

Export Potential of Lebanese Goods

The severe economic crisis that Lebanon is experiencing requires the search for solutions to reduce the impact of this crisis. The deficit in the balance of payments increased to 10.6 billion dollars at the end of 2020, o. w. the trade balance deficit represents 7.8 billion dollars.

All indicators were likely to rise for the worse, but the deterioration of the exchange rate of the Lebanese pounds against the dollar and the loss of dollar's liquidity led to a decline in the value of imports by 41 percent in 2020 compared to 2019, while exports declined only by 5 percent. As a result, the trade balance deficit decreased by 50 percent.

| Year | Exports | Imports | Trade Balance | Coverage Ratio % |
|-------------|---------|---------|---------------|------------------|
| 2010 | 4,253 | 17,964 | -13,711 | 23.68% |
| 2011 | 4,265 | 20,276 | -16,011 | 21.03% |
| 2012 | 4,483 | 22,037 | -17,554 | 20.34% |
| 2013 | 3,936 | 22,020 | -18,084 | 17.87% |
| 2014 | 3,313 | 21,437 | -18,124 | 15.45% |
| 2015 | 2,952 | 18,595 | -15,643 | 15.88% |
| 2016 | 2,977 | 19,119 | -16,142 | 15.57% |
| 2017 | 2,844 | 19,582 | -16,738 | 14.52% |
| 2018 | 2,952 | 19,980 | -17,028 | 14.77% |
| 2019 | 3,731 | 19,239 | -15,508 | 19.39% |
| 2020 | 3,544 | 11,310 | -7,766 | 31.34% |

Working to raise the value of Lebanese exports would further reduce the trade balance deficit. Focusing on encouraging exports with high export potential should not reduce the interest in the agricultural sector and food industries in order to achieve food security.

The severe economic crisis led to an increase in the local industrial production, and local products that were somewhat alternative to imported products appeared in the market, especially food products, cosmetics and some pharmaceutical products. This helped in filling the shortage caused by the decline in imports and contributed in reducing the trade deficit.

According to the statistics of the International Trade Center ITC for the year 2020, the value of Lebanese exports amounted to 3.8 billion dollars, while the 33 customs chapters HS2 amounted to 3.5 billion dollars, or 92 percent of the value of exports.

Compared with the statistics of the Lebanese customs, there is a surplus in the value of exports amounting to 263 million dollars in the statistics of the International Trade Center. This difference is mainly the result of the difference in the value of cars and bicycles exports by about 103 million dollars, jewelry by about 66 million dollars, mechanical devices by 10 million dollars, electrical appliances by 8 million dollars, and others.

| Chapter | Goods | I.T.C. | Percentage | Lebanese Customs | Difference |
|----------------|--|---------------|-------------------|-------------------------|-------------------|
| '71 | Jewelry | 1,475,969 | 39% | 1,409,841 | 66,128 |
| '84 | Machines, devices and machine tools | 205,127 | 5% | 195,339 | 9,788 |
| '87 | Cars and bikes | 138,110 | 4% | 34,911 | 103,199 |
| '20 | Preparations of vegetables, fruit, nuts | 129,417 | 3% | 129,208 | 209 |
| '85 | Electrical machines and appliances | 124,861 | 3% | 116,426 | 8,435 |
| '08 | Fruits, nuts and citrus fruits | 121,390 | 3% | 120,293 | 1,097 |
| '33 | Oils, perfumery and cosmetics | 112,544 | 3% | 108,930 | 3,614 |
| '39 | Plastics and articles thereof | 102,413 | 3% | 101,119 | 1,294 |
| '72 | iron and steel | 94,639 | 2% | 90,304 | 4,335 |
| '74 | Copper and articles thereof | 73,195 | 2% | 72,758 | 437 |
| '22 | Drinks, alcoholic liquids and vinegar | 66,486 | 2% | 65,199 | 1,287 |
| '76 | Aluminum and its products | 60,199 | 2% | 60,002 | 197 |
| '94 | Furniture | 54,773 | 1% | 51,735 | 3,038 |
| '28 | Inorganic chemical products | 53,981 | 1% | 53,981 | 0 |
| '48 | Paper and cardboard and articles thereof | 53,662 | 1% | 53,449 | 213 |
| '15 | Animal or vegetable fats and oils | 52,325 | 1% | 52,280 | 45 |
| '30 | pharmaceutical products | 49,065 | 1% | 47,800 | 1,265 |

| | | | | | |
|-----|---|------------------|-------------|------------------|----------------|
| '19 | Preparations of cereals, flour, starch or milk | 45,455 | 1% | 44,136 | 1,319 |
| '07 | Edible vegetables and certain roots and tubers | 44,400 | 1% | 43,759 | 641 |
| '78 | Lead and articles thereof | 44,038 | 1% | 44,038 | 0 |
| '21 | Miscellaneous edible preparations | 41,221 | 1% | 40,084 | 1,137 |
| '49 | Printed books, newspapers, pictures and others | 38,229 | 1% | 37,960 | 269 |
| '32 | Tanning and dyeing extracts and their derivatives | 37,916 | 1% | 37,350 | 566 |
| '09 | Coffee, tea, maté and spices | 36,400 | 1% | 36,243 | 157 |
| '01 | live animals | 32,518 | 1% | 32,513 | 5 |
| '18 | Cocoa and cocoa preparations | 31,711 | 1% | 31,507 | 204 |
| '24 | Tobacco and manufactured tobacco substitutes | 30,226 | 1% | 28,202 | 2,024 |
| '31 | Fertilizers | 30,030 | 1% | 29,875 | 155 |
| '89 | Ships, boats and floating structures | 29,481 | 1% | 29,387 | 94 |
| '73 | Iron and steel articles | 29,424 | 1% | 28,219 | 1,205 |
| '34 | Soaps and washing preparations | 28,672 | 1% | 28,318 | 354 |
| '96 | Miscellaneous manufactured articles | 26,497 | 1% | 26,344 | 153 |
| '10 | Cereals | 19,978 | 1% | 16,097 | 3,881 |
| | Other goods | 293,109 | 8% | 246,888 | 46,221 |
| | Total | 3,807,461 | 100% | 3,544,495 | 262,966 |

Source: ITC and Lebanese Customs

As for Lebanese exports with high export potential, according to the International Trade Center on the basis of the HS6I customs code, statistics show that the export of the first 25 items, which amounted to 1.1 billion dollars, presents a potential \$ 500 million untapped.

| HS6 Code | Commodity | Export Potential | Actual Exports | Untapped Potential |
|----------|----------------------------|------------------|----------------|--------------------|
| 71.13.19 | Jewelry, of precious metal | 476.6 | 397.3 | 139 |
| | UAE | 193.1 | 183.8 | 9.3 |
| | Switzerland | 70.4 | 64.3 | 6.1 |
| | Qatar | 47.9 | 856.4 | 47.1 |
| | Iraq | 27.7 | 0 | 27.7 |

| | | | | |
|-----------------|--|-------------|-------------|-------------|
| | Kuwait | 25.9 | 23.1 | 2.8 |
| 08.08.10 | Apples, fresh | 88.3 | 38 | 53.8 |
| | Egypt | 37.3 | 27.1 | 10.2 |
| | Syria | 6.1 | 0.1 | 6.1 |
| | Bangladesh | 5.2 | 0 | 5.2 |
| | Saudi Arabia | 5.2 | 2.2 | 3 |
| | Jordan | 4.9 | 0 | 4.3 |
| 31.03.00 | Super phosphates | 39.6 | 63.3 | 9.3 |
| | Bangladesh | 19.4 | 32.6 | 0 |
| | Brazil | 7.1 | 14.1 | 0 |
| | Netherlands | 2.8 | 0 | 2.8 |
| | Côte d'Ivoire | 2.4 | 1.6 | 0.7 |
| | United States of America | 1.3 | 0 | 1.3 |
| 01.04.10 | Live Sheep | 38.1 | 8.7 | 35.2 |
| | Saudi Arabia | 24.1 | 0 | 24.1 |
| | Kuwait | 5.8 | 0.1 | 5.6 |
| | Qatar | 2.5 | 8.4 | 0 |
| | Libya | 2.1 | 0 | 2.1 |
| | Jordan | 1.8 | 0 | 1.8 |
| 85.02.11 | Generating sets with diesel engine75=> ,kVA | 35.8 | 34.4 | 13.6 |
| | Saudi Arabia | 2.9 | 1 | 1.9 |
| | Syria | 2.5 | 2.5 | 0 |
| | United Arab Emirates | 1.7 | 1.2 | 0.5 |
| | Guinea | 1.4 | 1.9 | 0 |
| | Qatar | 1.4 | 1.8 | 0 |
| 20.08.19 | Nuts & other seeds, prepared or preserved | 32.9 | 49.9 | 8.5 |
| | Saudi Arabia | 5.3 | 5 | 0.3 |
| | United States of America | 2.6 | 8.6 | 0 |
| | Netherlands | 1.9 | 2.7 | 0 |
| | Germany | 1.8 | 2.8 | 0 |
| | Kuwait | 1.7 | 1.5 | 0.2 |
| 85.02.13 | Generating sets with diesel engine, >=375kVA | 32.2 | 30.4 | 15.2 |
| | Saudi Arabia | 3.8 | 4.3 | 0 |
| | Bangladesh | 3.2 | 0 | 3.2 |
| | Egypt | 2.1 | 2.1 | 0 |
| | United Arab Emirates | 2 | 3 | 0 |

| | | | | |
|-----------------|---|-------------|-------------|-------------|
| | Jordan | 1.9 | 0.7 | 1.2 |
| 78.01.10 | Unwrought lead, refined | 31.7 | 40.4 | 24.1 |
| | Turkey | 9.3 | 0.6 | 8.7 |
| | United Arab Emirates | 4 | 0.5 | 3.5 |
| | Spain | 3.4 | 28 | 0 |
| | India | 2.1 | 0.2 | 1.8 |
| | United States of America | 1.9 | 0 | 1.9 |
| 96.19.00 | Sanitary articles | 29.2 | 25.2 | 18.8 |
| | Syria | 5.4 | 0.1 | 5.2 |
| | Saudi Arabia | 3.1 | 9.3 | 0 |
| | Kuwait | 2.6 | 1 | 1.6 |
| | Iraq | 2.1 | 1.3 | 0.8 |
| | United Arab Emirates | 1.8 | 1.1 | 0.7 |
| 49.01.99 | Printed books, brochures & similar | 28.7 | 73 | 11.8 |
| | Syria | 3.7 | 5 | 0 |
| | United States of America | 2.2 | 0.5 | 1.7 |
| | United Kingdom | 2.2 | 0.2 | 2 |
| | Saudi Arabia | 1.4 | 6.6 | 0 |
| | Spain | 1 | 0 | 1 |
| 85.02.12 | Generating sets with diesel engine75=< ,kVA but375=> kVA | 28.5 | 25.9 | 12.5 |
| | Saudi Arabia | 2.9 | 2.1 | 0.8 |
| | Syria | 2.4 | 1.5 | 0.9 |
| | Egypt | 2.2 | 1.9 | 0.3 |
| | United Arab Emirates | 1.8 | 2.3 | 0 |
| | Kuwait | 1.6 | 1.7 | 0 |
| 71.02.39 | Diamonds, worked | 25.1 | 58.8 | 11.1 |
| | United Arab Emirates | 7.7 | 38 | 0 |
| | United States of America | 5.5 | 0.9 | 4.6 |
| | India | 3.3 | 0 | 3.3 |
| | Switzerland | 2.2 | 10.9 | 0 |
| | Belgium | 1.8 | 6.4 | 0 |
| 11.01.00 | Wheat or meslin flour | 24.3 | 15.7 | 19.9 |
| | Syria | 7.2 | 0 | 7.2 |
| | Iraq | 3.3 | 1 | 3.3 |
| | Angola | 3 | 2 | 1 |
| | Saudi Arabia | 2.4 | 13.7 | 0 |
| | Yemen | 1.2 | 0 | 1.2 |
| 07.01.90 | Potatoes, fresh | 23.9 | 26.6 | 14.3 |
| | Syria | 4.2 | 0 | 4.2 |
| | Kuwait | 3.3 | 11.1 | 0 |
| | Iraq | 2.7 | 0.2 | 2.5 |

| | | | | |
|-----------------|--|-------------|-------------|-------------|
| | United Arab Emirates | 1.9 | 8.2 | 0 |
| | Jordan | 1.2 | 1.8 | 0 |
| 30.04.00 | Medicaments consisting of mixed or unmixed products, for retail sale | 22.2 | 36.9 | 16.6 |
| | United States of America | 2.6 | 0 | 2.6 |
| | Saudi Arabia | 1.8 | 6.4 | 0 |
| | Egypt | 1.4 | 0 | 1.4 |
| | Spain | 0.9 | 0 | 0.9 |
| | Belgium | 0.9 | 0 | 0.9 |
| 18.06.31 | Chocolate & other cocoa preparations Chocolate & other cocoa preparations | 20.3 | 16.4 | 9.4 |
| | Saudi Arabia | 6.9 | 11.6 | 0 |
| | Kuwait | 1.9 | 0.9 | 1 |
| | Jordan | 1.6 | 0.5 | 1 |
| | United Arab Emirates | 1.3 | 0.7 | 0.5 |
| | Syria | 1.2 | 0 | 1.2 |
| 08.08.00 | Pears & quinces, fresh | 20.2 | 15.8 | 9.8 |
| | Belarus | 7.5 | 10.5 | 0 |
| | Netherlands | 1.8 | 0 | 1.8 |
| | Jordan | 1.6 | 0 | 0 |
| | Saudi Arabia | 1.2 | 0 | 0 |
| | Kuwait | 0 | 3.3 | 0 |
| 07.05.11 | Cabbage lettuce, fresh | 18.4 | 13.7 | 7.1 |
| | Saudi Arabia | 5.4 | 5.8 | 0 |
| | Kuwait | 2.7 | 2.6 | 0 |
| | Qatar | 2.1 | 0.7 | 1.3 |
| | United Arab Emirates | 2 | 3.8 | 0 |
| | Belarus | 1.4 | 0.4 | 1 |
| 94.06.00 | Prefabricated buildings | 18 | 13 | 11.3 |
| | Qatar | 2.3 | 0.6 | 1.8 |
| | Saudi Arabia | 2.1 | 1.9 | 0.2 |
| | Kuwait | 1.5 | 0.2 | 1.3 |
| | Syria | 1.3 | 0.2 | 1.1 |
| | Egypt | 0.8 | 0.4 | 0.8 |
| 08.05.10 | Oranges, fresh or dried | 17.4 | 15.3 | 11.2 |
| | Saudi Arabia | 4 | 3.5 | 0 |
| | Netherlands | 1.7 | 0 | 1.7 |

| | | | | |
|-----------------|---|-----------------|-----------------|--------------|
| | Bangladesh | 1.5 | 0 | 1.5 |
| | Belarus | 1.3 | 0 | 1 |
| | Kuwait | 0.9 | 8.1 | 0 |
| 39.01.10 | Polyethylene, specific gravity ,0,94>in primary forms | 17.3 | 35.5 | 10.2 |
| | Syria | 5.2 | 28.5 | 0 |
| | Egypt | 1.7 | 0 | 1.7 |
| | Turkey | 1 | 0 | 1 |
| | Saudi Arabia | 0.9 | 5.6 | 0 |
| | Jordan | 0.6 | 0 | 0.6 |
| 22.02.10 | Waters as beverage | 17.2 | 11.2 | 11.6 |
| | Syria | 5.5 | 0 | 5.5 |
| | Saudi Arabia | 2.2 | 0.7 | 1.5 |
| | Qatar | 1.2 | 0.7 | 0.5 |
| | United States of America | 1 | 0.8 | 0.2 |
| | Kuwait | 0.7 | 1.2 | 0 |
| 08.09.30 | Pears & quinces, fresh | 16.8 | 12 | 8.9 |
| | Belarus | 7.1 | 3.7 | 3.4 |
| | Saudi Arabia | 2.3 | 0.9 | 1.4 |
| | Kuwait | 1.2 | 3.4 | 0 |
| | Egypt | 1 | 2.1 | 0 |
| | Iraq | 0.8 | 0.2 | 0.6 |
| 21.06.90 | Food preparations | 16.7 | 16 | 9.9 |
| | Egypt | 3.4 | 0 | 3.4 |
| | Saudi Arabia | 2.4 | 0.9 | 1.6 |
| | United States of America | 0.7 | 0.4 | 0.4 |
| | Kuwait | 0.6 | 0.8 | 0 |
| | Jordan | 0.6 | 3.8 | 0 |
| 20.05.00 | Vegetable and mixtures, prepared or preserved (not in vinegar), not frozen | 16 | 18.9 | 6 |
| | Saudi Arabia | 3.8 | 2.3 | 1.4 |
| | Syria | 2.2 | 0 | 2.1 |
| | Kuwait | 1.6 | 2.8 | 0 |
| | United States of America | 1.1 | 1.6 | 0 |
| | Spain | 0.8 | 0 | 0.8 |
| | Total | 1,135.40 | 1,092.30 | 499.1 |

Source: ITC

The most important commodities that have untapped export potential are:

- HS6 Code 71.13.19 \$139 million worth jewelry of precious metal.
- HS6 Code 08.08.10 \$53.8 million worth of apple.
- HS6 Code 01.04.10 \$35.2 million worth of live sheep.
- HS6 Code 78.01.10 \$24.1 million worth of refined unwrought lead.
- HS6 Code 11.01.00 \$19.9 million worth of wheat or meslin flour.
- HS6 Code 96.19.00 \$18.8 million worth of sanitary articles.
- HS6 Code 31.04.00 \$16.6 million worth of medicines.
- HS6 Code 85.02.13 \$15.2 million worth of Generating sets with diesel engine,
>=375kVA

As for the markets with the highest ability to attract Lebanese exports of all products are UAE, Saudi Arabia and Egypt. Saudi Arabia shows the largest absolute difference between Lebanese potential exports to the Kingdom and actual exports in terms of value, allowing for additional exports of \$94.4 million.

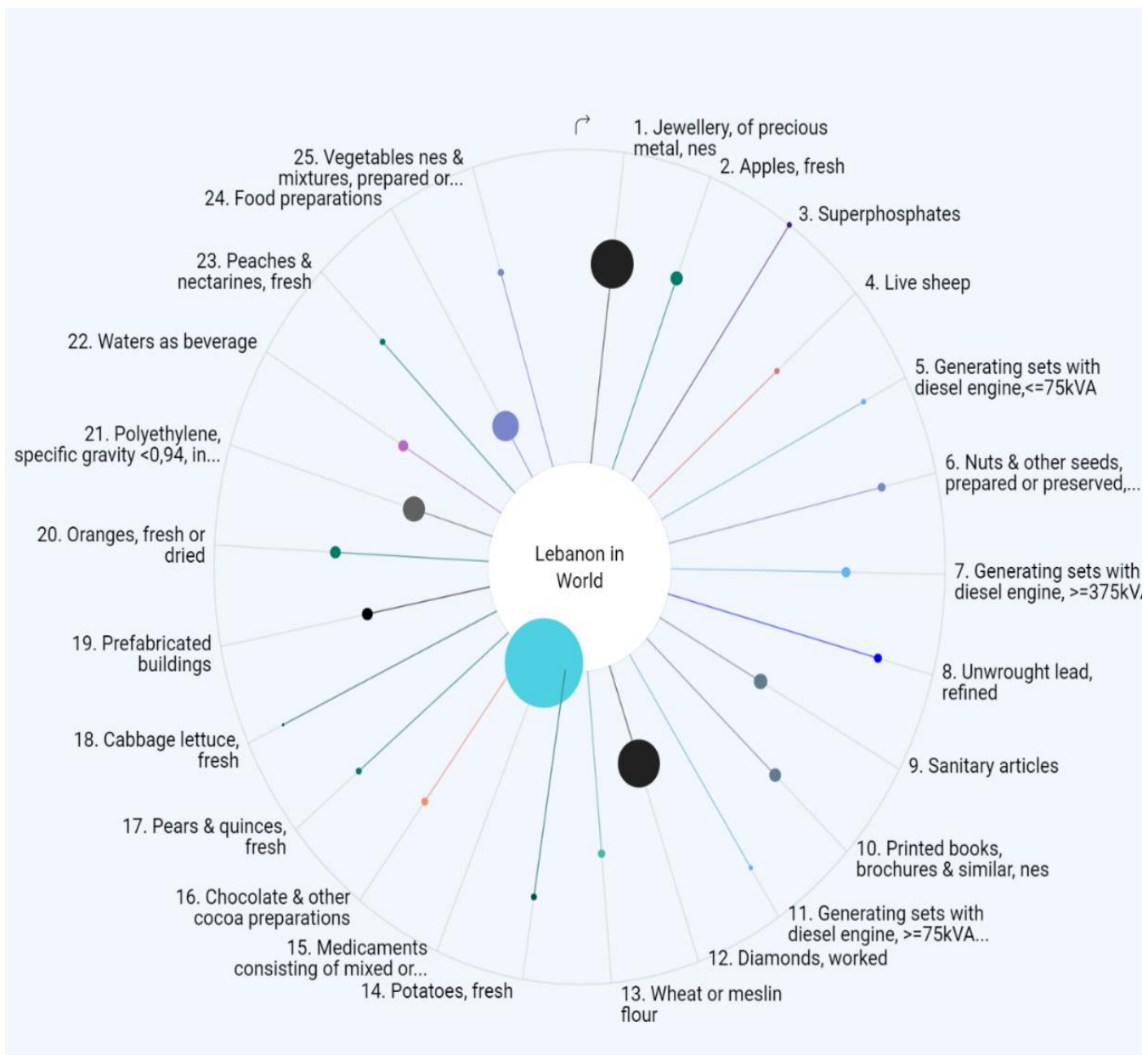


Figure 1

Source: ITC

Table 1

| Markets with the highest potential to attract Lebanese exports 2020 | | | |
|--|-----------------------------|---------------------------|-------------------------------|
| Million \$ | Export Potential | Actual Exports | Untapped Potential |
| United Arab Emirates | 276 | 344.7 | 37 |
| Saudi Arabia | 243.7 | 292.4 | 94.4 |
| Egypt | 116.9 | 85.8 | 57.8 |
| Kuwait | 111.7 | 159.7 | 34.5 |
| Syria | 107.5 | 125.9 | 67.2 |
| Qatar | 105 | 128.4 | 63.7 |
| United States of America | 86.2 | 91.8 | 40.3 |
| Switzerland | 81.7 | 83.3 | 12.3 |
| Turkey | 74.3 | 79.8 | 33.7 |
| Jordan | 66.7 | 74.2 | 34.3 |
| Belarus | 54.2 | 38.9 | 30.8 |
| Netherlands | 51.8 | 56.6 | 40.6 |
| Bangladesh | 51 | 35 | 30.3 |
| France | 42.9 | 49.2 | 24.5 |
| Oman | 37.1 | 32 | 25.3 |
| Spain | 36.1 | 45.4 | 30.2 |
| United Kingdom | 28.2 | 32.8 | 17.9 |
| India | 27.8 | 22.7 | 20.9 |
| Germany | 26.5 | 32.6 | 16.9 |

Source: ITC