

**Embassy of India
Beirut**

No.BEI/COM/201/01/2018

12 October, 2018

Economic & Commercial Report – August, 2018

(Data given below are for July 2018 as updated figures for August 2018 are not released by Lebanese authorities)

1. ECONOMIC INDICATORS OF LEBANON:

GDP	2017 (estimated)
Nominal GDP	US\$ 52,000 million
GDP Growth Rate (%)	2.0%
GDP (per head) PPP	US\$ 19,500

	2016
International reserves (US\$ bn)	(actual)
Total international reserves	55 Bio

Total trade (US\$ bn)	2016	2017
exports	4.48	4.88
imports	8.42	32.08
Trade balance (US\$ bn)	(-) 15.68	(-) 16.08

ii. Total Trade commodity-wise with India by end of July, 2018:

HS code	Description	Import	Export
		Thousand \$	Thousand \$
1.	Live animals, animal products	9,541	0
2.	Vegetable products	21,096	12
3.	Animal or vegetable fats and oils	154	0
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4.	Prepared food stuffs; beverages, spirits and vinegar	4,582	49
5.	Mineral Products	880	29
6.	Products of the chemical or allied industries	22,888	40
7.	Plastics and articles thereof; rubber	8,823	768
8.	Raw hides and skins, leather, fur skins	1,301	0
9.	Wood and articles of wood; wood charcoal; cork	177	0
10.	Pulp of wood; paper and paperboard	2,760	340
11.	Textile and textile articles	26,787	25
12.	Footwear, umbrellas, artificial flowers	1,971	5
13.	Articles of stone, plaster, cement, glass	9,314	0
14.	Natural or Cultured pearls, precious or semi-precious	42,217	782
15.	Base metals and articles of base metal	6,119	5,223
16.	Machinery, electrical instruments	17,602	168
17.	Vehicles, aircraft, vessels, transport equipment	30,488	5
18.	Optical, photographic, medical, musical instruments	1,453	0
19.	Miscellaneous manufactured articles	2,523	24
20.	Works of art, collectors" pieces and antiques	21	4
	Total (US\$ thousands)	210,696	7,476

iii. Top ten import from India commodity-wise by end of July, 2018:

Ranking	Description	Import
		Thousand \$
1.	Natural or Cultured pearls, precious or semi-precious	42,217
2.	Vehicles, aircraft, vessels, transport equipment	30,488
3.	Textile and textile articles	26,787
4.	Products of the chemical or allied industries	22,888
5.	Vegetable products	21,096
6.	Machinery, electrical instruments	17,602
7.	Live animals, animal products	9,541
8.	Articles of stone, plaster, cement, glass	9,314
9.	Plastics and articles thereof; rubber	8,823
10.	Base Metals and articles of base metals	6,119

iv. Top ten (only nine) export to India commodity-wise by end of July, 2018:

Ranking	Description	Export
		Thousand \$
1.	Base Metals and articles of base metals	5,223
2.	Natural or Cultured pearls, precious or semi-	782
3.	Plastics and articles thereof; rubber	768
4.	Pulp of wood; paper and	340
5.	Machinery, electrical instruments	168
6.	Prepared food stuffs; beverages, spirits and	49
7.	Products of the chemical or allied industries	40
8.	Mineral Products	29
9.	Textile and textile articles	25
10.	Miscellaneous manufactured articles	24

v. **Major Exports/Imports Indices are as follows:**

Volume of bilateral trade [India & Lebanon]:

Year	India's Export to Lebanon	India's Import from Lebanon	Total trade
2013	US\$407.81m	US\$ 25.47m	US\$ 433.20 m
2014	US\$406.13 m	US\$ 23.65 m	US\$ 429.78 m
2015	US\$322.76 m	US\$ 19.99 m	US\$ 342.75 m
2016	US\$280.09 m	US\$ 13.01 m	US\$ 293.10 m
2017	US\$307.00 m	US\$ 12.00 m	US\$ 319.00 m

vi. **The principal export destinations of Lebanon**

Ranking	Name of the Country	Till end of July, 2018 Million US dollars
1	United Arab Emirates	237
2	South Africa	155
3	Saudi Arabia	120
4	Switzerland	104
5	Syrian Arab Republic	48
41	India	7

vii. **The principal import sources of Lebanon:**

Ranking	Name of the Country	Till end of July, 2018 Million US dollars
1	China	1,218
2	Greece	948
3	Italy	941
4	United States	936
5	Germany	686
17	India	211

viii. Principal Commodities of Import & Export by Lebanon from all countries: (US\$ in Millions) (Till end of April, 2018)

HS Code	Description	Import	Export
		US\$ in Million	
1.	Live animals, animal products	601	14
2.	Vegetable products	581	92
3.	Animal or vegetable fats and oils	90	28
4.	Prepared foodstuffs, beverages, tobacco	802	240
5.	Mineral products	2,588	16
6.	Products of the chemical or allied industries	1,330	201
7.	Plastics and articles thereof; rubber	441	100
8.	Raw hides and skins, leather, fur skins	41	6
9.	Wood and articles of wood; wood charcoal; cork	135	5
10.	Pulp of wood; paper and paperboard	208	76
11.	Textiles and textile articles	438	31
12.	Footwear, umbrellas, artificial flowers	86	6
13.	Articles of stone, plaster, cement, glass	267	13
14.	Pearls, precious stones and metals	787	428
15.	Base metals and articles of base metal	753	249
16.	Machinery, electrical instruments	1,245	175
17.	Vehicles, aircraft, vessels, transport equipment	1,000	13
18.	Optical, photographic, medical, musical instruments	221	10
19.	Arms and ammunition; parts and accessories	9	0
20.	Miscellaneous manufactured articles	264	51
21.	Works of art, collectors" pieces & antiques	14	3
	Total (in USD millions)	11,898	1,757

2. BILATERAL

- On 1 August 2018 Ambassador attended the 73rd anniversary celebrations of Lebanese Armed Forces (LAF) on 1 August, at which sword honours were presented by President General Michel Aoun to several LAF officers for their exemplary performance during Operation Fajr Al Jaroud ('Dawn of the Outskirts') launched by LAF to flush out terrorists from Lebanon's North Eastern border in July-August, 2017. Besides the President, the elaborate ceremony showcasing the capabilities of LAF was attended, among others, by Prime Minister-designate Saad Hariri; Parliament Speaker Nabih Berri; LAF Commander General Joseph Aoun & other top echelons of LAF; Ministers; Heads of Mission and UN officials. In his address, President Aoun paid tributes to the sacrifices made by LAF. While appreciating the peaceful and successful holding of Parliamentary elections, he expressed hope that his ongoing consultations with PM-designate would result in the formation of a National Unity Government without further delay. Ambassador interacted with several dignitaries on this occasion.
- On 6-7 August 30, 2018, Ambassador visited Saida, Tyre and Naqoura in South Lebanon on 6-7 August, 2018. In Saida, he met with Governor of South Lebanon Mansour Daou and Mayor of Saida – Zahrani Union Mohamad Z. Seoudi. He also had a roundtable interaction at the Chamber of Commerce, Industry & Agriculture in Sidon & South Lebanon (CCIASSL), Headquartered in Saida and held discussions with Mohamad Saleh, President, CCIASSL and several other leading businessmen. In Tyre, Ambassador met with Mayor Eng. Hassan Dbouk, Head of Union of Tyre Region Municipalities. Ambassador also interacted with UNIFIL officials including Deputy Force Commander Brig. Shivaram Kharel and Head of Mission Support Neeraj Singh.
- Ambassador attended the Transfer of Authority Ceremony (TAC) between the outgoing Force Commander of UNIFIL, Maj. Gen. Michael Beary and the incoming Force Commander Maj. Gen. Stefano Del Col at UNIFIL Hqs at Naqoura on 7 August, 2018. The attendees on this occasion included a large number of dignitaries including Gen. Joseph Aoun, Commander of Lebanese Armed Forces; Defence Minister of Italy and accompanying delegation who were on a bilateral visit to Lebanon; senior echelons of UNIFIL, LAF and contingents of TCCs to UNIFIL; and Heads of Mission, among others. Ambassador interacted with a number of dignitaries on this occasion. Ambassador separately met with Indian officials deployed at UNIFIL Hqs.
- On 8 August Ambassador met HE Ghassan Hasbani, Deputy Prime Minister and the Minister of Health on 8 August, 2018. Their discussions included upcoming Mahatma Gandhi International Sanitation Convention (MGISC); export of pharmaceuticals from India to Lebanon; issues related to AYUSH; other possibilities of Cooperation in Health Sector; and other issues of mutual interest.
- On 10 August, 2018 Ambassador received Dr. Alwan Amin Eddine at the Embassy. Dr Amin Eddine specializes in International Affairs and has also established a Think Tank called Sita Institute. They discussed a wide range of subjects of mutual interest.
- On 16 August 2018 former Prime Minister Shri Atal Bihari Vajpayee passed away.
- On learning about the passing away of former Prime Minister Shri Atal Bihari Vajpayee on 16 August, 2018 Ambassador convened a condolence meeting of all officials to pay homage to the departed leader. Mission immediately informed the Lebanese Government, all diplomatic missions, International Organizations and a large number of other organizations and individuals in the Mission's database about the State mourning

announced by the Government of India from 16-22 August 2018 and opening of the condolence book at the Chancery Premises on 17 and 20 August, 2018.

- People from all walks of life visited the Embassy on 17 and 20 August to convey condolences on the passing away of the former Prime Minister Shri Atal Bihari Vajpayee and to express sympathy and solidarity with the people of India in this hour of profound grief.
- Diplomats, officials and representatives of Lebanese civic society and Indian community, among others, also visited the Embassy to convey condolences and pay rich tributes to the departed leader.
- The post on Mission's Twitter handle @IndiaInLebanon may also be seen in this regard.
- On 28 August 2018, Ambassador called on HE Amine Gemayel, former President of Lebanon at his office in Bickfaya, north of Beirut, on 28 August, 2018. The meeting was held ahead of HE Amine Gemayel's visit to India to participate, as a Keynote Speaker, at the 3rd West Asia Conference organized by Institute for Defence Studies and Analyses [IDSA] in New Delhi on 5-6 September, 2018 under the theme 'Changing Security Paradigm in West Asia: Regional and International Responses'. During their meeting, HE Amine Gemayel and Ambassador discussed the historic friendly ties between India and Lebanon; potential for expanding bilateral cooperation in diverse sectors; HE Gemayel's upcoming visit to India and other issues of mutual interest. HE Amine Gemayel's daughter Madame Nicole A. Gemayel, Mayor of Bickfaya also participated in the meeting.

Following candidates have joined ITEC (Civil) courses in India in the month of August, 2018 -NIL

Following candidates have joined ITEC (Defence) courses in India in the month of August, 2018

S.No.	Name & Designation	Ministry	Course	Institute	Dates
1.	First Lt. Mohamad Ali Salameh	Lebanese Army	Infantry Young Officers Ser - 146	Infantry School, Mhow	17.9.2018 to 09.02.2019
2.	First Lt. Riad Debyne				
3	First Lt. Fahmi I Mourani				
4	First Lt. Elias Barich				
5	First Lt. Bassem Zeineddine				
6	First Lt. Ali Baalbaki				

Trade Inquires during the month of August 2018:

From India: **Seventeen (17)**

From Lebanon: **Five (5)**

Oral Trade Inquiries: **Seven (7)**

Business visa issued by Embassy of India during the Month of August, 2018: **54**

3. INTERNAL

(I) ECONOMY

Consumer Price Index up 6.2% in first seven months of 2018

The Central Administration of Statistics' Consumer Price Index increased by 6.2% year on-year in the first seven months of 2018 compared to a growth of 4.2% in the same period of 2017. The CPI increased by 7.6% in July 2018 from the same month of 2017.

Lebanon's external debt posts fourth highest return in emerging markets in July 2018

Figures issued by Intercontinental Exchange, Inc. (ICE) indicate that Lebanon's external debt posted a return of 6.23% in July 2018, constituting the second highest return among 44 markets in the Central & Eastern Europe and the Middle East & Africa (CEEMEA) region, and the fourth highest return among 76 emerging markets included in ICE's External Debt EM Sovereign Index. Lebanon outperformed the emerging markets' return of 2.21% and the 'B'-rated sovereigns' return of 4.77% in July 2018. It also posted the second highest return among 27 countries in the Middle East & Africa region during the covered month.

Lebanon ranks 108th globally, 11th among Arab countries in terms of property rights

The Property Rights Alliance ranked Lebanon in 108th place among 125 countries around the world and in 11th place among 14 Arab countries on its 2018 International Property Rights Index. Lebanon also came in 30th place among 32 upper middle-income countries (UMICs) included in the survey. Based on the same set of countries in the 2017 and 2018 surveys, Lebanon's rank regressed by seven spots from 100th place in 2017 to 107th place in 2018, constituting the 14th steepest deterioration globally.

Monetary policy continues to maintain market confidence and stability

In its monetary policy review for 2017, Banque du Liban (BdL) indicated that it continued to maintain the stability of the Lebanese pound's peg to the US dollar as well as the stability of interest rates. Further, it protected the stability of the financial and banking sectors, as well as helped develop capital markets and improved liquidity management in the local market, among others. First, BdL pointed out that it intervened in the domestic market to maintain the value of the exchange rate, which

has been stable at LBP1,507.5 against the US dollar since September 9, 1999. The BdL's assets in foreign currency, which reached a record high of \$42bn at the end of 2017, and its gold reserves, which amounted to about \$12bn at the time, allowed it to preserve monetary stability. Also, BdL continued to conduct special operations with commercial banks in the country to attract long-term deposits in foreign currency and to accumulate foreign currency reserves. It noted that its measures allowed the markets to absorb the negative implications, including the limited capital flight, that resulted from the sudden resignation of Prime Minister Saad Hariri in November 2017. It added that its policies strengthened confidence in the financial and banking sectors, and among investors, amid the economic and political challenges of 2017.

Lebanon has 18th highest level of gold reserves globally, second highest among Arab countries

Figures released by the World Gold Council show that Lebanon held 286.8 tons in gold reserves at the end of June 2018. As such, Lebanon ranked in 18th place in terms of gold holdings among 96 countries, as well as the International Monetary Fund, the West African Economic Monetary Union, the European Central Bank and the Bank for International Settlements. It also ranked in seventh place among 66 non-OECD countries and in second place among 15 Arab countries included in the survey.

Lebanon ranks 65th globally, eighth among Arab countries in terms of FDI attractiveness

The 2018 Dhaman FDI Attractiveness Index ranked Lebanon in 65th place among 109 countries around the world and in eighth place among 16 Arab countries. In comparison, Lebanon ranked in 68th place globally in 2017, in 67th place in 2016, in 58th place worldwide in 2015 and in 56th place in the 2014 survey.

(II) TRADE & COMMERCE

Industrial exports up 6% to \$857m in first four months of 2018

Figures released by the Ministry of Industry show that industrial exports totalled \$856.6m in the first four months of 2018, constituting an increase of 6.1% from \$807m in the same period of 2017. Industrial exports reached \$227.8m in April 2018, down by 4.4% from \$238.4m in the preceding month, and up by 8.3% from \$210.4m in April 2017.

Commercial activity regresses in first quarter of 2018

Banque du Liban's quarterly business survey of the opinions of business managers shows that the volume of commercial sales deteriorated during the first quarter of 2018, with the balance of opinions standing at -36 compared to -26 in the fourth quarter of 2017 and to -12 in the first quarter of 2017. The business survey reflects the opinions of enterprise managers about their business activity in order to depict the evolution of a number of key economic variables.

Coincident Indicator up 2.5% year-on-year in first half of 2018

Banque du Liban's Coincident Indicator, an index of economic activity in Lebanon, reached 298 points in June 2018 compared to 303.1 in May 2018 and 290.1 in June 2017. The Coincident Indicator, an average of 8 weighted economic indicators, decreased by 1.7% month-on-month and increased by 2.7% year-on-year in June 2018. The indicator averaged 311.8 in the first half of 2018, up by 2.5% from 304.2 in the same period of 2017. Also, the indicator averaged 309.7 in the 12 months ending June 2018, compared to 309 in the 12-month period ending May 2018 and 296.5 in the 12 months ending June 2017. As a result, the 12-month average coincident indicator was nearly unchanged month-on-month, while it grew by 4.4% year-on-year.

Trade deficit narrows by 3% to \$8bn in first half of 2018

The total value of imports reached \$9.6bn in the first half of 2018, constituting a decline of 1.6% from \$9.7bn in the same period of 2017; while the aggregate value of exports increased by 7.3% year-on-year to \$1.5bn in the covered period. As such, the trade deficit narrowed by 3.2% to \$8bn in the first half of 2018 due to a year-on-year decrease of \$159m in imports and an increase of \$104.5m in exports.

Exports of food & beverage products up 2% to \$500m in 2017

The Chamber of Commerce, Industry & Agriculture of Beirut and Mount Lebanon (CCIB) indicated that the exports of Lebanese food and beverage (F&B) products accounted for 18% of the country's total exports in 2017, which makes the F&B industry the second largest exporter in Lebanon behind the jewellery sector. The Lebanese F&B industry produces a variety of national foods and beverages, which include alcoholic beverages, confectionery, bakery products, olive oil, pickles, preserves, spices, condiments, and processed and canned fruits & vegetables. F&B exports reached \$500.2m in 2017, up by 1.9% from \$491m in 2016, while the imports of food and beverages were nearly unchanged at \$1.9bn last year. As such, the sector's trade deficit narrowed slightly to \$1.36bn in 2017.

(III) Banking

Banking sector assets at \$235bn at end-June 2018

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets stood at \$234.6bn at the end of June 2018, constituting an increase of 6.7% from the end of 2017 and an expansion of 12.7% from end-June 2017. Loans extended to the private sector reached \$59.6bn at the end of June 2018, declining by a marginal 0.2% from end-2017 and growing by 2.8% from a year earlier. Loans to the resident private sector totalled \$53.1bn, constituting a decrease of 0.9% from the end of 2017 and an increase of 1.4% year-on-year; while credit to the non-resident private sector reached \$6.4bn at end-June 2018 and grew by 6.1% from end-2017 and by 15.8% from a year earlier. In nominal terms, credit to the private sector regressed by \$127.8m in the first half of 2018, as lending to the resident private sector contracted by \$497.7m and credit to the non-resident private sector grew by \$370m in the covered period. The dollarization rate in private sector lending regressed from 69.7% at end-June 2017 to 67.6% at end-June 2018.

Emirates Lebanon Bank's net profits at \$9.4m in 2017

Emirates Lebanon Bank sal posted audited consolidated net profits of \$9.4m in 2017, constituting a decrease of 31.5% from \$13.8m in 2016. Net operating income declined by 9.4% to \$41.4m, with net interest income rising by 8.6% to \$33.2m and net fees & commission income regressing by 2.8% to \$7.2m. Further, gross operating expenditures increased by 3.8% to \$23.8m in 2017, with staff expenses rising by 1.3% to \$15.1m and administrative expenditures declining by 8.3% to \$6.3m. The cost-to-income ratio was 56.3% in 2017, up from 50.2% in the previous year. The bank's return on assets was 0.6% in 2017 relative to 0.87% in the preceding year; while its return on equity was 3.35% in 2017 compared to 5.02% in 2016.

Private equity deals at \$61m in first half of 2018

Figures issued by financial information providers Bureau Van Dijk and Zephyr show that there were two private equity (PE) deals targeting companies in Lebanon for a total of \$61m in the first half of 2018. In comparison, there was one PE deal worth \$0.3m in the first half of 2017. The value of PE deals targeting companies in Lebanon was the fourth highest among six countries in the Middle East & North Africa (MENA) region with available figures on their deal values, and represented 10.7% of the region's aggregate deal value of \$569m in the covered period.

Banque du Liban limits loans-to-deposits ratio in Lebanese pounds at 25%

Banque du Liban (BdL) issued Intermediate Circular 503 on August 10, 2018 that amends Basic Circular 81 dated February 21, 2001 about financial institutions' operations that are related to credit, investment, shareholding and participation. The circular limited a commercial bank's net lending to the private sector in Lebanese pounds to the equivalent of 25% of its aggregate deposits in the same currency. It noted that banks that exceed this limit should deposit at BdL at a zero percent interest rate the equivalent of the amount that breaches the ceiling until they settle their position. It added that banks have until the end of 2019 to comply with the new limit, while banks that are unable to meet this deadline have to inform BdL.

(IV) Finance

Net profits of insurance sector up 20% to \$167m in 2017

Figures released by the Insurance Control Commission (ICC) show that the declared net profits of 50 licensed insurance companies in Lebanon reached \$167.2m in 2017, constituting an increase of 19.8% from \$139.6m in 2016. Net profits from the life category accounted for 65.7% of the sector's net earnings in 2017 relative to 59% in 2016, while those from the non-life segment represented 34.3% of the total compared to 41% in the previous year.

Balance sheet of investment banks down 1% in first half of 2018

Figures released by Banque du Liban show that the consolidated balance sheet of investment banks in Lebanon reached LBP7,655.5bn, or \$5.08bn at the end of June 2018, constituting a decrease of 0.9% from LBP7,733bn, or \$5.13bn, at end-2017, and a growth of 5% from LBP7,302.4bn or \$4.84bn at the end of June 2017. On the assets side, claims on resident customers reached \$1.58bn at end-June 2018, up by 0.9% from end-2017, while claims on non-resident customers totalled \$35.2m at the end of the first half of 2018, down by 28% from end-2017. In addition, claims on the resident financial sector reached \$753m at end-June 2018, down by 19.7% from end-2017; while claims on the non-resident financial sector totalled \$70.2m at the end of June 2018 and decreased by 5.6% from end-2017.

Remittance inflows to Lebanon down 7% to \$7.1bn in 2017, equivalent to 13% of GDP

Figures released by Banque du Liban show that the inflows of expatriates' remittances to Lebanon totalled \$7.1bn in 2017, constituting a decrease of 7% from \$7.6bn in 2016. The figures include workers' remittances and the compensation of employees, according to the World Bank's definition of remittances.

External bonds post second highest return in emerging markets in July 2018

Figures issued by Citi Research indicate that Lebanon's external sovereign debt posted a return of 5.7% in July 2018, constituting the second highest return among 48 emerging markets included in the Citi EM Sovereign Bond Index.

(V) BUDGET & TAXES

RYMCO to distribute dividends for 2017, payout ratio at 31%

The Ordinary General Assembly of automobile dealer Rasamny Younis Motor Co. sal (RYMCO) held on August 2, 2018 approved the distribution of LBP2.27bn, or \$1.5m, in dividends to shareholders for 2017. The dividend distribution is equivalent to LBP83 (\$0.06) per common share and represents a 30.8% pay-out ratio. The dividends will be paid starting in January 2019, net of a 10% withholding tax. The firm currently has 27,300,000 common shares that include 10,920,000 shares listed on the Beirut Stock Exchange.

(VI) Infrastructure, Real estate and construction

Demand for housing improves in second quarter of 2018 on expectations of renewed mortgage subsidies

Demand for residential real estate in Lebanon improved in the second quarter of 2018, as reflected by the results of the Byblos Bank Real Estate Demand Index. The Index posted a monthly average of 43.7 points in the second quarter of 2018, constituting an increase of 31.8% from 33.2 points in the first quarter of 2018 and a decline of 16.3% from 52.3 points in the second quarter of 2017. The second-quarter results constitute their 14th lowest level in 44 quarterly readings.

Utilized credits by private sector at \$69bn at end-March 2018, advances against real estate account for 38% of total

Figures issued by Banque du Liban show that utilized credits by the private sector from commercial banks and financial institutions totalled \$68.6bn at the end of March 2018, nearly unchanged from \$68.65bn at end-2017 and constituting a growth of 6.4% from \$64.4bn at end-March 2017. Trade & services accounted for \$22.6bn or 33% of utilized credits at the end of March 2018.

Surface area of new construction permits down 18% in first half of 2018

The Orders of Engineers & Architects of Beirut and of Tripoli issued 7,152 new construction permits in the first half of 2018, down by 12.4% from 8,168 permits in the same period of 2017. In comparison, new construction permits declined by 6.2% year-on-year in the first half of 2017.

(VIII)Transport, Port & Airport

Airport passengers up 8% in first seven months of 2018

Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 4,842,665 passengers utilized the airport (arrivals, departures and transit) in the first seven months of 2018, constituting an increase of 8.3% from 4,470,078 passengers in the same period of 2017.

Top five freight forwarders' import activity down 12% in first half of 2018, export activity down 22%

Figures released by the Port of Beirut show that overall import shipping operations by the top five freight forwarders through the port reached 160,861 20-foot equivalent units (TEUs) in the first half of 2018, constituting a decrease of 12.2% from 183,165 TEUs in the same period of 2017. The five freight forwarders accounted for 76.9% of imports to the Lebanese market and for 51.7% of the total import freight forwarding market in the first half of 2018.

Revenues through Port of Beirut up 4% to \$124m in first half of 2018

Figures released by the Port of Beirut show that the port's overall revenues reached \$124m in the first half of 2018, constituting an increase of 4% from \$119.2m in the same period of 2017. The Port of Beirut handled 3.9 million tons of freight in the covered period, down by 7.9% from 4.3 million tons in the first half of 2017. Imported

freight amounted to 3.5 million tons in the first half of 2018 and accounted for 88.3% of the total, while the remaining 457,000 tons, or 11.7%, consisted of export cargo. A total of 920 ships docked at the port in the year-to-June 2018 compared to 925 vessels in the first half of 2017.

(X) Energy and Environment

Energy Ministry receives expressions of interest from 25 consortiums to build and operate hydroelectric plants

The Ministry of Energy & Water received expressions of interest (EOIs) from 25 consortiums from 14 countries for the construction and operation of hydroelectric plants that will be located along 10 rivers across Lebanon, with the power production capacity of each plant at between four and 400 megawatts (MW). A total of 17 consortiums showed interest in building and operating hydroelectric plants in Mount Lebanon, as four of them are interested in building a plant in the Bekaa, another four consortiums intend to build a hydroelectric plant in Akkar, and one consortium seeks to establish a plant in the North. Also, companies that submitted the EOIs include local firms, as well as international companies from Canada, China, France, Germany, Spain, Saudi Arabia and the UAE, among others. Upon reviewing the submitted EOIs, the ministry will sign a power purchase agreement (PPA) with the selected companies, based on their technical capability and experience, their ability to obtain sufficient funds to develop the project, as well as on the lowest price proposed by a bidder.

Energy Ministry receives expressions of interest from 75 consortiums to build and operate PV farms

The Ministry of Energy & Water received expressions of interest (EOIs) from 75 consortiums from 29 countries for the construction and operation of three solar photovoltaic (PV) farms and associated battery energy storage components. The Lebanese Center for Energy Conservation (LCEC) noted that the three solar PV farms will have an aggregate power production capacity of 210 megawatt-peak (MWp) to 300 MWp. It pointed out that each solar farm will have a power generation capacity of 70 MWp to 100 MWp, while their bat-tery energy storage component will have a minimum power capacity of 70 MW and a minimum storage capacity of 70 Mwh.

(XI) Tourism

Tourist arrivals up 4% in first seven months of 2018

The number of incoming visitors to Lebanon totalled 1,115,866 in the first seven months of 2018, constituting an increase of 3.9% from 1,073,726 tourists in the same period of 2017 and a drop of 15.8% from 1,326,001 visitors in the first seven months of 2010, the record year for tourism activity in Lebanon. Also, the number of incoming visitors reached 262,779 in July 2018.

New car sales down 5% in first seven months of 2018

Figures released by the Association of Automobile Importers in Lebanon show that dealers sold 20,873 new passenger cars in the first seven months of 2018,

Occupancy rate at Beirut hotels at 59%, room yields down 2.5% in first half of 2018

EY's benchmark survey of the hotel sector in the Middle East indicated that the average occupancy rate at hotels in Beirut was 58.9% in the first half of 2018, down from 61.9% in the same period of 2017 and compared to an average rate of 64.9% in 14 Arab markets included in the survey. The occupancy rate at Beirut hotels was the fifth lowest in the region in the first half of 2018, while it was the sixth lowest in the same period of 2017.

4. LEBANON EXTERNAL

(I) France – Lebanon

Lebanon signs EUR49m financing agreements with Agence Française de Développement

The Council for Development and Reconstruction signed a EUR34m loan agreement and a EUR15m grant agreement with the Agence Française de Développement to promote wastewater treatment in Northern Lebanon and improve living conditions in deprived areas across the country. The loan agreement, which has a maturity of 13 years and a grace period of eight years, will finance a pilot project for wastewater treatment in the Qadisha Valley and surrounding areas. Specifically, it aims to establish an integrated sewage network, pumping stations and treatment plants, as well as to mobilize the use of reed bed filters in the treatment of wastewater in the

districts of Koura, Batroun, Al-Diniyeh and Becharri. In parallel, the grant aims to improve the living conditions of the residents of the most disadvantaged areas in Lebanon, particularly in the Bekaa and Akkar regions, which host about 75% of Syrian refugees in Lebanon. Specifically, it aims to finance reforestation programs, rehabilitate infrastructure in rural areas, provide training on agricultural practices, and help promote economic opportunities to the most vulnerable populations. The Agence Française de Développement has signed over 30 financing agreements with Lebanon for an aggregate EUR1.1bn since 1999.

(II) **Syria – Lebanon**

Syrian affiliates of Lebanese banks post profits of \$2.5m in the first quarter of 2018 when excluding foreign exchange gains on structural positions

Financial results issued by the affiliates of seven Lebanese banks operating in Syria show that their aggregate net profits reached SYP1.2bn in the first quarter of 2018, constituting an increase of 10.4% from net earnings of SYP1.1bn in the same quarter of 2017. The improvement in the banks' net earnings is due in part to the appreciation of the Syrian pound from SYP517.4 against the US dollar to SYP436 per US dollar during the covered period, which resulted in unrealized foreign exchange gains on the banks' structural positions of SYP134.2m in the first quarter of 2018, up by 23.1% from unrealized foreign exchange gains on structural positions of SYP109m in the same quarter of 2017. In US dollar terms, the net profits of the seven banks reached \$2.8m relative to net earnings of \$2.1m in the same quarter of 2017. The aggregate net income of the seven banks becomes SYP1.1bn, or \$2.5m, in the first quarter of 2018 when excluding foreign exchange losses on structural positions, relative to earnings of SYP997.7m, or \$1.9m, in the same quarter of 2017. The earnings of Bank Al-Sharq, the affiliate of Banque Libano-Française sal, grew by SYP137.4m in the covered quarter, followed by an increase of SYP94.3m in those of Bank Audi Syria, an expansion of SYP83.5m in the income of Banque BEMO Saudi Fransi, a growth of SYP59.7m in the profits of Bank of Syria & Overseas, and a rise of SYP43.7m in the earnings of Syria Gulf Bank, the affiliate of First National Bank sal. In contrast, the income of Byblos Bank Syria regressed by SYP210.3m, while the profits of Fransabank Syria dropped by SYP93.4m in the first quarter of 2018.

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