it has been offset by growth due to new demand opportunities arising in the global market, as well as the ability to specialize in specific productions and markets.

⁷ Although Lebanon recovered its complexity rank worldwide, from being 61st in 2003 to reach 45th in 2014, it soon fell back to being 60th in 2017.

Table 2

Degree of diversification within Lebanon's industrial sectors

Sector	Average Share of Sector in Country's Exports 2012-2016	Share of Top 3 Detailed Products (HS6) in Sector's Exports (2016)	Sector's Leading Exported Product (HS6)
Basic manufacturers	5.2%	25.1%	780419 Lead plates, sheet, strip and foil
Processed food	13.5%	28.4%	170199 Refined sugar, in solid form
Chemicals	11.7%	30.1%	330300 Perfumes and toilet waters
Fresh food	5.7%	32.6%	070190 Potatoes, fresh or chilled
Wood products	3.1%	36.7%	961900 Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar articles
Non-electronic machinery	7.7%	37.7%	850211 Generating sets, diesel/semi-diesel engines, of an output not exceed 75 KVA
IT & consumable electronics	0.5%	40.2%	851712 Telephones for cellular networks mobile telephones or for other wireless
Miscellaneous manufacturing	9.3%	44.5%	490199 Books, brochures, leaflets, and similar printed matter
Electronic components	3.0%	51.7%	841829 Refrigerators, household type
Leather products	0.7%	57.4%	640399 Footwear, outer soles of rubber/plastics uppers of leather
Transport equipment	0.8%	61.9%	870899 Motor vehicle parts
Textiles	2.1%	68.3%	961900 Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar articles
Minerals	12.6%	73.9%	740400 Waste and scrap, copper or copper alloy
Clothing	6.0%	83.1%	961900 Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar articles
Unclassified products	17.5%	99.9%	710812 Gold in unwrought forms non-monetary

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This confirms the findings of a LCPS policy brief published in 2014, in which Atallah and Srour argued that Lebanon's export performance is largely attributed to exogenous demand shocks that are not sustained by any productivity shocks through lower costs of production.

Atallah, S. and Srour, I. 2014. 'Lebanon's Industrial Policy Must Focus on Developing Highly Sophisticated Exports.' Lebanese Center for Policy Studies. http://www.lcps-lebanon.org/publications/1418727202-policy_brief_13.pdf

Source **International Trade Center (2017)**.

This indicates that Lebanese exports are driven by exogenous demand shocks rather than productivity shocks.⁸ Based on its current market position, market accessibility, and global demand, Lebanon's untapped export potential is set at \$1.7 billion.⁹ Since this does not assume any change in the cost structure, the value of exports could even be higher if the cost of production decreases.

Based on its current market position, market accessibility, and global demand, Lebanon's untapped export potential is set at \$1.7 billion

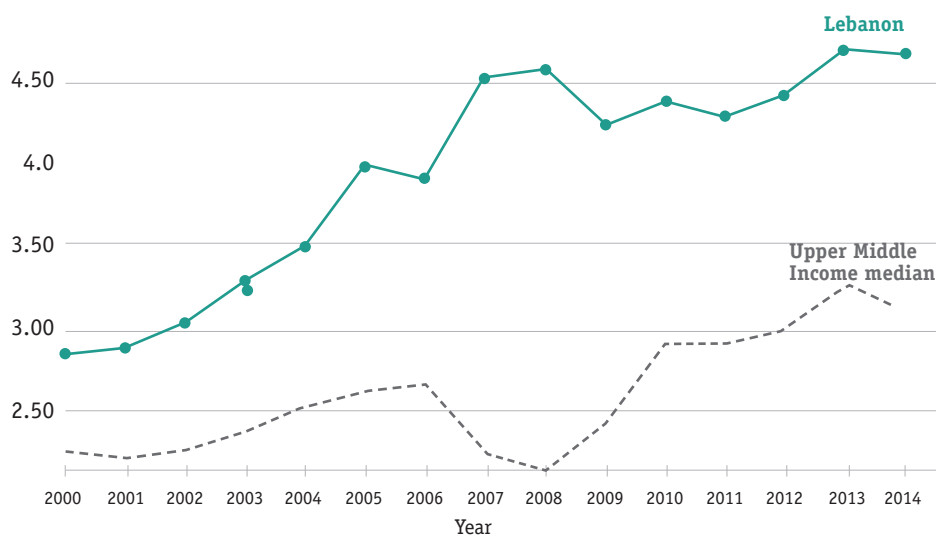
Potential in Export Markets

Lebanese products reach more markets than countries within the same income group. For instance, Lebanon exported to 171 countries in 2017, whereas Costa Rica exported to 108, Jordan to 156, and Serbia to 159.¹⁰ As a matter of fact, between 2000 and 2014, the country has recorded a year-on-year average growth rate of 3.7% in export market penetration.¹¹ This rate is higher than that of countries within the same income group, as well as that of the MENA region (figure 4).

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Figure 4

Index of export market penetration



Source World Bank; Export Market Penetration Index (2015).

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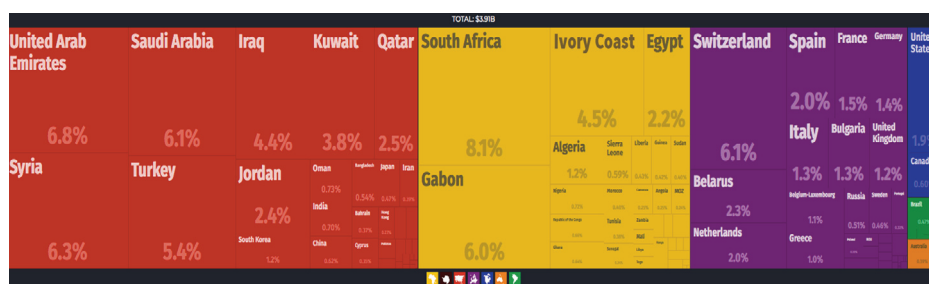
The export potential assessment methodology is based on a decomposition of a country's potential exports of a product to a given target market into three factors: Supply, demand, and easiness to trade. Depending on the country's particular needs, two approaches are available. 1) The Export Potential Indicator (EPI) serves countries that aim to support established export sectors in increasing their exports to existing and new markets. Inspired by a gravity-type framework, the EPI identifies products in which the exporting country has already proven to be internationally competitive and which have good prospects of export success in a given target market. 2) The Product Diversification Indicator (PDI) serves countries that aim to diversify and develop new export sectors. Based on Hausmann and Hidalgo's notion of the product space (2007), the PDI identifies products that the exporting country does not yet competitively export but seem feasible giving its current export basket and that of similar countries. Additional indicators that reflect policy objectives allow refining the selection of promising products. Results prove to be stable over time, turning them into a suitable information base for a country's medium-term export strategies or development programs.

10
In comparison to Arab countries, Egypt exports to 174 countries, Tunisia to 169, and Jordan to 156 (Observatory of Economic Complexity, 2017).

11
According to the World Integrated Trade Solution, the index of export market penetration is “calculated as the number of countries to which the reporter exports a particular product divided by the number of countries that report importing the product that year.”
<https://wits.worldbank.org/CountryProfile/Metadata/en/Indicator/Trade>

In terms of markets, 40% of Lebanese exports go to Middle Eastern countries, where the top export destinations are the United Arab Emirates (\$265 million), Syria (\$246 million), and Saudi Arabia (\$240 million) in 2017 (figure 5). Outside the region, Lebanon exports to South Africa (\$317 million), Gabon (\$236 million), and Ivory Coast (\$177 million).

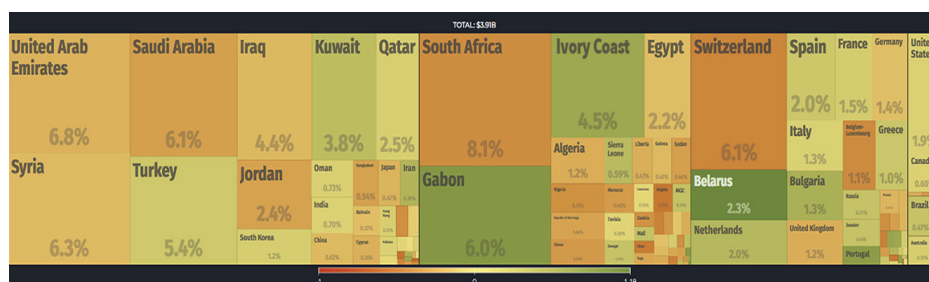
Figure 5
Lebanon’s export destinations



Source **Observatory of Economic Complexity (2017)**.

Looking closely at the annual growth rate for exports over the past five years, Lebanon lost market shares in traditional Middle Eastern markets such as the UAE, Saudi Arabia, and Iraq, but managed to make gains in Turkey, Kuwait, and Qatar (figure 6). It increased exports to Gabon and Ivory Coast as well as Belarus, the Netherlands, Spain, and France.

Figure 6
Growth of exports to different markets (annual growth between 2012 and 2017)



Source **The Observatory of Economic Complexity (OEC), 2017**.

Lebanon export markets are also diversified. In seven out of fifteen sectors, the top three importing countries constitute less than 40% of the market share, which means that Lebanon is not dependent on these markets (table 3). For instance, the top three importing countries purchase 20% of basic manufactures, 37% of chemicals, and 37.4% of processed foods. However, four other sectors are highly dependent on few importers, and so, the top three importing countries purchase 68% of Lebanese clothing, 64.3% of textiles,

and 60.5% of leather products. This dependency of these sectors could make Lebanese industrialists vulnerable to any negative shocks that could take place in these countries.

Table 3

Market diversification across Lebanon's industrial sectors, 2016

Sector	Share of Top 3 Importing Countries in Sector's Exports	List of the Top 3 Importing Countries
Basic Manufactures	20%	Saudi Arabia; Nigeria; Qatar
Transport Equipment	31.2%	Iran; France; Libya
Fresh Food	31.5%	Saudi Arabia; United Arab Emirates; Syria
Non-Electronic Machinery	32.7%	Saudi Arabia; Germany; Iraq
Electronic Components	35.6%	Iraq; Kuwait; Nigeria
Chemicals	37%	United Arab Emirates; Iraq; Saudi Arabia
Processed Food	37.4%	Syria; Saudi Arabia; Iraq
Miscellaneous Manufacturing	42.8%	Saudi Arabia; United Arab Emirates; Iraq
Wood Products	47.7%	Saudi Arabia; Jordan; Syria
IT and Consumable Electronics	51.2%	United Arab Emirates; Netherlands
Minerals	58.3%	United Arab Emirates; Turkey; Republic of Korea
Leather Products	60.5%	Saudi Arabia; United Arab Emirates; Qatar
Textiles	64.3%	Saudi Arabia; Syria; Iraq
Clothing	68%	Saudi Arabia; Iraq; United Arab Emirates
Unclassified Products	99.3%	South Africa; Switzerland; Ethiopia

Source [International Trade Center \(2016\)](#).

Given the country's accessibility to export markets and the growing global demand, the export potential model identifies several markets that are likely to exhibit the largest capacity for importing Lebanese products.

Several observations can be made, based on figure 7: First, markets with greatest untapped potential for Lebanon's products are mostly Arab countries: United Arab Emirates with

\$176.4 million, Saudi Arabia with \$169.7 million, Egypt with \$116 million, and Iraq with \$79 million. Second there is untapped potential for Lebanese exports in Switzerland with \$158.6 million, Belarus with \$63.6 million, and the United States with \$56.1 million.

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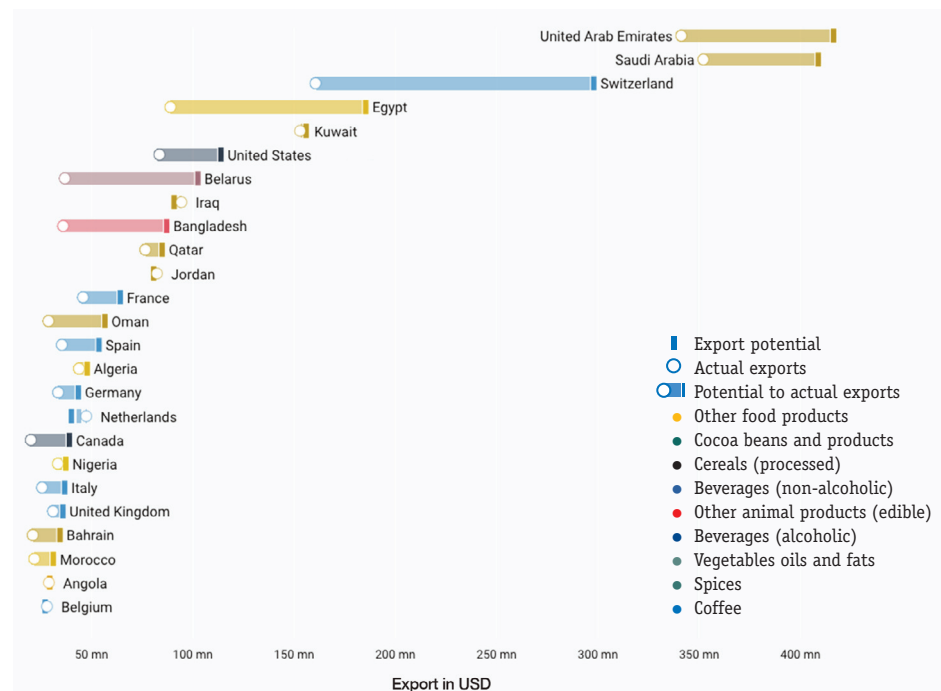
Export Potential Indicator:

Potential or (standard) export value of product k supplied by country i to market j , in dollars, is calculated as: supply \times demand (corrected for market access) \times bilateral ease of trade. The export potential value is projected by an economic model based on the characteristics of the exporter, target market, and the strength of the relationship between them. The estimated dollar value serves as a benchmark for comparison with actual export performance and should not be interpreted as a ceiling value. The actual trade value may be below or above the potential value.

Source [International Trade Center](#).

Figure 7

Market potential for Lebanese exports



Source [International Trade Center Export Potential Map \(2018\)](#).

Tapping on its Potential

Despite Lebanon's ability to diversify into a large number of products and sell in many markets, it still has a long way to exploit its untapped export potential to various markets (figure 8 and table A3 in the annex). The products with the greatest export potential in absolute terms are jewelry, precious metals, generating sets with diesel engine $\leq 75\text{kVA}$, nuts, printed books, chocolate, and transformers.

Figure 8

Export potential by products, 2018

Source [International Trade Statistics Export Potential Map](#).

This analysis allows us to strategically promote products to the right markets that have the greatest potential for importing Lebanese products. This export potential varies with the geographic location as a result of different demand patterns, trade agreements, and transport routes. Based on this, we observe the following (table 4): The Middle East is considered the largest export potential region with \$406 million, but most of this potential is confined to the agro-food sector, and some in the machinery and chemicals sectors. Second, there is a large potential for diversification into higher complexity exports to North Africa and West Africa, with products in the machinery and electrical equipment industry—including generating sets—as well as as well as the chemicals industry.

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Third, potential exports to Western Europe are confined to medium-complexity products, like printed books, guts of animals, and nuts. The Western European market could pave the way toward a diversification of higher complexity products. Fourth, North America is considered a very small potential export market that has not been penetrated sufficiently. Avenues for possible penetration into this market include a diverse basket of goods such as food and beverages, but also other higher complexity productions from the machinery and electrical equipment, and the chemicals industries.

Table 4

Export potential by region

Region	Total Untapped Manufacturing Potential (millions of USD)	Top Manufacturing Products with Untapped Potential	Individual Manufacturing Product's Untapped Potential (millions of USD)
Middle East	406.35	Jewelry, of precious metal	294.5
		Nuts and other seeds, prepared or preserved	12.6
		Chocolate and other cocoa food preparations	12.5
European Union and West Europe	230.4	Jewelry, of precious metal	186.5
		Printed books, brochures and similar products	9.5
		Guts, bladders and stomachs	8
		Nuts and other seeds, prepared or preserved	8
North Africa	61.03	Jewelry, of precious metal	10.8
		Broad beans and horse beans, dried and shelled	6.7
		Generating sets with diesel engine, >=375 kVA	5.6
North America	43.48	Jewelry, of precious metal	22.3
		Printed books, brochures and similar products	4.7
		Diamonds, worked	4.3
West Africa	41.48	Superphosphates	4.6
		Generating sets with diesel engine, <=75 kVA	3.9
		Generating sets with diesel engine, >=75 kVA but <=375 kVA	3.8

Source [International Trade Statistics Export Potential Map \(2018\)](#).

Conclusion and Recommendations

In light of the economic challenges the country is facing, the government must develop an export promotion strategy embedded in an industrial policy. Lebanon has significant untapped potential that must be capitalized to boost the sector, create jobs, and even reduce the stress on the trade deficit. Consequently, any policy that reduces production costs including electricity, transport, and other related measures would have a significant impact on the competitiveness of Lebanese exports. Even without that, the study shows that Lebanon can still increase exports by identifying potential markets for key products. In any case, the export strategy must be developed jointly by the government, represented by the Ministry of Industry, and the Association of Lebanese Industrialists through public private dialogue. To this end, the export promotion strategy must encompass the following:

In light of the economic challenges the country is facing, the government must develop an export promotion strategy embedded in an industrial policy

Identify the factors for losing market share

Given that Lebanese exports have declined in certain countries particularly in the UAE, Saudi Arabia, and Iraq, the government along with the Association of Lebanese Industrialists must address these factors and even attempt to reverse them so it can regain its market share.

Target markets with untapped potential

There are several markets with untapped and lost potential for Lebanese products. The government must work with industrialists to identify the obstacles that are preventing Lebanese exports from accessing these markets. To this end, the government along with the Association of Lebanese Industrialists and the Foreign Affairs Ministry must collaborate to identify the challenges for each key product and market, so that a more nuanced and sophisticated strategy is pursued. The research shows that there is potential to export various Lebanese products to different regions of the world.

Improve trade logistics

Lebanon must improve its trade logistics so it can compete with other countries. These include customs, infrastructure, shipment arrangement, quality of logistics services, tracking and tracing, as well as timeliness into and out of the port.

Reduce costs of production

Given the existing demand for Lebanese products, the government must work on reducing the cost of production for the industrial sector so that they can sustain diversifying into more markets and deepen their presence in existing ones. The research shows that often industrialists are able to penetrate new markets but can not sustain their presence due to competition.

Annex

Table A1

Top 15 export markets for Lebanon with untapped potential

	Country	Export Potential (millions of USD)	Actual Exports (millions of USD)	Untapped Potential (millions of USD)	Untapped Potential (millions of USD)
1	United Arab Emirates	412.8	341.4	176.4	Jewelry, of precious metal; Unwrought lead, refined; Prepared foods from roasting cereals
2	Saudi Arabia	405.3	352.3	169.7	Chocolate and other cocoa food preparations; Phosphoric acid; polyphosphoric acids; Nuts and other seeds, prepared or preserved
3	Switzerland	294.5	160.8	158.6	Jewelry, of precious metal; Nuts and other seeds, prepared or preserved; Printed books, brochures and similar
4	Egypt	181.9	89.2	116	Broad beans and horse beans, dried and shelled; Ethyl alcohol of an alcoholic strength of <80% vol; Generating sets with diesel engine, >=375 kVA
5	Iraq	87.3	94.6	79.6	Jewelry, of precious metal; Wheat or meslin flour; Prepared foods from roasting cereals
6	Kuwait	152.4	153.2	69	Jewelry, of precious metal; Cocoa powder, sweetened; Vegetables and mixtures, prepared or preserved (not in vinegar), not frozen
7	Belarus	99	37	63.6	Coffee, roasted, not decaffeinated; Nuts and other seeds, prepared or preserved; Non-cellular ethylene polymers, in flat shapes

	Country	Export Potential (millions of USD)	Actual Exports (millions of USD)	Untapped Potential (millions of USD)	Untapped Potential (millions of USD)
8	Qatar	81.4	76.8	63.5	Jewelry, of precious metal; Prefabricated buildings; Calcareous stone
9	United States	110.4	83.8	56.1	Jewelry, of precious metal; Diamonds, worked; Printed books, brochures and similar
10	Bangladesh	83.6	36.2	47.6	Generating sets with diesel engine, ≥ 375 kVA; Superphosphates; Jewelry, of precious metal
11	Jordan	77.2	82.5	43.4	Jewelry, of precious metal; Non-alcoholic beverages; Spices
12	Spain	50.2	35.6	41.5	Jewelry, of precious metal; Unwrought lead/ Printed books, brochures, and similar
13	France	60.7	46	37.2	Jewelry, of precious metal; Nuts and other seeds, prepared or preserved; Guts, bladders, and stomachs
14	Oman	53.1	29	36.7	Generating sets with diesel engine, ≥ 375 kVA; Jewelry, of precious metal; Generating sets with diesel engine ≥ 75 kVA but ≤ 375 kVA
15	Algeria	44.4	44.1	31	Jewelry, of precious metal; Generating sets with diesel engine, ≥ 375 kVA; Generating sets with diesel engine ≥ 75 kVA but ≤ 375 kVA

Source [International Trade Center Export Potential Map \(2018\)](#).

Table A2

Degree of diversification within Lebanon's industrial sectors

Sector	Average Share of Sector in Country's Exports 2012-2016	Share of Top 3 Detailed Products (HS6) in Sector's Exports (2016)	Sector's Leading Exported Product (HS6)
Unclassified products	17.5%	99.9%	710812 Gold in unwrought forms non-monetary
Processed food	13.5%	28.4%	170199 Refined sugar, in solid form
Minerals	12.6%	73.9%	740400 Waste and scrap, copper or copper alloy
Chemicals	11.7%	30.1%	330300 Perfumes and toilet waters
Miscellaneous manufacturing	9.3%	44.5%	490199 Books, brochures, leaflets, and similar printed matter
Non-electronic machinery	7.7%	37.7%	850211 Generating sets, diesel/semi-diesel engines, of an output not exceed 75 KVA
Clothing	6.0%	83.1%	961900 Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar articles
Fresh food	5.7%	32.6%	070190 Potatoes, fresh or chilled
Basic manufacturers	5.2%	25.1%	780419 Lead plates, sheet, strip and foil
Wood products	3.1%	36.7%	961900 Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar article
Electronic components	3.0%	51.7%	841829 Refrigerators, household type
Textiles	2.1%	68.3%	961900 Sanitary towels (pads) and tampons, napkins and napkin liners for babies, and similar article
Transport equipment	0.8%	61.9%	870899 Motor vehicle parts

Sector	Average Share of Sector in Country's Exports 2012-2016	Share of Top 3 Detailed Products (HS6) in Sector's Exports (2016)	Sector's Leading Exported Product (HS6)
Leather products	0.7%	57.4%	640399 Footwear, outer soles of rubber/plastics uppers of leather
IT and consumable electronics	0.5%	40.2%	851712 Telephones for cellular networks mobile telephones or for other wireless

Source **International Trade Center (2018)**.

Table A3

Manufacturing products with greatest export potential from Lebanon

	HS6	Export Potential (millions of USD)	Actual Exports (millions of USD)	Untapped Potential (millions of USD)	Top Export Potential Markets (based on untapped potential)	
1	Jewelry, of precious metals	711319	973	456.9	539.7	Switzerland; United Arab Emirates; Qatar
2	Generating sets with diesel engine, >=375kVA	850213	54.2	33	30.8	Bangladesh; Oman; Algeria
3	Generating sets with diesel engine, >=75kVA but <=375kVA	850213	54.2	33	30.8	Bangladesh; Oman; Algeria
4	Wheat or meslin flour	110100	45.3	25.5	30.8	Angola; Iraq; Sierra Leone
5	Nuts and other seeds, prepared or preserved	200819	56.3	41.6	26.6	Saudi Arabia; Egypt; Spain
6	Printed books, brochures and similar products	490199	44.9	69	23.9	United States; Spain; United Kingdom
7	Generating sets with diesel engine, <=75kVA	850211	40.5	31.3	21.2	Saudi Arabia; Nigeria; Algeria
8	Unwrought lead, refined	780110	27.8	25.5	21	United Arab Emirates; Turkey; Bangladesh

		HS6	Export Potential (millions of USD)	Actual Exports (millions of USD)	Untapped Potential (millions of USD)	Top Export Potential Markets (based on untapped potential)
9	Transformers, >=16kVA but <=500kVA	850433	30.9	15.7	20.8	Saudi Arabia; Algeria; Egypt
10	Superphosphates	3103XX	76.8	66.3	20.4	Bangladesh; Ivory Coast; United States
11	Guts, bladders, and stomachs	050400	26	21.8	18.7	Morocco; Spain; the Netherlands
12	Chocolate and other cocoa food preparations	180620	24.9	11.8	16.7	Saudi Arabia; Egypt; Canada
13	Chocolate and other cocoa preparations	180631	31.9	17.2	15.8	Saudi Arabia; Kuwait; Egypt
14	Vegetables preserved by vinegar or acetic acid	200190	28.5	16.4	13.4	Saudi Arabia; Kuwait; Germany
15	Diamonds, worked	710239	38.9	81.5	10.2	United States; India; Hong Kong (China)

Source [International Trade Center Export Potential Map \(2018\)](#).

LCPS

About the Policy Brief

A Policy Brief is a short piece regularly published by LCPS that analyzes key political, economic, and social issues and provides policy recommendations to a wide audience of decision makers and the public at large.

About LCPS

Founded in 1989, the Lebanese Center for Policy Studies is a Beirut-based independent, non-partisan think-tank whose mission is to produce and advocate policies that improve good governance in fields such as oil and gas, economic development, public finance, and decentralization.

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