

Capitalizing on Lebanon's Comparative Advantage

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About the authors

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Executive Summary

The country's manufacturing exports have been steadily decreasing, from a high of \$5 billion in 2012 to \$3.9 billion in 2017. Yet, there is very little policy discussion and effort among decision makers to actively boost Lebanon's exports. Despite this decline, this brief, which is part of a three policy briefs series on manufacturing exports, shows that Lebanon has a comparative advantage in 337 exported products out of a total of 1,147. These products make up 30% of the total exported products but amounted to \$2.7 billion in 2017, which is 70% of total exports. Although these items are spread across 16 sectors, agro-food and chemical products seem to have the highest untapped potential. To this end, Lebanon must capitalize on its comparative advantage to identify the markets for each of these products, so it can boost their exports with little change in its cost of production. A strong collaboration between the Ministry of Industry and the Association of Lebanese Industrialists is needed, to exploit the export of agro-food products in the Middle East, and chemical products in countries like India, Brazil, and Bangladesh, to name just a few.

Introduction

Lebanon's strategic geographic position has been an asset for the country and its status in industrial innovation in the Middle East. With its entrepreneurial culture, Lebanon managed to export its cuisine, craft, and productions to its neighbors, gaining a comparative advantage in the region and globally. As a consequence, the country has sustained a competitive export basket across a diversified set of sectors and markets in the region.

In the last few years, however, Lebanon's exports have declined from as high as \$5 billion in 2012 to \$3.9 billion in 2017. Many factors have contributed to the loss of competitiveness, including the high cost of production, as well as the inability to exploit market potential. This has been further challenged by an increased wave of industrialization in the region, from economic diversification in the Gulf economies, to Turkey's strong support to exporting local industrial production. This has meant that while these countries' dependency on imports is on the decline, cheaper productions from neighboring MENA countries are further straining chances for Lebanese exports.

Despite the drop in exports, Lebanese industrialists are still able to produce products that perform well in the international markets. This includes a number of products like agro-food goods that capitalize on the popularity of the Lebanese cuisine, a number of jewelry and textile products that gained a niche in fashion trends, and other specialized chemicals that require particular expertise and capacity. Unfortunately, there has been little effort to actively promote these products and capitalize on their specialized advantage. This is important since such an initiative could boost Lebanese exports relatively quickly, as these items are already considered to be competitive in world markets. This can actually create more jobs and consequently raise economic growth.

Promoting such exports can foster greater market reach for Lebanese products. This would have two benefits: Improving the position of Lebanese exports in the region, and identifying new markets to diversify into. Lebanon exhibits the largest comparative advantage toward Middle Eastern countries, with its shared culture and consumption patterns, namely with Saudi Arabia, the UAE, Iraq, and Kuwait, among others. The country can also extend its market reach beyond the region to other parts of the globe by deploying its specialized production capacity such as the ones used to produce highly complex chemicals. This opportunity can be capitalized upon by strategically promoting competitive productions that match global demands and preferences.

To this end, this brief, which is a third in a series of policy briefs, seeks to close this gap and identify comparative advantage in Lebanese productions, which could optimize export potential to the MENA region and beyond. While Lebanon's exports could significantly improve if costs of production are lowered, the sector could still make headway under current conditions by strategically capitalizing on existing comparative advantages that match demand in global markets. This can be achieved through deepening and

safeguarding export channels to identified markets that exhibit high potential for Lebanon's competitive products, through government and entrepreneurial support to ensure market access.

How Competitive Are Lebanese Exports?

A key measure of how well a country is producing a product is through the revealed comparative advantage (RCA) indicator. RCA is the share of a product in the country's total exports divided by the share of that product in the world's total exports. A country is said to enjoy a comparative advantage in a product if its RCA is greater than 1. This indicates that the country is able to sell more of its share in the world market, which means that it has a relative advantage in making and exporting this specific product.¹ In the case the RCA is less than 1, one can infer that the country has a disadvantage in the export of this product, since it is unable to sell its fair share to the world market.

Despite the poor performance of the manufacturing sector, Lebanon has a comparative advantage in 337 exported products out of a total of 1,147 (figure 1). Out of these, 132 products have a high comparative advantage with an RCA greater than 5, 41 of which have an RCA greater than 10.

Lebanon has a comparative advantage in 337 exported products out of a total of 1,147

1 For example, in 2010, soybeans represented 0.35% of world trade with exports of \$42 billion. Of this total, Brazil exported nearly \$11 billion of soybeans. Since Brazil's total exports for that year were \$140 billion, soybeans accounted for 7.8% of Brazil's exports. By dividing 7.8%/0.35%, we find that Brazil has an RCA of 22 in soybeans, meaning Brazil exports 22 times its 'fair share' of soybean exports. Harvard Center for International Development. 2017. 'The Atlas of Economic Complexity.' atlas.cid.harvard.edu/glossary

Figure 1

Comparative advantage of Lebanese products



Source Authors' calculations.

These 337 products, which represent 30% of exported products, were valued at \$2.7 billion in 2017. With a total export value of \$3.9 billion in 2017, these 337 items make up 70% in value.

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products are diversified across 16 sectors in the following way (figure 2): 18% are in prepared foodstuffs, 17% in natural or cultured pearls, 15% in chemical and allied industries, 13% in machinery

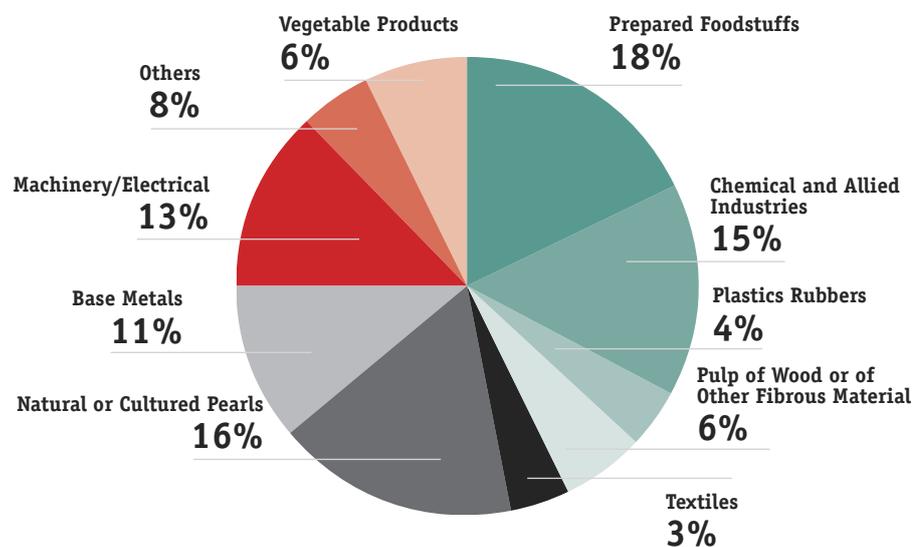
and electrical equipment, 11% in base metals, 7% in vegetables, 6% in pulp of wood, 4% in textiles, 4% in plastics and rubbers, and 5% in others.² Annex 1 provides the number of products as well as their value of exports categorized by each sector.

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The 11 sectors that are included under 'Others' are as follows: animal or vegetable fats and oils; animal and animal products; stone/glass; raw hides, skins, leather, and furs; footwear and headgear; wood and wood products; mineral products; precision instruments; arms and ammunition; miscellaneous manufactured articles; and works of art.

Figure 2

Distribution of products with an RCA >1 across sectors in export value (in USD)



Source Authors' calculations.

Note These numbers have been rounded. See annex 1 for more detailed numbers.

Looking at products with the highest comparative advantage where their RCA is greater than 10, Lebanon exported 41 products in the following sectors (table 1): Ten are in prepared foodstuff and are worth \$308 million, followed by eight in chemicals worth \$231 million, three in base metals worth \$119 million, and one product in machinery and equipment, worth \$108 million.

Table 1

Lists of Lebanese products with highest revealed comparative advantage

Sector	HS4	Product Names	RCA
Base metals	7804	Lead plates, sheets, strip and foil; lead powders and flakes	301.35
Chemicals and allied industries	3103	Mineral or chemical fertilizers, phosphatic	219.56
Vegetable products	1105	Flour, meal, powder, flakes, granules and pellets of potatoes	80.81
Chemicals and allied industries	2809	Diphosphorus pentaoxide; phosphoric acid; polyphosphoric acids, whether or not chemically defined	56.49
Prepared foodstuffs	2001	Vegetables, fruit, nuts, and other edible parts of plants, prepared or preserved by vinegar or acetic acid	52.73
Vegetable products	701	Potatoes, fresh or chilled	47.58
Base metals	7806	Other articles of lead	43.97
Natural or cultured pearls	7114	Articles of goldsmiths' or silversmiths' wares and parts thereof, of precious metal or of metal clad with precious metal	38.79
Pulp of wood or of other fibrous material	4822	Bobbins, spools, cops and similar supports of paper pulp, paper or paperboard (whether or not perforated or hardened)	34.80
Base metals	7404	Copper waste and scrap	26.09
Prepared foodstuffs	2007	Jams, fruit jellies, marmalades, fruit or nut purée, and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter	25.93
Textiles	5802	Terry towelling and similar woven terry fabrics, other than narrow fabrics of heading 58.06; tufted textile fabrics, other than products of heading 57.03	24.20
Pulp of wood or of other fibrous material	4901	Printed books, brochures, leaflets, and similar printed matter, whether or not in single sheets	23.97

Sector	HS4	Product Names	RCA
Machinery/Electrical	8502	Electric generating sets and rotary converters	23.73
Vegetable products	705	Lettuce (<i>Lactuca sativa</i>) and chicory (<i>Cichorium spp.</i>), fresh or chilled	22.88
Prepared foodstuffs	2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of heading 20.06	21.76
Chemicals and allied industries	3201	Tanning extracts of vegetable origin; tannins and their salts, ethers, esters and other derivatives	21.38
Chemicals and allied industries	3814	Organic composite solvents and thinners, not elsewhere specified or included; prepared paint or varnish removers	20.42
Vegetable products	910	Ginger, saffron, turmeric (<i>curcuma</i>), thyme, bay leaves, curry, and other spices	20.26
Prepared foodstuffs	2103	Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard	19.58

Source **Authors' calculations.**

Products from the agro-food and chemical sectors seem to consistently have a high comparative advantage. Looking at the agro-food products with an RCA greater than 1, there are 24 products and they have an untapped export potential of \$140 million, mostly from Arab countries like Saudi Arabia, Kuwait, and the UAE (table 2). More precisely, the three top products with the highest untapped export potential to these three countries are: Fruit juices (HS 2009) worth \$24 million, chocolate (HS 1806) worth \$22 million, and water including mineral water (HS 2202) worth \$17 million.

Table 2

List of Lebanese agro-food products with the highest RCA

HS4	Products	RCA	Untapped Potential (in millions of USD)	Top export potential destinations
1105	Flour, meal, powder, flakes, granules, and pellets of potatoes	80.81	1.9	Oman, Saudi Arabia, Kuwait
2001	Vegetables, fruit, nuts, and other edible parts of plants, prepared or preserved by vinegar or acetic acid	52.73	2.8	Saudi Arabia, US, Spain
2007	Jams, fruit jellies, marmalades, fruit or nut purée, and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter	25.93	2.8	Saudi Arabia, Jordan, Egypt
2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid, frozen, other than products of heading	21.76	16	Saudi Arabia, Bahrain, Egypt, Kuwait, US, Iraq
910	Ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry, and other spices	20.26	12.9	Saudi Arabia, Jordan, Egypt
2013	Sauces and preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard	19.58	4.3	Saudi Arabia, Kuwait, Nigeria, UAE, Sierra Leone
2008	Fruit, nuts and other edible parts of plants, otherwise prepared or preserved, whether or not containing added sugar or other sweetening matter or spirit, not elsewhere specified or included	19.35	28.9	Saudi Arabia, US, Germany, France, the Netherlands, Spain, Canada
1509	Olive oil and its fractions, whether or not refined, but not chemically modified	18.15	6.8	Saudi Arabia, US, Canada
2202	Waters, including mineral waters and aerated waters, containing added sugar or other sweetening matter or flavored, and other non-alcoholic beverages, not including fruit or vegetable juices	14.85	17.7	Saudi Arabia, Kuwait, Jordan, US

HS4	Products	RCA	Untapped Potential (in millions of USD)	Top export potential destinations
1904	Prepared foods obtained by the swelling or roasting of cereals or cereal products	14.67	8.1	Saudi Arabia, UAE, Iraq
1701	Cane or beet sugar and chemically pure sucrose, in solid form	14.42	0.13	Saudi Arabia, Egypt, Jordan
2209	Vinegar and substitutes for vinegar obtained from acetic acid; Wine vinegar, in containers holding; 2 liters or less	13.23	0.98	US, Iraq, Saudi Arabia
1103	Cereal groats, meal and pellets	10.88	1.036	UAE, Algeria, Qatar
1703	Molasses resulting from the extraction or refining of sugar; Cane molasses	9.52	1.3257	Saudi Arabia, France, the Netherlands,
2106	Food preparations not elsewhere specified or included	8.80	1.6	Egypt, Saudi Arabia, Algeria
1101	Wheat or meslin flour	8.07	30.8	Saudi Arabia, Angola, Iraq
1806	Chocolate and other food preparations containing cocoa	7.89	22.308	Saudi Arabia, Kuwait, UAE
901	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes containing coffee in any proportion	7.82	4.978	Jordan, US, Belarus, Saudi Arabia, Kuwait, UAE, Spain
713	Dried leguminous vegetables, shelled, whether or not skinned or split; Chickpeas	6.82	7.6482	Saudi Arabia, Jordan, Kuwait, Egypt, Sudan, UAE, Algeria, Bangladesh
1704	Sugar confectionery (including white chocolate), not containing cocoa	6.79	2.6	Saudi Arabia, Iraq, Jordan
2201	Waters, including natural or artificial mineral waters and aerated waters, not containing added sugar or other sweetening matter nor flavored; ice and snow	6.57	2.3	Kuwait, Saudi Arabia, UAE
1602	Other prepared or preserved meat, meat offal or blood	5.66	0.729	Saudi Arabia, the Netherlands, Egypt, Jordan
2204	Wine of fresh grapes, including fortified wines; grape must other than that of heading 2009	4.85	4.5	Canada, US, Sweden

HS4	Products	RCA	Untapped Potential (in millions of USD)	Top export potential destinations
1905	Bread, pastry, cakes, biscuits and other bakers' wares, whether or not containing cocoa; communion wafers, empty cachets of a kind suitable for pharmaceutical use, sealing wafers, rice paper and similar products	4.80	0.868	Saudi Arabia, UAE, Iraq
2208	Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages	2.60	7.7	Egypt, Spain, Germany
1211	Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes, fresh, chilled, frozen or dried, whether or not cut, crushed or powdered	2.42	1.6	Germany, Saudi Arabia, Spain
1515	Other fixed vegetable fats and oils (including jojoba oil) and their fractions, whether or not refined, but not chemically modified	2.03	2	Saudi Arabia, US, France
2009	Fruit juices (including grape must) and vegetable juices, unfermented and not containing added spirit, whether or not containing added sugar or other sweetening matter	1.98	24.157	Saudi Arabia, Kuwait, UAE, the Netherlands
802	Other nuts, fresh or dried, whether or not shelled or peeled	1.06	1.4	Saudi Arabia, Bangladesh, Italy
403	Buttermilk, curdled milk and cream, yogurt, kephir and other fermented or acidified milk and cream, whether or not concentrated or containing added sugar or other sweetening matter or flavored or containing added fruit, nuts, or cocoa	1.03	0.228	Saudi Arabia, Jordan, Kuwait

Source Authors' calculations.

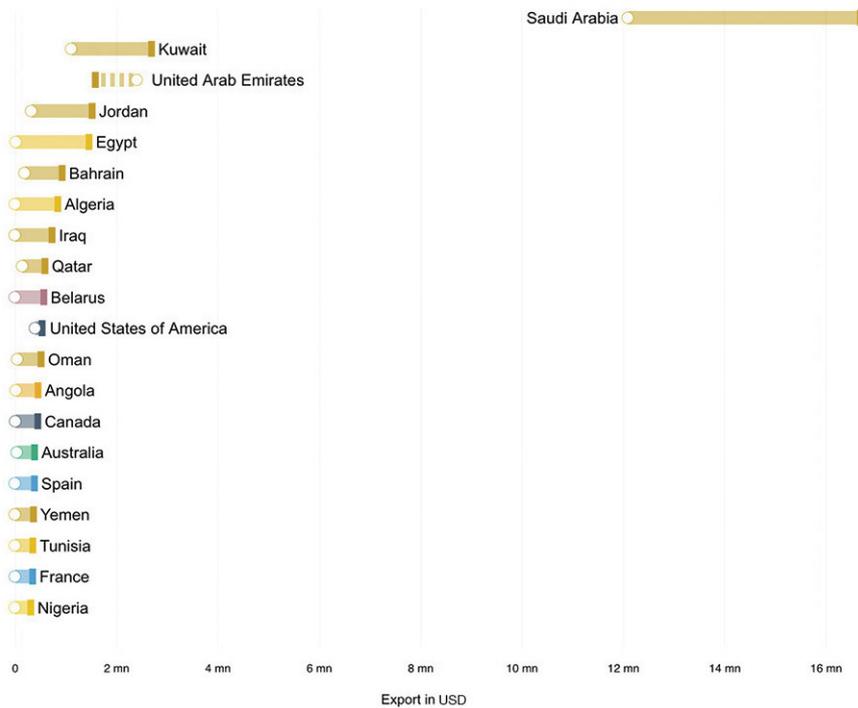
Looking more closely at the product level, we can identify for each product the exact markets that need to be targeted. For instance, for chocolate (HS 180631), the two greatest markets are Saudi Arabia with an untapped potential of \$4.4 million and Kuwait with \$1.4 million. This is followed by Egypt with \$1.3 million, Algeria with \$692,000, and Bahrain with \$586,000 (figure 3).

Figure 3

Export potential for chocolate and other cocoa preparations

Markets with potential for Lebanon's exports of chocolate & other cocoa preparations

- Export potential
- Actual exports
- Potential to actual exports gap
- Middle East
- North Africa
- North America
- EU & West Europe
- East Europe & Central Asia
- Central Africa
- Pacific
- West Africa

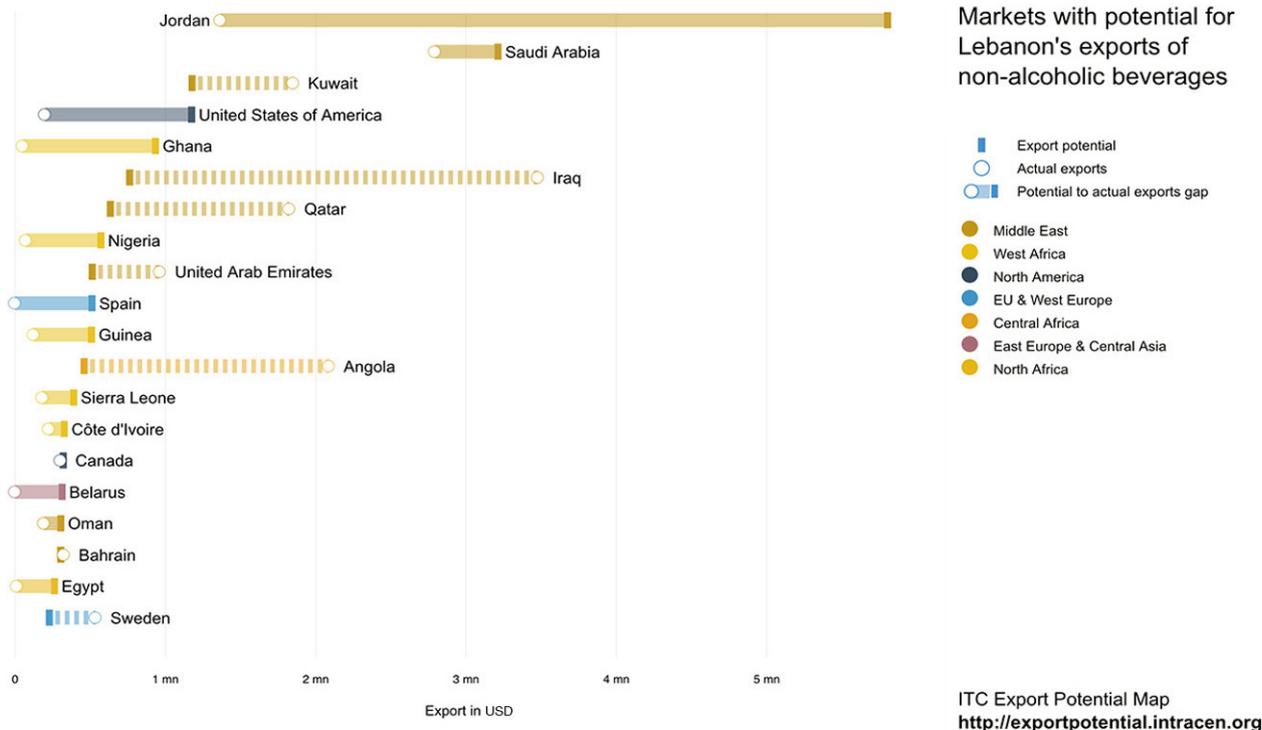


ITC Export Potential Map
<http://exportpotential.intracen.org>

Source International Trader Center Export Potential Map, 2017.

Another example of prepared foodstuff is non-alcoholic beverages (HS: 220299). The greatest market potentials are in Jordan with \$4.4 million, Saudi Arabia with \$386,000, and the US with \$924,000 (figure 4).

Figure 4
Export potential for non-alcoholic beverages



Source International Trader Center Export Potential Map, 2017.

Looking at the chemical products with an RCA greater than 1, there are 13 with an overall untapped export potential of \$68 million. Unlike agro-food products, the potential markets are not concentrated within the Arab world only. In fact, many of the products have the potential to be sold in the Netherlands, Belarus, Spain, Portugal, and Switzerland, in addition to neighboring Arab countries (table 3).

Table 3

List of Lebanese chemical products with the highest RCA

HS6	Name of product	RCA	Untapped Potential (in millions of USD)	Top three countries for export potential
3103	Mineral or chemical fertilizers, phosphatic	219.56	20.4	Bangladesh, Brazil, Ivory Coast
2809	Diphosphorus pentaoxide; phosphoric acid; polyphosphoric acids, whether or not chemically defined	56.49	18	Saudi Arabia, India, the Netherlands
3814	Organic composite solvents and thinners, not elsewhere specified or included; prepared paint or varnish removers	20.42	0.67	Saudi Arabia, UAE, Kuwait
3305	Preparations for use on the hair	18.97	4.6	Saudi Arabia, Egypt, Belarus
1518	Ground-nut oil and its fabrications	10.72	1.3	Netherlands, Spain, Portugal
3304	Beauty or make-up preparations and preparations for the care of the skin (other than medicaments), including sunscreen or suntan preparations; manicure or pedicure preparations	9.29	0.43	Saudi Arabia, UAE, US
3206	Other coloring matter; inorganic products of a kind used as luminophores, whether or not chemically defined	8.77	2.9	Egypt, Saudi Arabia, Switzerland
3301	Essential oils (terpeneless or not), including concretes and absolutes; resinoids; extracted oleoresins; concentrates of essential oils in fats, in fixed oils, in waxes or the like, obtained by enfleurage or maceration; terpenic by-products of the deterpenation of essential oils; aqueous distillates and aqueous solutions of essential oils	6.41	1.9	Saudi Arabia, Switzerland, US
3401	Soap; organic surface-active products and preparations for use as soap, in the form of bars, cakes, molded pieces or shapes, whether or not containing soap	6.36	4.1	Saudi Arabia, Kuwait, Egypt

HS4	Products	RCA	Untapped Potential (in millions of USD)	Top export potential destinations
3208	Paints and varnishes (including enamels and lacquers) based on synthetic polymers or chemically modified natural polymers, dispersed or dissolved in a non-aqueous medium	6.00	4.9	Saudi Arabia, Kuwait, UAE
3307	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorizers, whether or not perfumed or having disinfectant properties	5.80	6.04	Saudi Arabia, UAE, Kuwait
3209	Paints and varnishes (including enamels and lacquers) based on synthetic polymers or chemically modified natural polymers, dispersed or dissolved in an aqueous medium	5.35	1.4	Saudi Arabia, Egypt, Morocco
3004	Medicaments (excluding goods of heading 3002, 3005 or 3006) consisting of mixed or unmixed products for therapeutic or prophylactic uses, put up in measured doses (including those in the form of transdermal administration systems) or in forms or packing for retail sale	1.56	1.35	Saudi Arabia, Belgium, Egypt

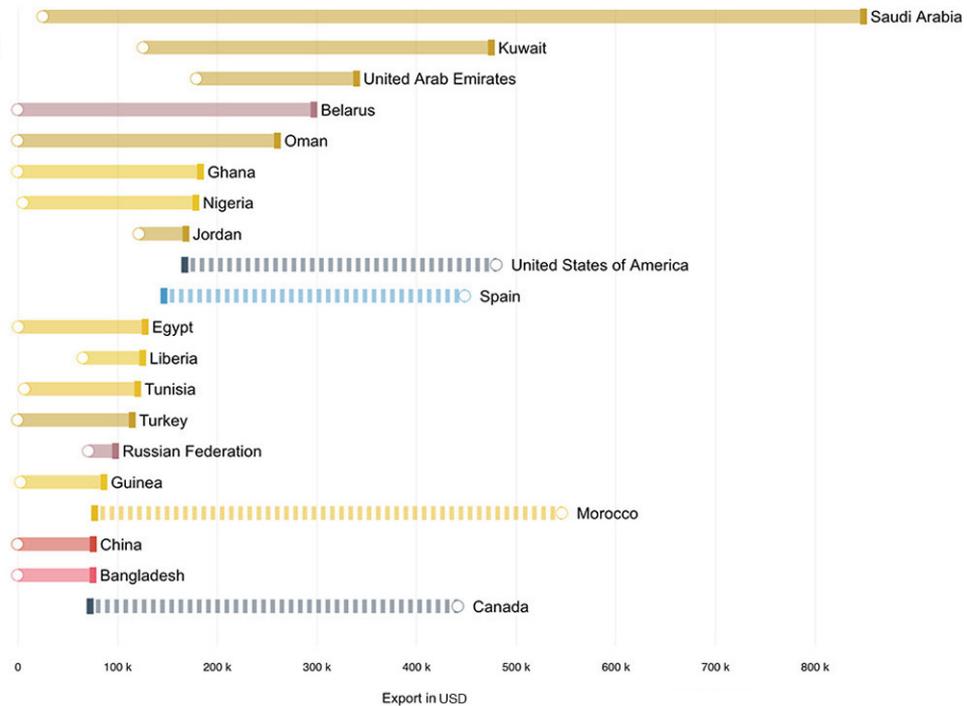
Source **Authors' calculations.**

Similarly, the chemical sector managed to sustain a limited increase in competitiveness across the years by specializing into the production of luxury chemicals, like fragrances and other beauty products. There are about 110 different items produced in this sector, including basic chemicals, soaps and detergents, cosmetics, plastic, rubber, oil refining, and paints and varnishes. Taking a closer look at paints (figure 5), for example, Lebanon has the potential to export \$815,000 worth of products: \$341,000 to Kuwait, \$290,000 to the Belarus, and \$152,000 to the UAE.

Figure 5

Export potential for paints

Markets with potential for Lebanon's exports of paints & varnishes



ITC Export Potential Map
<http://exportpotential.intracen.org>

Source International Trader Center Export Potential Map, 2017.

Conclusion and Recommendations

Despite the decline in total exports, Lebanon has the potential to sell some of its key products competitively across the globe, making Lebanese productions specialized enough, in terms of quality and demand, to supersede competition from cheap exports. This provides the country with opportunity to promote

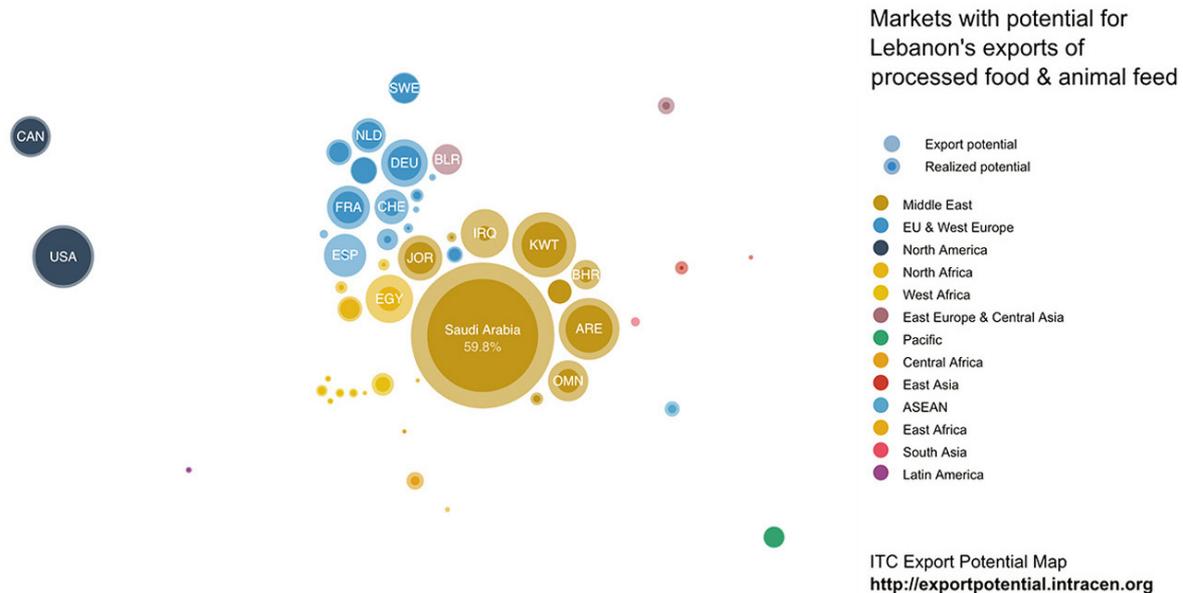
Lebanon has the potential to sell some of its key products competitively across the globe

its exports without necessarily undergoing structural changes to the production process. Instead, export promotion

should strategically be explored to match demand trends with Lebanon's niche productions.

Accordingly this provides opportunity to build on two trends: First, **safeguard export channels to neighboring Middle Eastern markets.** Lebanon's productions have a clear comparative advantage in relation to neighboring Middle Eastern markets. Reiterating the findings identified above, figure 6 identifies the large untapped potential for agro-food products in the region: Saudi Arabia comes first with an untapped potential of \$20 million, followed by Iraq with \$6.3 million, and Kuwait with \$5.8 million. Accordingly, improving the position of competitive agro-food products can improve exports to the Middle East market.

Figure 6

Market potential for agro-food products

Source International Trade Center Export Potential Map, 2017.

Troubling times for Lebanese exports in the Middle East

With economies in the Middle East closely tied together, it is no surprise that Lebanon's exports have been driven largely by demand from neighboring countries. As a matter of fact, 40% of Lebanon's total exports are destined to neighboring Middle Eastern markets, including the UAE, Saudi Arabia, Turkey, Iraq, Syria, Kuwait, Qatar, Jordan, Oman, Iran, Yemen, and Bahrain, accounting for a total of \$1.5 billion in 2017. Lebanese industry benefits, primarily, from an advantageous geographic position in the region that provides it with access to a \$690 billion market. Before the Syrian war in 2011, Lebanon managed to export most of its products to the region via land, reducing transport costs significantly.

However, Lebanese exports to the Middle Eastern market has been facing serious threats and witnessing a continuous decrease, worth \$252 million over the past five years. This number is worth \$324 million to Arab markets with the largest decrease recorded to Lebanon's largest importers: Saudi Arabia (\$178 million), the UAE (\$81.7 million), Jordan (\$62 million), and Syria (\$47 million).³

³ Author's calculations based on UN COMTRADE data, 2017.

Second, **identify easy entry points into new markets.** In addition to improving the position of Lebanese exports in the Middle East, competitive productions can help penetrate new markets. This is shown in figure 7, where chemical products have an untapped potential to countries such as the Netherlands, Portugal, and Belarus. The largest untapped potential exists to

Saudi Arabia, with \$16.9 million, but other substantial potential exists with countries like Bangladesh (\$7.3 million), Egypt (\$4.8 million), the US (\$3.5 million), the Netherlands (\$2.8 million), and Brazil (\$2.7 million). Accordingly, Lebanese chemical products can help diversifying market reach by producing chemicals that are more complex or specialized (see policy brief 2: Promoting Lebanese Complex Exports Through Upgrading Productive Knowledge).

Figure 7

Market potential for chemical products

Markets with potential for Lebanon's exports of chemicals



Source International Trade Center Export Potential Map, 2017.

With little or no change in the country's business environment or a change in the cost of production, Lebanon can and must exploit its competitiveness in certain sectors and products. To guarantee that competitiveness is capitalized upon to improve the position of Lebanese exports, necessary support and coordination should be achieved between the government and industrialists.

This requires that both the Ministry of Industry and the Association of Lebanese Industrialists cooperate strongly to strategically promote specific productions that exhibit high competitiveness and match demand changes in the global markets. This brief's goal was to contribute to this, by identifying these products and the subsequent markets.

The effort must also attempt to resolve the challenges that impede access to potential markets. Therefore, support to competitive sectors should be complemented by trade agreements that facilitate access, and that are isolated from political tensions and turmoil. Support should also resolve administrative and bureaucratic procedures, which hinder the development of the sector. Indeed, the lack of institutionalized and sophisticated marketing channels to

access EU markets, and of accreditation and certification, the poor performance of local laboratories, and the inability to meet international standards pose a major challenge and are impeding Lebanese products from entering freely into foreign markets. Nonetheless, discrepancies with safety and traceability standards remain one of the main obstacles facing industrialists who wish to enter international export markets: According to QUALEB, an EU-funded program, over 50% of Lebanese agro-food exports are rejected by European markets because of labeling and packaging irregularities, and 35% are declined because of illegal additives.

Finally, Lebanese authorities and industrialists should invest in research and development activities. This will guarantee Lebanon to keep its competitive niche through improved quality standards that continuously are updated on global trends and consumer behaviors. A number of companies invest in market research and business development, but very few venture into

Over 50% of Lebanese agro-food exports are rejected by European markets because of labeling and packaging irregularities, and 35% are declined because of illegal additives

product development and innovative scientific research activities. Another issue that producers face is the lack of adequate information about foreign markets. Producers study foreign markets primarily through attending exhibitions and fairs abroad, where they try to learn about the main market players and channels of distribution, among other things. However, industrialists need an adequate marketing strategy and better linkages, which are based on more detailed information about export market structures.

Annex 1

Number of products (RCA >1) as well as their export value categorized by sector

Sectors	Number of products	Value of exports (in thousands of USD)	Share of total value
Animal and Animal Products	8	28,377	1.0%
Vegetable Products	35	179,619	6.6%
Animal or Vegetable Fats and Oils	6	33,148	1.2%
Prepared Foodstuffs	32	480,273	17.6%
Mineral Products	4	6,050	0.2%
Chemical and Allied Industries	31	403,574	14.8%
Plastics/Rubbers	11	112,140	4.1%
Raw Hides, Skins, Leather and Furs	8	15,365	0.6%
Wood and Wood Products	9	9,134	0.3%
Pulp of Wood or of Other Fibrous Material	26	157,341	5.8%
Textiles	50	95,872	3.5%
Footwear/Headgear	4	14,870	0.6%
Stone/Glass	17	23,994	0.9%
Natural or Cultured Pearls	7	433,804	15.9%
Base Metals	38	294,039	10.8%
Machinery/Electrical	34	343,103	12.6%
Precision Instruments	4	11,032	0.40%
Arms and Ammunition	1	305	0.01%
Miscellaneous Manufactured Articles	9	78,173	2.90%
Works of Art	3	3,244	0.10%
	337	3,723,457	

Source **Authors' calculations.**

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.

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