



Economic Dependence



Prepared by

Bassam Jouny

Economic researcher

December 2017

Table of Contents

List of tables.....	2
List of Figures	2
List of Acronyms.....	2
Introduction	1
First: Types of Economic Dependence.....	1
1. Trade Dependence.....	2
a) Economic Exposure Index	2
b) Average Tendency to Imports	3
d) Geographical distribution of Lebanese foreign trade	5
2. Food dependence.....	8
a) Food dependence ratio.....	8
b) Food gap.....	8
3. Financial dependence.....	9
a) Debt-to-GDP Ratio	9
b) Debt rescheduling practice and terms.....	10
4. Dependence on expatriates	10
Second: Causes	11
1. Cultural invasion	11
2. Economic underdevelopment	11
3. Unfair trade agreements.....	12
4. Brain drain.....	12
5. Correlation with foreign currency	12
6. Foreign Investment.....	13
7. Donations and aids.....	13
Third: Consequences	14
Fourth: recommendations and proposals.....	15
1. The macroeconomic level	15
2. At the micro-economic level:.....	18
Conclusion.....	19
References	21

List of tables

Table no. 1: Lebanon’s global trade.....	5
Table number 2: Trade exchange between Lebanon and certain countries in 2016	6
Table 3: Distribution of Lebanese Industrial Exports by Product of Origin, by Groups of countries, December 2016.....	9

List of Figures

Figure 1: Exports of industrial products for December 2016

List of Acronyms

GDP	Gross Domestic product
VAT	Value added tax
WTO	World Trade organization
EU	European Union

Introduction

“Pity the nation that wears a cloth it does not weave and eats bread it does not harvest” wrote Gibran Khalil Gibran in the “Prophet” in 1923.

Since developing countries gained their independence from colonizers and settlers, new forms of international relations started to emerge: certain developing countries became politically, economically, and socially subject to the will and dominance of industrialized economies or oil-producing countries capable of exploiting the resources of developing countries, and concluding trade and financial agreements without taking into consideration the economic interest of these countries. Often, this type of relations is inequitable as metropolitan powers exploit natural and economic resources of the dependent countries under many conditions, practicing unfair trading systems, dumping the markets of dependent countries with industrial and agricultural products and transforming their communities into non-productive consuming society and a market to promote the products of the powerful developed countries.

This unfair and complex trade system created a new type of international relations called “economic dependence”.

Economic Dependence is always the result of political subordination and vice versa. The more dependent the political system of a country was on another country -not taking into consideration the national and strategic interests of its citizens in the political, international, trade, social, and cultural relations with foreign countries- the more political, economic, political, social, and cultural dependence on a foreign country will be ensued, with serious repercussions at all the levels.

In this research we will touch on economic dependence, its diagnosis, types, economic indicators’ calculation and analysis, causes, results, necessary recommendations to overcome it, in addition to the conclusion.

First: Types of Economic Dependence

One of the most visible forms of economic dependence in Lebanon, for example, is the excessive association of the Lebanese economy with Arab countries economies in particular (where 56% of Lebanese exports go, year 2016) and some foreign countries in general (the EU source of 42% of Lebanese imports, year 2016). Since its independence, Lebanon’s foreign trade has been concentrated in a

narrow range of products exported to Arab countries and overly diversified increasing imports from foreign countries, in addition to the geographical concentration of Lebanon's exports to Arab countries, the worsening terms of trade with most countries, EU countries in particular. The value of Lebanon's total imports is constantly increasing (\$18.705 billion, year 2016) compared to a decrease in the value of its general exports to the minimum (\$2.977 billion, year 2016).

1. Trade Dependence

It is the excessive reliance of a dependent country that exports most of its strategic products to independent countries and imports from them in large and double quantities compared to the exports of the first. This excessive dependence leads to major economic repercussions, such as the decline in the total public revenues, the accumulation of public debt, permanent and large trade deficit, devaluation of the national currency and high unemployment rates which eventually obstructs the achievement of sustainable economic development objectives of the dependent country.

Table no. 1: Lebanon's global trade

Industrial Exports	Exports/ Imports	Trade Balance	Imports	Exports	year
3.291	23.70%	-13.711	17.963	4.252	2010
3.334	21.15%	-15.893	20.158	4.265	2011
3.566	21.06%	-16.796	21.279	4.483	2012
3.384	18.50%	-17.293	21.228	3.935	2013
3.149	15.60%	-17.825	21.137	3.312	2014
2.956	16.3%	-15.117	18.069	2.952	2015
2.527	15.9%	-15.728	18.705	2.977	2016

(Imports/exports figures are in billions of US Dollars, Ministry of Industry- Lebanese Customs).

a) Economic Exposure Index

Trade dependence is measured by calculating the dependent country's ratio of international trade to GDP (Exports + Imports). This index determines the degree of economic exposure of the dependent country to the global economy (including independent countries). It also shows the contribution of foreign trade (imports and exports) to the country's GDP.

For instance, if we look at Lebanon's economy, we find that it has a great exposure to the outside world at a rate equal to: $(\$18.705b + \$2.977b)/100 * \$52b = 41.7\%$ in 2016.

This index is clearly high and indicates that Lebanon's GDP composition is excessively and significantly dependent on the outside world, which makes it more vulnerable to global economic fluctuations and to the will of metropolitan Powers causing permanent dependence of the countries' trade on the outside world especially the countries of its main exports and imports.

b) Average Tendency to Imports

Trade dependence is also measured by calculating the Average Tendency to Imports which represents the average ratio of imports to GDP. This indicator reflects the dependence of national production on global production.

The high indicators in the ratio of imports to GDP show dependent country reliance on external factors in covering the domestic demand for basic and developmental products due to underdeveloped productive sectors in these countries and the reluctance of some consumers to use national products. As a result, the country is incapable of meeting the needs of its domestic market, and resorts to imports from the outside world, leading these countries to economic Dependence.

Table number 2: Trade exchange between Lebanon and some countries in 2016

Country	Exports	Imports	Trade deficit
China	7,012	2,094,106	-2,087,094
United States	54,152	1,184,073	-1,129,921
Italy	34,790	1,408,954	-1,374,164
France	43,574	715,669	-672,095
Russia	3,080	718,575	-715,495
Turkey	71,502	664,739	-593,237
Germany	61,800	1,161,072	-1,099,272
Egypt	58,067	773,644	-715,577
Brazil	6,075	302,632	-296,557
Saudi Arabia	266,662	371,281	-104,619
U.A.E.	238,671	337,314	-98,643
Ukraine	659	293,851	-293,192

(Figures are in thousand dollars, Ministry of Industry 2016)

As for Lebanon's economy, for example, the trade dependence ratio is equal to:

$$18,705b/(52b \times 100) = 36\% \text{ in 2016}$$

This high ratio indicates that Lebanon's economy depends largely on imports to meet the needs of its domestic market (\$18.705 billion in 2016) instead of relying on its local products (industrial-agricultural) to meet these needs; where the volume of Lebanese industrial production in 2016 was estimated at more than \$9 billion (Ministry of Industry 2016) and industrial exports amounted to \$2.527 billion. It should be mentioned that the Lebanese industrial production has the ability to be developed and meet the needs of domestic demand; many imported products can be replaced with national ones to meet the needs of domestic market.

Calculation to estimate the value of domestic demand on foreign and domestic products:

$$\begin{aligned} &\text{Industrial production} - \text{Industrial exports} + \text{Imports} \\ &= \$9 - \$2.527 + \$18.705 \\ &= \$25.178 \text{ billion} \end{aligned}$$

The industrial production covers now: $6.473/25.178 = 25.7\%$ of the value of domestic demand for foreign and domestic products. This indicator shows that the industrial sector has the potential to grow and meet between 50% and 75% of domestic demand on imported goods.

c) The Export product concentration index

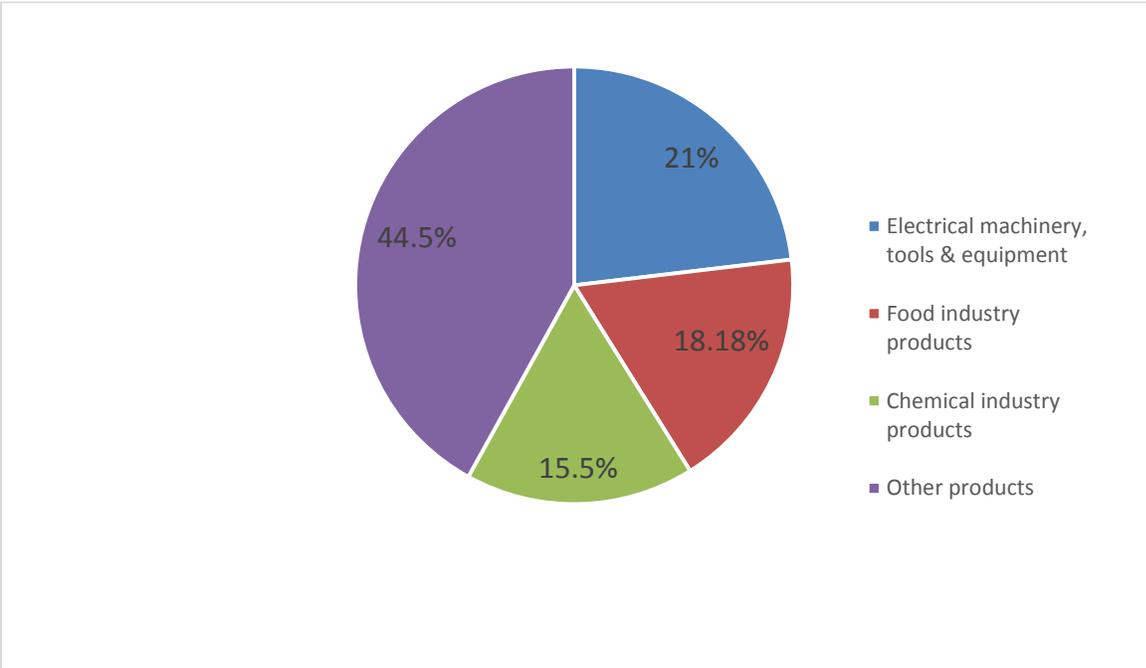
The concentration index of exports estimates the reliance of a dependent country on one or a limited group of commodities in its total exports. As the Lebanese concentration index of merchandise exports shows the reliance of Lebanon's economy on three primary commodities in its total industrial exports according to 2016 figures:

Electrical machinery, tools and equipment = 21% of total exports

Food industry products = 19%

Chemical industry products = 15.5%

Figure 1: Exports of industrial products for December 2016



External dependence risk is less severe if exports are diversified. Volatility in the prices of an exported commodity makes revenue less likely to be highly volatile by spreading the risk to a large number of commodities.

d) Geographical distribution of Lebanese foreign trade

The geographical distribution of Lebanon's foreign trade (exports and imports) shows that 56.5% of Lebanese exports go to Arab countries (30% to Arab Gulf states), 15% to European countries, 0.7% to the Oceanian countries, 11.6% to non-Arab Asian countries, 3.8% to American countries and 11.3% to non-Arab African countries. These ratios illustrate the excessive reliance of Lebanon exports on Arab countries, putting Lebanon in an extremely vulnerable economic dependence system whereas there are great possibilities to increase Lebanese exports to European, American, African and Oceanian countries in order to distribute risks, boost the economy and develop products that vary with different civilizations and requirements.

Limiting Lebanese exports to a single commodity or a narrow range of primary commodities reflects the outdated productive structures of the Lebanese economy and its limited capacity to exploit human, economic and natural available resources

to produce many types of added-value goods. Therefore, it's imperative for Lebanon to diversify its exports instead of relying on a limited number of products.

The geographical distribution of Lebanese exports according to December 2016 figures shows that:

- 70% of Lebanon's exports of **food industry products** go to Arab countries, 12.6% to European countries and 8.8% to American countries.
- 62% of **electrical machinery, tools and equipment products** go to Arab countries, 5% to European countries and 26.2% to African countries.
- 52% of the **chemical industry products** go to Arab countries, 26% to European countries and 15.5% to non-Arab Asian countries.

Table 3: Distribution of Lebanese Industrial Exports by product, by groups of countries in December 2016

Item	Arab countries	European countries	Oceanian countries	Non-Arab Asian countries	American countries	Non-Arab African countries	Other
Animal products	273	7		5	46	162	
Vegetable products	2,641	658	92	473	272	307	
Fat, grease, and oil	2,222	682	284	80	1,106	104	20
Prepared foodstuffs	29,040	5,222	839	646	3,693	1,733	383
Mineral products	275	31		7	2	23	109
Chemical products	17,815	9,023	78	5,247	219	1,247	80
Plastics and articles thereof; rubber and articles thereof	6,690	1,301	1	743	260	1,948	82
Skins, fur skins and articles thereof	503	225		58		46	1
Wood and articles thereof	1,352	27		21		97	
Paper and cartoons and articles thereof	10,406	935	14	618	28	1,267	114
Textile materials and articles thereof	3,506	2,598	3	208	620	546	109
Footwear, headgear, feathers	1,227	12		9		8	2
Articles of plaster, cement,	1,103	102	4	3	70	452	
Pearls, gemstones, Semi-precious stones, Precious metals (without rough diamonds, gold bullion, and raw silver)	7,762	740		1,045	469	90	
Base metals and articles thereof	3,607	7,548	85	13,276	973	3,097	297
Electrical machinery, equipment and tools	27,976	2,505	73	1,910	364	11,873	531
Transport equipment	445	250	3	220	32	557	100
Optical instruments	536	350		3	13	112	
Arms and ammunition	8						
Miscellaneous manufactured articles	4,780	568	17	529	63	984	19
Total	122,167	32,784	1,493	25,101	8,230	24,653	1,847

(Figures in thousands of U.S. Dollars - Lebanese Ministry of Industry & Lebanese Customs-December 2016)

2. Food dependence

Food dependence occurs when a country suffers from a significant fall in its self-sufficiency ratio of many strategic food commodities (wheat, maize, sugar, meat, etc.) and compensates this shortage by excessive imports from producing countries in the outside world, falling into a certain degree of dependence and reliance on food exporting foreign countries.

a) Food dependence ratio

Food dependence is measured by calculating the deficit in the food balance (food exports - food imports).

For instance, in Lebanon's economy, according to 2016 figures, the total trade deficit reached \$ 15.728 billion.

The food dependence ratio according to 2016 figures is equal to:

Food exports value (\$ 445.5 million) - food imports value (\$ 1407 million) = food trade deficit (\$ 961.5 million).

Ratio of the Lebanese Food Imports to the Lebanese Food Exports: 31.6%

b) Food gap

According to 2016 figures, the volume of food gap size is = $100 - 31.6 = 68.4\%$.

This gap caused an obvious food dependence of Lebanon on food-exporting countries. The effects of this dependence are not limited to economic burdens, but have other repercussions that threaten the future of Lebanese national security. Food commodity trading has become one of the tools that can be used by developed countries to exert political and economic pressure in the International Economic Relations System.

A large food gap is created by the significant decline in the self-sufficiency ratio of some developing countries, which try to remedy this shortage with imports from foreign developed countries, at hefty foreign exchange sums, ensuing financial, social, economic and political paralysis in the face of a problem that adds up year

after year and turns into inevitable national disaster if the community, both from public and private sectors, don't address the situation promptly in different areas of state sovereignty.

3. Financial dependence

Certain developing countries invest a large part of the financial surplus derived from oil revenues and other resources in foreign banks and investments in developed countries. These financial investments render the depositing countries vulnerable to the risk of confiscation, freezing and continuous decline in the purchasing power of foreign currency due to the high global inflation rates and the increase in exchange rate fluctuations, and to the loss of profits generated by investing these amounts by depositary countries at various levels.

Furthermore, the increase in external indebtedness of developing countries- caused by the continuous borrowing from foreign countries, banks and international financial institutions to secure the financing for their economic development process- constitutes a serious form of financial dependence. Loans granted by international banks exacerbate the situation of developing countries and expose them to economic, social and political interference by these banks. These interventions are manifested in terms of fiscal reforms or changes in the economic structure of the developing countries imposed by these banks. In most cases, these actions lead to major rifts in communities for several reasons, including:

- Overlooking national societal cultures
- Harsh measures
- Incompatibility of benchmarks and results

a) Debt-to-GDP Ratio

The debt-to-GDP ratio determines the debtor country's dependence on the outside world in financing its consumption and investment sectors, which increases its financial dependence on lenders.

(For example, Lebanese debt-to-GDP Ratio is equal to:

\$78 billion/ \$ 52 billion dollars = 150% according to the figures for 2016)

This rate shows Lebanon's ability to pay back its public debt. The lower this ratio, the more likely the country will be able to pay back its debt; and the less likely its credit rating will be downgraded by rating agencies and vice versa.

b) Debt rescheduling practice and terms

Debt rescheduling is a practice that involves restructuring of the original terms of financial loan agreements in order to extend the repayment period, delay due dates of required payments and grace periods, and secure credits to provide necessary liquidity for debtor countries with a short term solution to provide a borrower with relief when needed due to an economic downturn to be able to meet its obligations towards its creditors in the short term according to the conditions of the IMF including:

- Devalue national currency of the debtor country
- Liberalize and relax exchange control on foreign currency
- Remove import restrictions (customs duties, technical barriers import licenses, etc.).
- Eliminate government subsidies for primary commodities consumed by the poor and low-income groups.
- Stop recruitments in the public sector.
- Reduce public expenditure (in both current expenditures: salaries, compensations, etc., and public investments: infrastructure, etc.), increase goods and services taxes (VAT) and raise domestic interest rates.
- Encourage private foreign investments by providing all necessary facilities such as custom exemptions, access to raw materials and lands at low prices and allow free transfer of profits abroad; and try to direct investments towards export sectors in order to obtain the foreign exchange needed to pay the external debt.

4. Dependence on expatriates

This takes place when a large number of individuals living in a country other than their country of citizenship often temporarily or for work reasons. A number of developed or oil-producing countries exert various pressures on developing countries to submit to and abide by their policies. These pressures are manifested

through threats of deportation if expatriates do not comply with the conditions and policies of the host countries.

Lebanon has around 14 million expatriates spread around the world. They send annually around \$ 7.3 billion (World Bank, 2016) back home. Nearly half a million Lebanese, for example, work in the Gulf states and send about \$ 3 billion a year to Lebanon, equivalent to 41% of the annual Lebanese expatriate remittances to Lebanon. Any economic, political or social shock in the host countries would definitely lead to additional imbalance in the country's stability and growth of GDP and an increase in accumulated deficit in various economic fields.

Second: Causes

1. Cultural invasion

The low level of patriotism and sense of belonging to a nation, the absence of raising awareness about the importance of peaceful coexistence and reinforcement of nation love, gave way to foreign cultural invasion, allowing it to easily penetrate the national cultural and social environment, undermining traditions and customs in a number of developing countries.

Furthermore, due to globalization system, borders were removed allowing free movement among countries and intercultural exchange where peoples from one country could easily learn about the cultures and customs of other peoples, particularly the developed countries.

The information and communication revolution exposed all countries of the world to each other revealing imbalance in these countries capacities and potentials without any barriers. This allowed that certain developing countries citizens to blindly follow and emulate the developed countries at all levels (politically, economically, socially, legally, culturally, etc.) disregarding their country's customs, traditions, potentials and national strategies, which increased the dependence of developing countries on some developed countries.

2. Economic underdevelopment

It is the decline in the standards of living and increase of unemployment rate in developing countries that do not benefit from human, productive, and economic capacities (industrial and agricultural sectors) and the lack of operational and

venture capitals and limited scientific progress in technology and information, innovations and new scientific researches.

3. Unfair trade agreements

It's an economic dependence that occurs when developed countries force developing countries to enter into unfair trade agreements which increases their trade deficit and balance of payments deficits, with the following repercussions:

- Dumping the country with foreign goods that causes injuries to its industrial and agricultural productive sectors and leads to weak economic growth, and slowed development and evolution.
- High rates of youth unemployment, greater rates of migration, particularly brain drain.
- Flight of foreign capitals and foreign direct investments from the country, increased value of public debt and further deterioration of the economic situation.

4. Brain drain

Youth migration, particularly those majoring in scientific fields, to developed countries, seeking job opportunities or a better place to live, led to emptying developing countries of the young human capacities needed for economic, social and political development. This migration caused a huge imbalance in the population pyramid of certain developing countries, hindering the functioning of its human resources system and affected its sustainable economic growth.

5. Correlation with foreign currency

Given the level of economic growth and development reached by the advanced economies, most developing countries seek to link their national currencies with the developed countries currencies (dollar-euro-Japanese yen, etc.) to maintain monetary stability of their currencies and combat inflation, as inflation rates in developed countries are low. This monetary correlation caused more economic dependence of developing countries on developed countries, and made their

economies susceptible to global political and economic shocks and fluctuations (the global financial crisis in the United States of America - 2008).

6. Foreign Investment

Multinational corporations play a prominent role in the global economy. They control almost one-third of world production. Foreign investment has positive advantages, but it has many negative effects on national economies of developing countries, particularly:

- Profits generated by foreign investors through their investments are immediately transferred to their home country, which causes an increase in the balance of payments of the countries hosting these investments.
- As developing countries specialize in the production and export of raw materials, advanced industrial countries are free to manufacture industrial products depriving the developing countries of scientific and technical progress and innovation which deteriorates and impedes the development of their industrial sectors, this results in an increase of the value of importing industrial products to meet domestic needs. The ensuing economic repercussions emerge in terms of low living standards, increased trade deficit, increased balance of payments deficits, high public debt, deterioration of the value of the national currency and increase in the rate of youth migration.

7. Donations and aids

An economy based on foreign loans, aids and all sorts of grants has many effects, such as:

- The country loses its independence, authority, sovereignty and respect among foreign countries and makes it subject to the will of the developed countries.
- Developing countries are not given the opportunity to achieve growth, self-sufficiency, development, or increased industrial production transforming communities of developing countries into a sluggish consuming society, and a market to promote their products.

- Developing countries suffer spread of poverty, increase in commodity prices, increase in inflation and unemployment rates, particularly among educated youth and increase in social inequality.

Third: Consequences

- Low standards of living of the dependent country's citizens and high unemployment rate, especially among youth.
- Non-utilization of productive capacities and human resources of the country due to unavailable capitals, expertise, and high scientific and technical skills.
- Infiltration of foreign capital in various economic sectors (foreign companies - foreign concessions, etc.).
- Increase in the external public debt ratio, and in the value of loans provided by international banks granted under conditions of reforms in the economic structure of creditor countries in order to dominate them in the future.
- Excessive dependence of developing countries on developed countries in securing the basic needs of their citizens (goods and services, etc.).
- Low competitiveness and low quality of developing countries products prevent them from reaching the world markets and increasing the volume of their exports.
- Loss of developing countries' financial and natural resources due to the intrinsic link of their financial markets with foreign markets.
- The developing countries' economies affected by the repercussions of global economic crises that hit developed countries, expose developing countries to extensive economic losses beyond their capacity.
- Pegging the currencies of developing countries to developed countries foreign currencies (dollar - euro - yen), led to a significant decline in developing economies.
- Coercing unfair trade agreements onto developing countries leads to an increase in the deficit of its trade balance and balance of payments.
- Signing economic agreements giving developed countries the right to explore natural resources disregarding the interests of developing countries, give developed countries control over political and economic decisions of developing countries, making the latter dependent of richer countries.

- The negative impact on political and social systems, loss of country sovereignty and real independence and the implications on the citizens.
- Spread of corruption, incompetence, deterioration of moral values, levels of education and culture, and growing crime, gangs and poverty.

Fourth: recommendations and proposals

To overcome the problem of economic dependence that most developing countries suffer, Lebanon has to work on:

1. The macroeconomic level

- Promote and safeguard the sense of patriotism and nationalism since early age and raise awareness about the importance of coexistence, peaceful living, patriotism and all that contributes to its progress and development, and to protect the nation's strategic interests to confront foreign cultural invasion and benefit from it in order to achieve economic, cultural and social development of our homeland, and prevent such invasion from having a negative impact on the national, cultural and social environment, and preserve customs and traditions.
- Appoint highly qualified economists in the public sector, and form a permanent, mobile and full-time working group formed of representatives from all ministries concerned with international trade. The group will be in charge of developing appropriate economic diplomatic policies, prepare for international agreements and negotiations, and to conclude and review international trade agreements when necessary, in order to reduce the economic dependence of their country, and use flexible economic diplomacy in negotiations with developed countries to avoid confrontation, while working on building equal and balanced economic relations with various trading partners in the world.

Such economists must be able to understand and negotiate global economic and environmental issues from a scientific and national perspective, acquaint themselves with recent developments and theories in the world of information and communications technology, global economic crises, integration, specialization, globalization, national and environmental productive capacities and sustainable development to better serve the national economic security and achieve the strategic interests of the nation.

- Provide economic studies and reports on target countries, monitor joint and potential investment opportunities, collect and analyze information on various aspects of the global economy and build appropriate policies, plans and programs of action.
- Conclude forethought and planned trade agreements (partnership agreements, Free Trade Agreements, etc.) aimed at increasing exports of national products and reducing trade deficits.
- Create positive nation branding by improving national reputation and promoting national products (quality, wrapping and packaging, media, expatriates, etc.) and promote the country's economy, tourism, culture and politics.
- Organize meetings with diaspora groupings around the world to unite their efforts, coordinate their steps and motivate them to work with diplomats to promote and market national products.
- Organize internal and external conferences to facilitate B2B, promote exports, and organize internal and external exhibitions to endorse national products, reinforce communication between exporters with other foreign importers and enhance the role of diplomatic corps and commercial attachés.
- Establish a network linking embassies with each other and with the Ministry of Foreign Affairs and Emigrants and develop a website to link national chambers of commerce and industry with their foreign counterparts.
- Work to increase cooperation between the government and the private sector by creating mutual trust. The government will be able to formulate national strategic policies and plans aimed at achieving the objectives of sustainable economic development and reduce the burden of economic dependence while maintaining the economic security of the country.
- Launch national, regional and international, agencies, associations and councils that support exports in order to increase exports and expand markets.
- Provide security, stability, justice, social welfare and secure the rights and duties of citizens and people in general, and pay special attention to inventors, researchers, competent professionals and scientific experts, and employ them in the service of economic development.
- Rely on human capacities and local economic resources in building the national economic system, tapping into foreign expertise, but not at the expense of the country's independence, in the adoption of strategic economic and political decisions in all areas, to achieve a certain extent of self-sufficiency.
- Increase awareness of the national society, residents and expatriates, on the importance of supporting the national productive sectors (industrial and

agricultural) and their role in the economic system represented by the golden rule:

$$\text{Gross Domestic Product} = \text{Consumption} + \text{Investment} + \text{Government Expenditure} + (\text{Exports} - \text{Imports})$$

to increase economic growth and exports, achieve strategic equilibrium in the balance of payments and balance of trade, meet the needs of the domestic market for national goods and achieve self-sufficiency.

- Attract foreign investments, that are reliable and beneficial to the domestic economy, into the productive sectors (industrial and agricultural) to grow the investment sector, stimulate the economic cycle and create new job opportunities, leading to an increase in the general national income, which in turn will be reflected positively in higher consumption rates and increased government coffers revenues from direct and indirect taxes enabling the government to fix the country's budget deficit and establish a balance between expenditures and revenues.

- Encourage and support industrial and agricultural exports to secure the entry of foreign currencies into Lebanon, which in turn helps establish an economic balance in the financial sector between the aggregate demand and supply of foreign exchange, and prevents the rise in foreign exchange rates at the expense of the Lebanese Pound.

- Encourage and participate in innovation and research by offering material, operational and human assistance, and support the sectors that are striving to achieve technological and scientific advancement, sponsor industrial innovations, and encourage creative capacities in coordination with concerned governmental and non-governmental bodies, universities, associations, trade unions and research centers, draw-up and continuously develop relevant legal texts.

- Secure and serve economic security and strategic interests of the nation through international relations (governments, private sector, individuals, etc.) to stimulate international trade, enhance national interests, increase economic growth and enable the globalization of SMEs to reach global markets with the aim of increasing their exports and attracting Foreign Direct Investments through the activation of all types of economic diplomacy:

- Trade Diplomacy: to regulate and conclude bilateral trade agreements and fair multilateral trade agreements (free trade agreements, partnership agreements, WTO, etc.) and to evaluate and review these agreements as needed.

- Trade Promotion Diplomacy: to promote trade and investment, promote national trade enterprises and tourism.
- Financial diplomacy: to follow-up the global exchange rate policies, foreign debt relief, currency regulation, SWAP, follow-up the lifting of financial sanctions, etc.
- Incentive diplomacy: to maximize the benefits of development assistance, aid, humanitarian and educational assistance, membership in international organizations (WTO, etc.), and many other forms of assistance to achieve the country's economic and strategic interests.
- Coercive Diplomacy: to face multiple methods such as financial sanctions, embargoes, boycotts, blacklists, embargoes on certain products and people, suspension of aid, and many other means of pressure to protect economic and political interests.

2. At the micro-economic level:

In the industrial sector, the Lebanese Ministry of Industry stated -in its “Integrated Vision, Lebanon Industry 2025” (launched in 2015), its “Strategic Implementation Plan 2020 (set and under implementation since 2016), its “Operational Plan 2016-2017, Lebanon’s Economy for Sustainable Development, 2025”- most items of this plan (particularly the items falling under the powers of the Ministry of Industry), and was the first to start implementation. The Ministry of Industry conducted an annual assessment of the first operational year (2016-2017) of the Strategic Plan and the results were very positive.

The Ministry works at various levels within the scope of its functions and powers to:

- Upgrade human resources on educational, operational, psychological and relational levels.
- Open internal and external channels of communication based on clear vision, carefully studied plans, and objectives that are feasible and useful to Lebanon.
- Carry out follow-up and analysis of situations and developments internally, regionally and internationally, and prepare studies, policies and plans according to available capacities, surrounding circumstances, rational outlooks and scientific principles and benefit from expertise and experiences.

- Promote scientific research, development, innovation and dissemination of creativity concept and its importance in achieving steady and prosperous advancement.
- Promote media for industry in a deliberate and consistent manner.
- Organize and participate in conferences, seminars and round tables, internally and externally.
- Work on specialization and integration of production to ensure competitiveness and development.
- Guide the industry and the economy towards advanced, efficient, capable and dynamic experienced production of high level and quality.
- Support SMEs to raise their operational and productivity levels and enhance their export capacities in order to increase their exports and encourage the private sector, open specialized marketing companies abroad to market national products.
- Establish advanced, prototypical and sustainable industrial zones in partnership with the private sector, international donors and experts.
- Work on economic and social development, particularly in rural areas through the dissemination of industrial thinking and legalization of factories and increase employment opportunities and improve the environment.
- Create job opportunities and bring educational programs and educational levels closer to productive job needs.
- Encourage initiatives and entrepreneurship among youth and university graduates.
- Work to increase exports, reduce imports, increase production and expand the local market through various available legal, financial, operational and administrative means.
- Promote and disseminate the importance of economic security, industrial and productive security for community awareness and contribute to create national production sufficiency to meet the needs of local consumption as much as possible in terms of quantity, variety and quality.

Conclusion

Economic dependence does not allow the growth and advancement of developing economies and denies the right of its people to creativity, innovation and learning to move steadily towards the era of the knowledge economy. The dependent country must have a political will to eliminate as much as possible the burdens of

economic dependence, as the correlation of countries in trade, natural resources, policies, interests and interaction within an increasing globalization make dependence a natural phenomenon. Action should be taken to reduce dependence to an extent that safeguards the sovereignty of the country, the well-being of its people, and the safety of its economy, to promote and defend the sense of patriotism and belonging, motivation to love the homeland and all that contributes to the progress, development and differentiation among other countries.

National economic and strategic security can only be achieved through a systematic and constructive support system based on strategies aimed at developing the productive sectors (industrial - agricultural) to ensure the maximum of our basic needed goods, achieve optimal self-sufficiency, and increase the competitiveness of our national products that secure global market access, and through fair trade agreements that guarantee the strategic and national interests of our country to increase the value of industrial and agricultural exports and achieve strategic equilibrium in the balance of payments and trade balance.

This economic balance will jump-start the economy, develop all other economic sectors (trade and services), create sustainable employment opportunities for our educated youth and absorb the young entrants into the work force in various industrial, agricultural, trade and service sectors, capable of walking into the digital age steadily and to achieve sustainable economic growth and improve the standards of living and increase national income.

It is a matter of sound decision, commitment and vision, meaningful planning and authentic citizenship. We believe it can be done; all we have to do is take the first steps in this direction, because time is money!

References

- الرؤية التكاملية للقطاع الصناعي في لبنان (لبنان الصناعة 2025)، إصدار وزارة الصناعة، حزيران 2015.
- الرؤية الاقتصادية (لبنان الإقتصاد للتنمية المستدامة 2025) إصدار وزارة الصناعة، كانون الثاني 2017 .
- الخطة الإستراتيجية التنفيذية لوزارة الصناعة (2016-2020) إصدار وزارة الصناعة، تموز 2016.
- الخطة التشغيلية لوزارة الصناعة (2017- 2016) إصدار وزارة الصناعة، تموز 2016.
- الدبلوماسية الاقتصادية/إصدار وزارة الصناعة، تموز 2017.
- إقتصاد المعرفة إصدار وزارة الصناعة، أيلول 2017.
- أرقام وإحصاءات وزارة الصناعة.
- أرقام وإحصاءات إدارة الجمارك اللبنانية.