



2025- 2026

GEP DEEP DIVES

INDUSTRY



**AMERICAN
UNIVERSITY
OF BEIRUT**



I. MINISTERIAL STATEMENT PROMISES

The following commitments were made by the Lebanese government in its ministerial statement, forming the baseline against which actual progress is assessed across the Industrial sector.



II. AREAS WHERE PROGRESS HAS BEEN MADE



1. Strategy, Legislation & Regulatory Reform

- A comprehensive **National Industrial Strategy** was launched as a roadmap to transform industry into a key engine of growth, anchored in four global trends: Industry 4.0, Green and Circular Economy, Geopolitical realignment (nearshoring), and High Value-Added Manufacturing.
- **Five intensive workshops were conducted with the Association of Industrialists**, identifying approximately 30–31 obstacles facing manufacturers, resulting in ten to eleven draft laws prepared to streamline industrial operations.
- **QUALIBAC**, a national accreditation body to oversee laboratories and certification institutions, was established with a director general formally selected, expected to significantly boost the credibility and international exportability of Lebanese products once operational.
- **Ministry services were fully digitized with UNDP and Canadian government funding**, reducing direct contact between officials and industrialists, improving workflow transparency, and curbing opportunities for corruption.

II. AREAS WHERE PROGRESS HAS BEEN MADE (CONT'D)



2. Energy Cost Reduction & Industrial Zones

- A landmark initiative was facilitated between the Association of Industrialists and the Ministry of Energy, **allowing the Association to begin importing electricity independently, expected to reduce energy costs by approximately 20–22% for industrial users.**
- **Mini industrial zones are being studied with self-sufficient energy grids** capable of connecting to the national network, further helping to reduce production costs for manufacturers.
- An industrial survey was launched in coordination with the **Army's Geographic Affairs Directorate to map all factories across Lebanon**, including unregistered ones estimated to number between 7,000 and 15,000, with plans to cluster small and medium factories into designated industrial zones away from residential areas to reduce environmental risks and shared production costs.
- **Executive decrees are being finalized to implement the Special Economic Zone law passed by Parliament**, enabling the establishment of industrial technology parks nationwide.



3. Green and Sustainable Industry

- The **Green Industry Forum** and dedicated environmental workshops promoted circular economy practices among manufacturers.
- Legislative work is underway to regulate industrial emissions and wastewater treatment, recognizing that **industry accounts for approximately 27–28% of Lebanon's total pollution.**
- A reframing from **"waste management" to "waste industry"** is being promoted to unlock economic value from approximately 6,000 tons of daily waste, of which 60–70% is organic and recyclable, with additional potential for cardboard, plastic, and glass recycling.

II. AREAS WHERE PROGRESS HAS BEEN MADE (CONT'D)



4. Export Promotion & Market Access

- The **Lebanese Industry Expo 2025**, the first major industrial exhibition in Lebanon since the 1980s, welcoming around 180 exhibitors from 17 industrial sectors, the event aims to connect Lebanese manufacturers with international buyers from the Middle East, Gulf, and Europe, serving as a national platform to celebrate the diversity and resilience of Lebanese industry.
- The **IRALIB program (Industry Research Achievement Lebanon)**, a joint initiative between the Ministry of Industry, the Association of Industrialists, and Lebanese universities supported by EU funding, continues to advance industrial innovation by channeling academic research toward industry-relevant solutions.
- Market assessments are underway to map Lebanon's key export destinations, quantify untapped potential, and identify sectors where Lebanese manufacturers can significantly scale up their share in existing markets.
- **Lebanese factories are currently operating at roughly 50% of their production capacity**, and efforts are focused on optimizing utilization to increase both domestic output and exports without requiring major additional investment.
- **Trade agreements currently in force are under review**, with serious consideration being given to renegotiating those deemed unfavorable to Lebanon, particularly where import-export imbalances are significant.



5. Support for High-Value-Added Sectors

- **Priority clusters with strong comparative advantages were identified and are being actively supported**, including robotics and automation, electronics and AI infrastructure, agri-food innovation, and specialized heavy manufacturing.

III. AREAS WHERE EFFORTS CONTINUE TO EVOLVE - AGENDA IN PROGRESS

1 Industry

Breaking the Bottlenecks: Challenges Facing Lebanese Industry

Operational & Regulatory Gaps



Missing Quality Certifications

The national accreditation body is non-operational, limiting access to international markets.



Legislative & Infrastructure Delays

Pending reforms and lack of industrial zones hinder investor confidence and production.



Cost & Market Competitiveness

~30 Cents
per kWh

5x Higher Energy Costs

Lebanon pays 30 cents/kWh compared to 4-6 cents in Egypt and Turkey.



Restricted Market Access

Key Arab markets, notably Saudi Arabia, remain largely closed to Lebanese industrial exports.



Unfair Global Competition

Locally manufactured products struggle against subsidized imports and insufficient state support.

4-6 Cents
per kWh

Lebanon

Egypt/Turkey/
Saudi Arabia

IV. OVERALL ASSESSMENT SUMMARY

Commitment	Status	Note
Improving the quality of local industries and manufactured goods		National Industrial Strategy launched and ministry services digitized; QUALIBAC accreditation body selected but not yet fully operational
Establishing and developing industrial zones		Industrial survey launched in coordination with the Army; clustering plans and Special Economic Zone decrees underway but not yet implemented on the ground
Reducing industrial production costs, particularly energy		Association of Industrialists granted right to import electricity independently, expected to cut costs by 20–22%; energy prices remain among the highest in the region at ~30 cents/kWh
Opening markets to Lebanese products and strengthening trade agreements		Market assessments underway; Lebanese Industry Expo 2025 targets international buyers; Arab markets particularly Saudi Arabia remain largely closed and trade agreement renegotiations not yet concluded
Expanding export opportunities and reducing unfair competition		Factories operating at roughly 50% capacity; efforts ongoing to optimize production and scale exports; subsidized imported goods continue to undermine local manufacturers in the domestic market
Strengthening legislative and regulatory frameworks for industry		30–31 obstacles identified through workshops; ten to eleven draft laws prepared but not yet enacted; key regulatory gaps remain



Note: RED - early ; YELLOW – moderate; GREEN – advanced



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