

INDUSTRIAL SECTOR

INTRODUCTION

The development of industrial production in Lebanon offers significant potential for job growth and has the ability to address the long-standing trade imbalance.

With a cumulative labor force of 195,000 Lebanese full time employees, the manufacturing industry has played a pivotal role in shaping the real economy despite major challenges and lack of state support. Lebanon's industrial energy cost is the highest in the world, the country's infrastructure is decaying, and industries have a near zero access to finance. Lebanon's workforce needs urgent development and training.

Cumbersome customs requirements, red tape, and insufficient legal protection curtail business activities and threaten the survival of manufacturing facilities.

Perhaps the most serious challenge to the sector has been the rise in informality, unfair product and labor competition, and disparity in duty and tax collection thereby penalizing law-abiding progressive manufacturers. There is also a shortage of meaningful and accurate data to help industrialists and policy makers diagnose and address challenges on all levels.

And yet, Lebanese industrialists have adapted, maintained production levels, invested in innovation, research, development, and technology, developed new products, and created sustainable jobs in an increasingly digitized world economy. Against all odds, Lebanese industry has developed a range of local products (in substitution of imports) and has even increased export volumes.

Industrialists in Lebanon possess untapped exporting potential worth billions of dollars in various sectors, including Agrofood, pharmaceuticals, jewelry, clothing, furniture, leather, and electrical and industrial equipment.

POLICY ASKS



POLICY ENVIRONMENT

- Establish a National Manufacturing Strategy in collaboration with Private Sector associations highlighting investment and employment potential of the sector.
- Protect law-abiding manufacturers through equal enforcement of duties, taxes, and environmental norms.
- Implement policies that attract investment in the manufacturing sector:
 - Protect key categories with potential to substitute imports.
 - Provide tax incentives to manufacturers.
 - Fast track licensing & permit processes.
 - Streamline regulations and create a one-stop shop for investors.
 - Develop financing mechanisms to provide access to capital such as low-interest loans, grants, and venture capital.
 - Establish a dedicated government fund to support innovation, adoption of new technologies and research and development in the sector.



INFRASTRUCTURE

- Improve and expand transportation networks, ports, and other logistics to enhance and facilitate the movement of goods.
- Access to affordable energy and reduced billing for manufacturers.
- Upgrade digital infrastructure and access to high-speed internet.
- Create Special Economic Zones.



ACCESS TO MARKET

- Strengthen trade promotion agencies and provide targeted assistance to manufacturers to explore new markets, participate in trade fairs, and engage in export-oriented activities.
- Negotiate new and re-negotiate existing bilateral and multilateral trade agreements to ward off against unfair competition (such as dumping, cutthroat competition and subsidized foreign products) as well as encourage specific category growth for import substitution.
- Develop comprehensive export strategies and provide market intelligence to help industrial manufacturers identify opportunities and overcome export barriers.



BUSINESS & SKILLS DEVELOPMENT

- Fill gaps in entrepreneurship ecosystems and acceleration programs for startups.
- Match education and training programs with the needs of the sector.
- Finalize and roll out the national vocational education plan of action.
- Facilitate partnerships between academia and industry for knowledge transfer, research collaboration, and internship opportunities for students.



ESG & SUSTAINABILITY

- Provide incentives to industrial manufacturers to adopt environmentally friendly practices, energy-efficient technologies, and sustainable production processes. This is best done through soft loans for switching to alternative green energy.
- Promote adherence to standards, including social responsibility, diversity and inclusion, and corporate governance, to enhance the reputation and competitiveness of Lebanese industrial manufacturing.