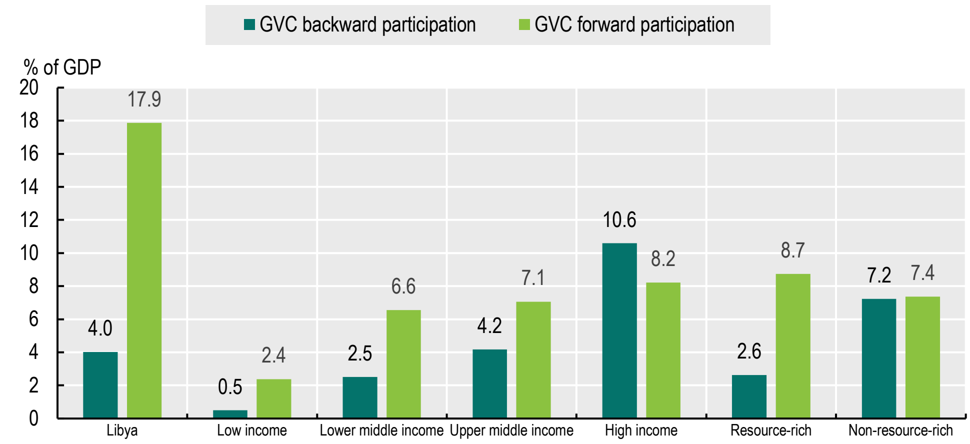
Africa's Development Dynamics 2022: Regional value chains for a sustainable recovery
STATISTICAL COUNTRY NOTE

LIBYA

Global value chain participation and development

Libya's participation in global value chains, 2019



Note: Countries are classified as low income, lower middle income, upper middle income, and high income according to the World Bank Country and Lending Groups. Countries classified as "resource-rich" for this chart are countries for whom over 10% of GDP came from oil, gas, coal and mineral production for at least 5 years between 2010 and 2019.
Sources: Authors' calculations based on data from Casella et al. (2019), UNCTAD-Eora Global Value Chain Database, https://worldmrio.com/unctadgvc/.

A measure of the degree to which a country's production derives from integration into the global economy is its "forward" and "backward" global value chain (GVC) participation (see box). This measure tends to be related to a country's level of income, as well as whether it is a "resource-rich" country, or a country in which extraction of natural resources plays a major role in its economy.

Libya is a resource-rich, upper middle income country. Libya's backward participation accounted for 4% of the country's GDP while forward participation accounted for 17.9% of GDP. The rates of backward and forward participation most closely resembling that of Libya were found in Algeria, Jordan, and UMA countries.

What is GVC participation?

Global value chain (GVC) participation or integration is a measure of the proportion of the total value of a country's exports that is generated by global value chains. Total GVC participation is the sum of backward and forward participation. Higher income countries tend to have higher GVC participation due to higher levels of integration in the global economy.

Backward participation is the amount of a country's export value that comes from imported intermediate products. Higher income countries tend to have higher rates of backward participation as they tend to have a greater capacity to transform raw materials and input goods.

Forward participation is the amount of a country's export value that is added by national production and that is embedded in another country's exports. Countries, typically resource-rich and lower income countries, that are more focussed on exporting raw materials than manufacturing, tend to have more forward than backward participation.

Industries in Libya with highest GVC participation, 2015

Mining, quarries
73% of GVC

Oil/mineral products
12% of GVC

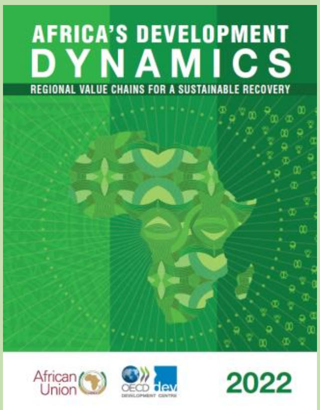
Transport
6% of GVC

Origin and destination of imports and exports (% of total)

Key numbers for Libya

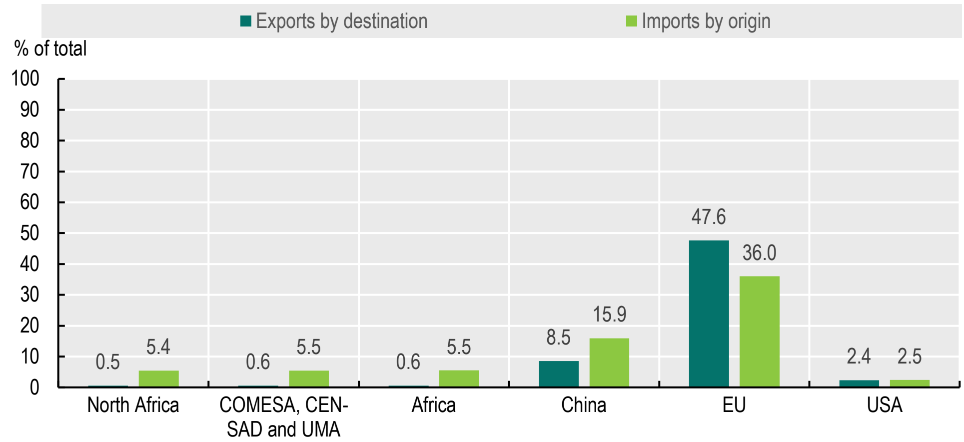
Growth per capita/yr, 2022-27	3.0%
Vulnerable employment, 2021	26.5%
Frwd participation (% GDP), 2019	10.2%
Bkwd participation (% GDP), 2019	2.3%

The information presented here can be found in the 2022 edition of the publication *Africa's Development Dynamics*



Regional trade

Origin and destination for Libya's trade, 2019 (% of total)

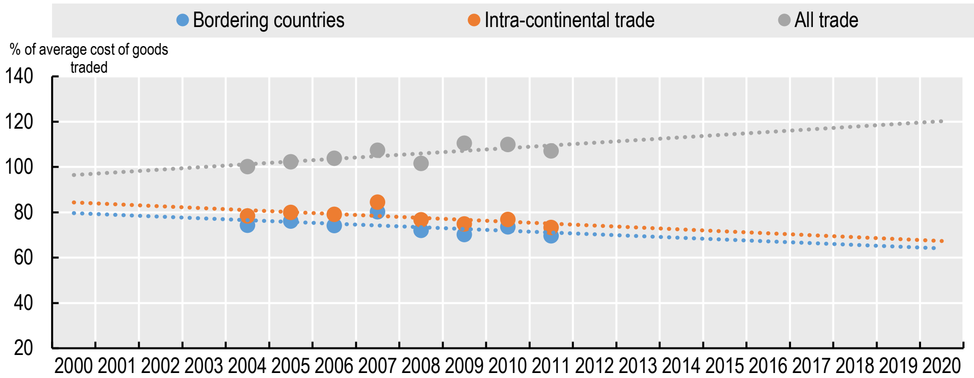


Sources: Author's calculations based on BACI International Trade Database at the Product-Level from CEPII (updated February 19, 2021).

Developing regional value chains will depend on the degree of trade integration between nearby countries. In Libya, 5.5% of imports and 0.6% of exports were intra-continental. This was lower than the world average of 55.9% for imports and lower than the world average of 56.8% for exports. Of Libya's intra-African trade, 99.5% of imports and 100% of exports were within the regional economic communities of COMESA, CEN-SAD and UMA. Of the world's three largest traders, Libya's biggest trade partner was the EU.

Cost of trade

Average cost of trading manufactured goods, by type of trade partner, 2000-20

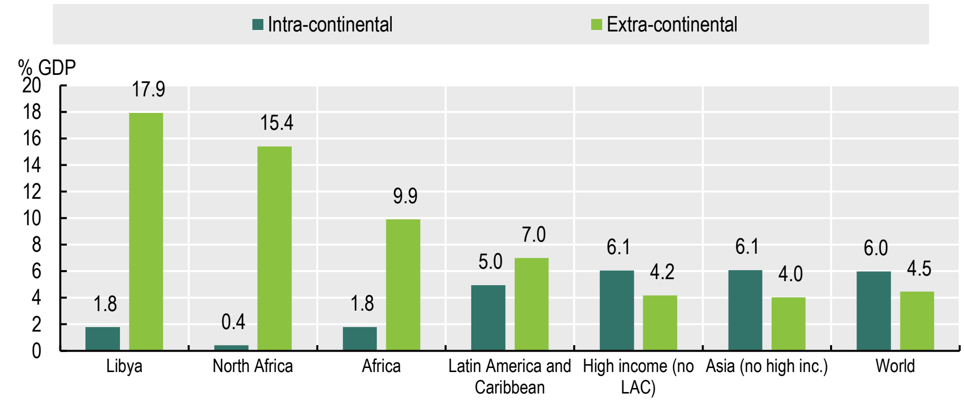


Source: Authors' calculations based on UN ESCAP/World Bank (2021), *ESCAP-World Bank Trade Cost Database*, www.unescap.org/resources/escap-world-bank-trade-cost-database.

Reducing trade costs is a key element of efforts to encourage trade integration and value chain development. The estimated cost of trading manufactured goods for Libya has been on an increasing trend since 2000. In the most recent estimate, in 2011, the cost of trading manufactured goods for Libya was, on average, 107.1% of the cost of the underlying good traded. The cost of intra-continental trade in manufactured goods was 31.5% less expensive than the overall average, and for trade with bordering countries, it was 35% less expensive.

Trade in intermediate goods

Intra-continental trade in intermediate goods, by group of countries, 2020



Source: Authors' calculations based on data from the International Trade Database at the Product-Level (BACI) developed by the Centre d'Études Prospectives et d'Informations Internationales (CEPII, 2020).

Libya's trade in intermediate goods, which is the core component of international value chains, was on average 19.7% of GDP in 2020. This ratio was higher than the average of 15.8% for countries in North Africa, which is higher than the average of 11.7% for countries in Africa and higher than the global average of 10.5%. Libya's intra-continental trade in intermediate goods was 9% of their total trade in intermediate goods, which was higher than the figure of 2.6% for North Africa, lower than the ratio of 15.3% for Africa and lower than the global ratio of 57.4%.

African Union
OECD DEVELOPMENT CENTRE dev
Co-funded by the European Union

For more information see: https://oe.cd/AFDD-2022