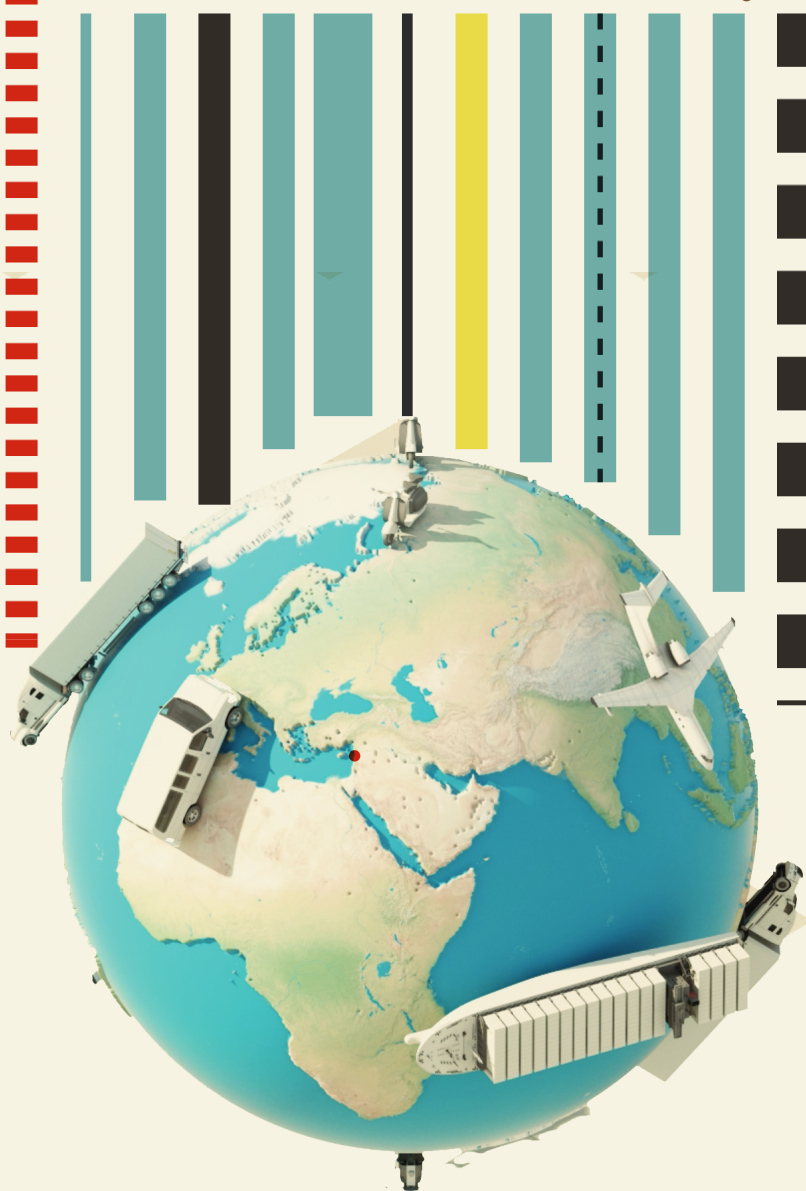


ARTICLE 2

Where is Lebanon Exporting its Products?

Sami Atallah and Sami Zoughaib



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Lebanon's financial and economic crisis has left no sector untouched, triggering a range of market disruptions and transformations. A confluence of factors including dwindling capital flows, constricted credit markets, and reliance on imported raw materials has adversely impacted the country's productive sectors. On a more positive note, Lebanese pound devaluation made the country's exports more competitive domestically and internationally, yet the exact changes in Lebanon's export landscape are not well understood beyond slight increases in their total volume. In this article, we assess how markets for Lebanese products have changed in recent years by comparing trade statistics from 2021 to trade statistics from 2018.¹

Lebanon exported 948 products to 171 countries, spanning six continents in 2021. In comparison to 2018, Lebanon lost access to eight markets, resulting in a loss of approximately \$12 million in export value across them. Exports to the Democratic Republic of Congo dropped by the most significant amount, about \$11.5 million. During the same period, Lebanese products were able to penetrate new markets, including Cocos, Turkmenistan, Cuba, Curacao, the Cayman Islands, the British Virgin Islands, Cook Island, and Surinam, contributing \$2.3 million to export receipts in 2021. Notably, the British Virgin Islands emerged as a prominent player, accounting for \$1.4 million of these new exports.

The geographical distribution of Lebanon's exports transformed between 2018 and 2021, when the share of Lebanese exports to Europe increased from 22% to 26%. Trade with North America also grew, climbing from 3% to 5%. By contrast, exports to Asia declined from 52% to 46%, underscoring shifts in global trade relationships (Table 1).

Table 1: Value and share of Lebanese exports by continents

Continent	2018		2021	
	Value (\$)	Share	Value (\$)	Share
Africa	794,724,152	22%	1,025,990,114	21%
Asia	1,899,484,883	52%	2,219,456,225	46%
Europe	817,647,560	22%	1,248,408,892	26%
North America	114,921,421	3%	236,752,280	5%
Oceania	22,023,612	1%	24,059,109	1%
South America	35,108,791	1%	31,606,130	1%
Total	3,683,910,419	100%	4,786,272,750	100%

Source: The Observatory of Economic Complexity and authors' calculations

Beyond the aggregate numbers, a closer examination of the data reveals intriguing insights. Lebanon expanded its trade by a staggering \$1.6 billion to 11 countries worldwide from 2018 to 2021 (Table 2). Countries such as Cameroon, Egypt, Liberia, the UAE, Bangladesh, Cyprus, South Korea, Switzerland, Greece, Portugal, and the USA increased trade with Lebanon over that period.²

Table 2: Increase in the value of Lebanese exports to selected countries

Country	2018 Value (\$)	2021 Value (\$)	Change (\$)	Growth
Cameroon	10,050,640	282,692,485	272,641,845	2,713%
Egypt	126,676,492	281,009,781	154,333,289	122%
Liberia	17,344,383	27,586,664	10,242,281	59%
United Arab Emirates	466,834,949	1,005,414,672	538,579,723	115%
Bangladesh	17,710,037	29,047,167	11,337,130	64%
Cyprus	17,093,346	38,980,830	21,887,484	128%
South Korea	55,803,052	86,924,327	31,121,275	56%
Switzerland	176,984,982	450,341,989	273,357,007	154%
Greece	60,831,295	242,402,245	181,570,950	298%
Portugal	4,229,654	17,048,486	12,818,832	303%
United States	83,550,716	183,423,210	99,872,494	120%

Source: The Observatory of Economic Complexity and authors' calculations

¹ 2021 is the most recent year for which market data is available.

² Only states with which Lebanese exports expanded by 50% and \$10 million in absolute value are counted.

Notable Shifts in Export Patterns

Among other notable changes in Lebanon's trade relationships are increases in specific exports to particular countries. For example, while the number of products exported to Cameroon decreased from 341 in 2018 to 250 in 2021, the category "Other Furniture" stood out, surging from \$48,000 in 2018 to a staggering \$274 million in 2021. Similarly, exports of "Scrap Iron" to Egypt played a significant role in driving up total exports, rising from \$12 million in 2018 to \$186 million in 2021. Greece also displayed an upward trend in purchasing similar goods, with "Scrap Iron" imports increasing from \$26 million in 2018 to \$180 million in 2021. Lebanon's exports of "Scrap Copper" also grew, reaching \$32 million in 2021 compared to almost \$18 million in 2018. Lebanon's exports to Switzerland also expanded, largely in products under the category "Gold", which surged from \$108 million in 2018 to \$410 million in 2021.

Increased trade with the UAE and US was characterized by greater product diversification. Lebanon expanded the diversity of its exports to the USA from 335 to 354 products. Notable examples include "Sauces and Seasoning", the value of which grew from \$3.8 million in 2018 to \$12.5 million in 2021; "Jewellery" from nearly \$13 million to \$52 million; and "phosphatic fertilizer" from zero to \$28 million. Lebanon introduced 43 new products to its UAE export portfolio and significantly expanded its exports in nine existing product categories between 2018 and 2021. "Diamond" exports rose from \$272 million in 2018 to \$417 million in 2021, "Jewellery" from \$22 million to \$65 million, "Gold" from \$714,000 to \$20.5 million, "Grapes" from \$1.4 million to \$137 million, and "Dried Fruit" from \$14,000 to \$10.5 million.

Lebanon was also faced with substantial export declines (Table 3),³ losing \$300 million in seven markets. Lebanon ceased exports of goods such as "Frozen Bovine Meat", "Wheat Flour", "Unprocessed Synthetic Staple Fibers", "Metal Stoppers", and "Buses". Angola stands as a poignant example, with exports dropping by \$31 million. Within these diminished markets, exports to Iran also declined, dropping from 82 in 2018 to 49 products in 2021. Notably, exports of "Sowing Seeds" to Iran declined by \$1 million, "Pesticides" by \$1 million, and "Combustion Engines" by \$1.3 million, while "Potassic Fertilizer" and "Electric Generating" nearly ceased. Exports to South Africa and Bulgaria significantly declined and were largely confined to individual products: "Gold" in the case of South Africa and "Scrap Copper" in the case of Bulgaria.

Table 3: Decrease in the value of Lebanese exports to selected countries

Country	2018 Value (\$)	2021 Value (\$)	Change (\$)	Growth
Angola	49,877,957	19,213,411	(30,664,546)	-61%
Democratic Republic of the Congo	11,560,281	0	(11,560,281)	-100%
Algeria	36,579,190	10,316,244	(26,262,946)	-72%
South Africa	174,916,319	2,305,091	(172,611,228)	-99%
Zimbabwe	19,503,031	6,644,528	(12,858,503)	-66%
Bahrain	23,306,891	11,359,115	(11,947,776)	-51%
Bulgaria	60,603,138	26,624,877	(33,978,261)	-56%

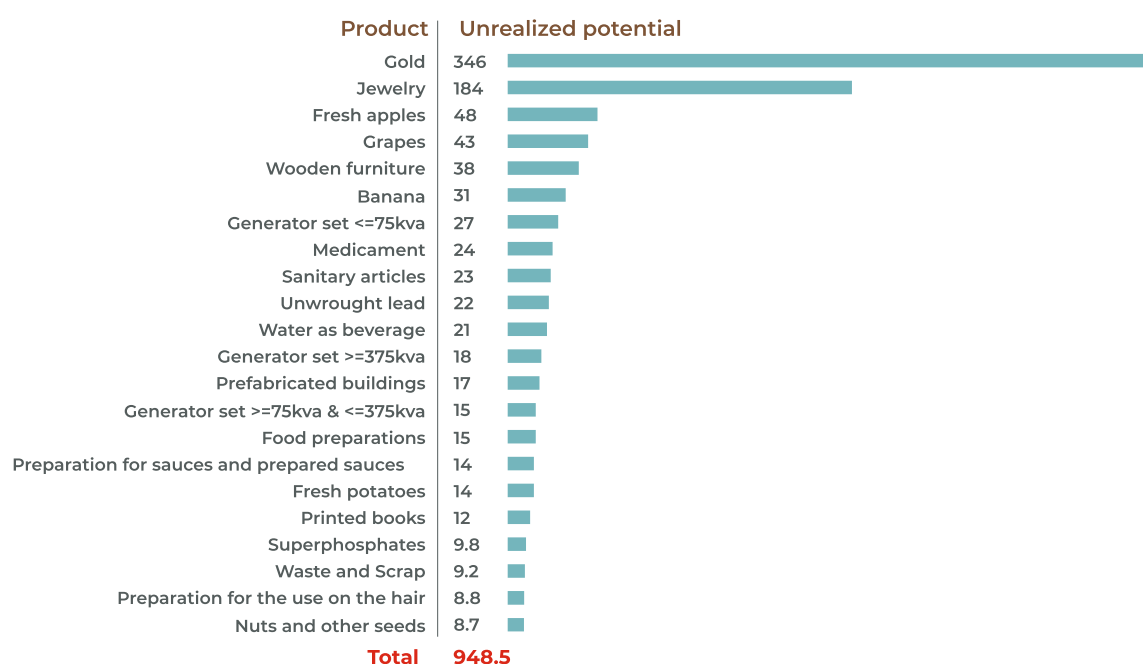
Source: The Observatory of Economic Complexity and authors' calculations

³ Only states with which Lebanese exports decreased by 50% and \$10 million in absolute value are counted.

Capitalizing on Untapped Markets

Amid these fluctuations, certain products like “Gold, Unwrought, for Non-Monetary Purposes”, “Jewelry”, “Fresh apples”, and “Grapes” appear to have untapped potential (Figure 1). The variance in value between potential and actual exports of these goods implies that Lebanon has the potential to export an additional \$948.5 million worth of these goods.⁴

Figure 1: Products with export potential based on 2021 data (\$ million)



Source: International Trade Center

As the dust settles on Lebanon's shifting export landscape, several markets stand out for their unrealized potential (Figure 2). The UAE, Switzerland, and Egypt lead the pack (Figure 2), each boasting substantial room for additional exports. Lebanon possesses significant untapped export potential across various product categories. “Gold”, with a potential value of \$346 million, could be exported primarily to the UAE (\$173 million), Turkey (\$37 million), and Saudi Arabia (\$22 million). Similarly, there are potential markets for “Jewelry”, valued at \$184 million, in Switzerland (\$112 million), Qatar (\$21 million), and Iraq (\$15 million). “Fresh Apples” could be a lucrative export product with \$48 million in potential sales, particularly to Egypt (\$18 million), Syria (\$4.9 million), and Iraq (\$3.3 million). Lebanon also has significant export potential in “Bananas”, “Wooden Furniture”, “Generating Sets”, “Grapes”, and “Medicinal Products”, suggesting there is a diverse range of opportunities across different markets.

While Lebanon managed to maintain a diversified market, the share of its exports to Europe and the US increased at the expense of markets in Asia. Moreover, the country increased the export of scrap iron, scrap copper, gold, jewelry, and diamonds, among others, to 11 countries including UAE, Switzerland, and Cameroon in the amount of \$1.6 billion. It also experienced a decrease in a variety of exports to countries like South Africa, Bulgaria, and Angola. Yet Lebanon has the potential to export 22 goods worth \$948.5 million to 28 markets. Leveraging this untapped potential could significantly contribute to Lebanon's economic growth. Hence, the government must aggressively support the private sector in facilitating the exports of Lebanese products through favorable trade agreements to these markets.

⁴ According to the International Trade Center, potential export is calculated based on “projections of supply, demand, market access conditions and bilateral ease of trade”.

Figure 2: Lebanon's untapped potential markets for their respective products (\$ million)

Algeria

Generator set >=75kva & <=375kva	0.9
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Bangladesh

Waste and Scrap	2.4
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Cameroon

Generator set <=75kva	3
Generator set >=375kva	1.3
Generator set >=75kva & <=375kva	1.7
Printed books	1.5
Food preparations	0.8
Prep. for sauces and prepared sauces	1.4

Congo

Generator set <=75kva	1.5
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Cote d'Ivoire

Superphosphates	3.1
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Egypt

Fresh apples	18
Medicament	2.4
Generator set >=75kva & <=375kva	1.2
Nuts and other seeds	1.4
Prefabricated buildings	1.2
Food preparations	6.5

France

Banana	1.3
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Germany

Grapes	1.9
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Ghana

Superphosphates	1.2
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Greece

Fresh potatoes	1.2
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Guinea

Generator set >=375kva	1.6
Prep. for sauces and prepared sauces	1.9

Iraq

Jewelry	15
Fresh apples	3.3
Wooden furniture	2.4
Sanitary articles	2.7
Fresh potatoes	3.1

Jordan

Waste and Scrap	3
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Kuwait

Prefabricated buildings	0.7
Preparation for the use on the hair	0.7

Liberia

Prep. for sauces and prepared sauces	1.9
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Netherlands

Banana	2.5
Grapes	2.4
Superphosphates	1.7

Nigeria

Generator set <=75kva	1.6
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Oman

Sanitary articles	1
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Qatar

Jewelry	21
Water as beverage	1.6
Prefabricated buildings	4
Preparation for the use on the hair	0.7

Republic of Korea

Waste and Scrap	0.68
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Saudi Arabia

Gold	22
Wooden furniture	1.8
Water as beverage	1.4
Preparation for the use on the hair	0.8

Spain

Nuts and other seeds	\$0.9
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Switzerland

Jewelry	112
Medicament	2.3
Nuts and other seeds	1.2

Syria

Fresh apples	4.9
Banana	15
Sanitary articles	4.3
Water as beverage	8
Fresh potatoes	4.5

Turkey

Gold	37
Unwrought lead	5.8

United Arab Emirates

Gold	173
Generator set <=75kva	2.1
Generator set >=375kva	1.5
Unwrought lead	3.6

United Kingdom

Printed books	0.9
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United States of America

Wooden furniture	7.1
Grapes	3.1
Medicament	4
Unwrought lead	3.3
Printed books	1.9
Food preparations	0.8

Source: International Trade Center and authors' compilation