

**Embassy of  
India Beirut**

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**Economic & Commercial Report – April, 2019**  
**(Data given below are for February, 2019 as updated figures for  
April 2019 are not released by Lebanese authorities:**  
Link: <https://tradingeconomics.com/lebanon/gdp>)

**1. ECONOMIC INDICATORS OF LEBANON:**

<b>GDP</b>	<b>2017 (estimated)</b>
Nominal GDP	US\$ 51.84 billion
GDP Growth Rate (%)	2.0%
GDP (per head) PPP	US\$ 19,500

<b>International reserves (US\$ bn)</b>	<b>2017 (actual)</b>
Total international reserves	55,411

<b>Total trade (US\$ bn)</b>	<b>2016</b>	<b>2017</b>
exports	2.98	2.8
imports	18.70	23.1
<b>Trade balance (US\$ bn)</b>	(-) 15.72	(-) 20.3

**ii. Total Trade commodity-wise with India by end of February, 2019:**

HS code	Description	Import	Export
		Thousand \$	Thousand \$
1.	Live animals, animal products	1,295	0
2.	Vegetable products	3,800	0

3.	Animal or vegetable fats and oils	30	0
1			
	and their cleava		
4.	Prepared food stuffs; beverages, spirits and vinegar	1,231	22
5.	Mineral Products	392	0
6.	Products of the chemical or allied industries	6,790	0
7.	Plastics and articles thereof; rubber	1,839	96
8.	Raw hides and skins, leather, fur skins	306	7
9.	Wood and articles of wood; wood charcoal; cork	36	0
10.	Pulp of wood; paper and paperboard	202	171
11.	Textile and textile articles	5,822	4
12.	Footwear, umbrellas, artificial flowers	481	0
13.	Articles of stone, plaster, cement, glass	1,532	2
14.	Natural or Cultured pearls, precious or semi-precious	18,593	0
15.	Base metals and articles of base metal	1,584	1,296
16.	Machinery, electrical instruments	3,518	17
17.	Vehicles, aircraft, vessels, transport equipment	4,101	0
18.	Optical, photographic, medical, musical instruments	185	0
19.	Miscellaneous manufactured articles	304	1
20.	Works of art, collectors' pieces and antiques	0	15
	<b>Total (US\$ thousands)</b>	<b>52,041</b>	<b>1,632</b>

**iii. Top ten import from India commodity-wise by end of February, 2019:**

Ranking	Description	Import
		Thousand \$
1.	Natural or Cultured pearls, precious or semi-precious	18,593
2.	Products of the chemical or allied industries	6,790
3.	Textile and textile articles	5,822
4.	Vehicles, aircraft, vessels, transport equipment	4,101
5.	Vegetable products	3,800
6.	Machinery, electrical instruments	3,518
7.	Plastics and articles thereof; rubber	1,839
8.	Base metals and articles of base metal	1,584
9.	Articles of stone, plaster, cement, glass	1,532
10.	Live animals, animal products	1,295

**iv. Top ten export to India commodity-wise by end of February, 2019:**

Ranking	Description	Export
		Thousand \$
1.	Base Metals and articles of base metals	1,296
2.	Pulp of Wood or of other fibrous cellulosic	171
3.	Plastics and articles thereof; rubber	96
4.	Prepared food stuffs; beverages, spirits and	22
5.	Machinery, electrical instruments	17
6.	Works of art, collectors" pieces and antiques	15
7.	Raw hides and skins,	7
8.	Textile and textile articles	4
9.	Articles of stone, plaster, cement, glass	2
10.	Miscellaneous manufactured articles	1

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 February, 2019 Million US dollars
1	Switzerland	94
2	United Arab Emirates	77
3	Syrian Arab Republic	41
4	South Africa	41
5	Saudi arabia	33
<b>40</b>	<b>India</b>	<b>2</b>

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

Ranking	Name of the Country	Till end of February, 2019 Million US dollars
1	China	313
2	Greece	205
3	Italy	202
4	Germany	155
5	United States	143
<b>20</b>	<b>India</b>	<b>52</b>

viii. **Principal Commodities of Import & Export by Lebanon from all countries: (US\$ in Millions) (Till end of February, 2019)**

HS Code	Description	Import	Export
		US\$ in Million	

1.	Live animals, animal products	1	0
2.	Vegetable products	4	0
3.	Animal or vegetable fats and oils	0	0
4.	Prepared foodstuffs, beverages, tobacco	1	0
5.	Mineral products	0	0
6.	Products of the chemical or allied industries	7	0
7.	Plastics and articles thereof; rubber	2	0
8.	Raw hides and skins, leather, fur skins	0	0
9.	Wood and articles of wood; wood charcoal; cork	0	0
10.	Pulp of wood; paper and paperboard	0	0
11.	Textiles and textile articles	6	0
12.	Footwear, umbrellas, artificial flowers	0	1
13.	Articles of stone, plaster, cement, glass	2	0
14.	Pearls, precious stones and metals	19	0
15.	Base metals and articles of base metal	2	1
16.	Machinery, electrical instruments	4	0
17.	Vehicles, aircraft, vessels, transport equipment	4	0
18.	Optical, photographic, medical, musical instruments	0	0
19.	Arms and ammunition; parts and accessories	0	0
20.	Miscellaneous manufactured articles	0	0
21.	Works of art, collectors" pieces & antiques	0	0
	<b>Total (in USD millions)</b>	<b>52</b>	<b>2</b>

## **2. BILATERAL**

**During the month of April 2019, Mission issued visas to the following Lebanese Businessmen to travel to India for Investment, expansion and to participate in trade exhibitions:**

1- Mr. Dany El Kassis and Mme Nina Tannous from Lebanon who invested in India under MEPCO IMPEX Private Limited in Coimbatore, India which is dealing in Paper and Non-Hazardous Chemicals.

2- Mr. Ahmad Farid Al Azem from AXWARE Lebanon for investing in India under IAT Company in Chennai which is dealing in Software.

3- Ms. Iman Aoun from Trend Labs sarl – Lebanon for attending IPHEX IPHEX – 2019 organised by PHARMEXCHIL – New Delhi

**Following candidates have joined ITEC (Defence) courses in India in the month of April, 2019**

<b>S.No.</b>	<b>Name &amp; Designation</b>	<b>Ministry</b>	<b>Course</b>	<b>Institute</b>	<b>Dates</b>
1.	Colonel PSC Rabih Eek	Lebanese Army	Higher Defence Oeintation	Army War College, Mhow	29 April to June 2019

**Trade Inquires during the month of April 2019:**

From India: Twelve (12)

From Lebanon: Eight (8)

Oral Trade Inquiries: Five (5)

Business visa issued by Embassy of India during the Month of April 2019: **28**

## **3. INTERNAL**

### **(I) ECONOMY**

#### **Economic outlook dependent on reforms implementation**

Barclays Capital indicated that Lebanon's medium-term economic outlook mainly depends on the ability of the new Cabinet to pass the required and pressing reforms. It indicated that the adoption of the 2019 budget should be a top priority for the government, as it will send a strong message about the urgent need to address the country's fiscal imbalances. It

added that the government has to send to Parliament the final fiscal accounts for the years 1993-2015 after they get approved by the Audit Court, which would improve fiscal transparency. It projected the fiscal deficit to narrow from 11% of GDP in 2018 to 9.8% of GDP in 2019 and 9% of GDP in 2020, while it anticipated the public debt level to reach 151% of GDP at the end of 2019 and 154% of GDP at end-2020.

### **Consumer Price Index up 3.5% in first quarter of 2019**

The Central Administration of Statistics' Consumer Price Index increased by 3.5% in the first quarter of 2019 from the same period of 2018, compared to a growth of 5.4% in the first quarter of 2018. Also, the CPI rose by 4.1% in March 2019 from the same month of 2018.

### **Gross public debt at \$85.2bn at end-February 2019**

Lebanon's gross public debt reached \$85.2bn at the end of February 2019, constituting a marginal increase of 0.1% from \$85.1bn at the end of 2018 and a rise of 4.6% from \$81.5bn at end-February 2018. In nominal terms, the gross public debt grew by \$106.1m in the first two months of 2019 relative to an increase of \$2bn in the same period of 2018. Debt denominated in Lebanese pounds totalled \$51.5bn at end-February 2019, down by 0.3% from the end of 2018 and up by 1.1% from end-February 2018; while debt denominated in foreign currency stood at \$33.7bn, constituting a growth of 0.7% from end-2018 and a rise of 10.3% from end-February 2018. In May 2018, the Finance Ministry issued \$5.5bn in Lebanese Eurobonds and exchanged them with LBP8,250bn worth of Lebanese pound denominated Treasury bills from Banque du Liban's (BdL) portfolio in order to reduce the cost of debt servicing, which explains the growth in foreign currency debt from February 2018.

### **Expatriates' remittances to Lebanon up 2% to \$7.2bn in 2018, 18<sup>th</sup> highest among developing economies**

The World Bank estimated the inflows of expatriates' remittances to Lebanon at \$7.2bn in 2018, constituting an increase of 1.8% from \$7.1bn in 2017, following a decline of 7% in 2017. In comparison, remittance inflows to developing countries grew by 9.6%, those to upper middle-income countries (UMICs) increased by 7.7% and inflows to Arab countries rose by 9.1% in 2018.

## **(II) TRADE & COMMERCE**

### **Industrial exports up 3% to \$2.6bn in 2018**

Figures released by the Ministry of Industry show that industrial exports totalled \$2.55bn in 2018, constituting an increase of 3% from \$2.47bn in 2017. Industrial exports reached \$213.8m in December 2018, up by 1.1% from \$211.4m in the preceding month, and down by 2.6% from \$219.6m in December 2017.

## **Lebanon's external debt outperforms emerging markets in March 2019**

Figures issued by Citi Research indicate that Lebanon's external sovereign debt posted a return of 2.8% in March 2019, constituting the 24<sup>th</sup> highest return among 48 emerging markets included in the Citi EM Sovereign Bond Index. Also, Lebanon's sovereign debt posted the seventh highest return among 17 countries in the Middle East & Africa (ME&A) region in the covered month.

## **Trade deficit down 14% to \$2.2bn in first two months of 2019**

Total imports reached \$2.8bn in the first two months of 2019, constituting a decline of 11.8% from \$3.1bn in the same period of 2018; while aggregate exports grew by 0.9% year-on-year to \$535.8m in the covered period. As such, the trade deficit narrowed by 14.4% to \$2.23bn in the first two months of 2019 due to a drop of \$371.3m in imports and an increase of \$4.5m in exports in the covered period.

## **(III) Banking**

### **Banque du Liban's foreign assets down 3% to \$39bn in first quarter of 2019**

Banque du Liban's (BdL) interim balance sheet totalled \$124.9bn at the end of March 2019, constituting a decrease of 11.1% from \$140.6bn at the end of 2018 and an increase of 1.1% from \$122.8bn at end-March 2018. The decline in the first quarter of the year is mainly due to the "netting" on the assets and liabilities' sides of BdL's balance sheet as part of the implementation of the new international accounting standard IFRS 9.

### **Association of banks amends reference rate on US dollar and Lebanese pound lending**

The Association of Banks in Lebanon (ABL) recommended to its member banks to increase the Beirut Reference Rate (BRR) in US dollars from 9.52% in April 2019 to 9.58% in May 2019. The rate, considered as the reference rate for lending in foreign currency, replaced the London Interbank Offered Rate (LIBOR) in 2009, as the ABL decided that the LIBOR does not reflect the cost of funding and lending in Lebanon.

### **Value of cleared checks down 12%, returned checks up 2% in first quarter of 2019**

The value of cleared checks reached \$14.8bn in the first quarter of 2019, constituting a decline of 12% from \$16.8bn in the same quarter of 2018. In comparison, the value of cleared checks decreased by 1.6% annually in the first three months of 2018 from the same quarter of 2017. The value of cleared checks in Lebanese pounds regressed by 1% year-on-year to the equivalent of \$5.5bn in the first quarter of 2019, while the value of cleared checks in US dollars declined by 17.3% to \$9.3bn in the covered quarter. The dollarization rate of cleared checks regressed from 67.1% in the first quarter of 2018 to 63.1% in the same



quarter of 2019. There were 2.65 million cleared checks in the first three months of 2019, down by 10.8% from 3 million in the first quarter of 2018.

#### **(IV) Finance**

##### **Net foreign assets of financial sector down by \$1.9bn in first two months of 2019**

Figures issued by Banque du Liban (BdL) show that the net foreign as-sets of the financial sector, which are a proxy for Lebanon's balance of payments, declined by \$1.93bn in the first two months of 2019 compared to an increase of \$165.2m in the same period of 2018. The net foreign assets of the financial sector declined by \$550.1m in February 2019, compared to a decrease of \$1.38bn in January 2019 and a decline of \$71.6m in February 2018. The month-on-month decline in February 2019 was caused by a drop of \$391.2m in the net foreign assets of BdL and a decrease of \$159m in those of banks and financial institutions. Also, the cumulative deficit in the first two months of 2019 was caused by a decline of \$1.14bn in the net foreign assets of banks and financial institutions and by a decrease of \$786.2m in those of BdL.

##### **IMF projects real GDP growth in Lebanon at 1.3% in 2019**

The International Monetary Fund projected Lebanon's real GDP growth rate at 1.3% in 2019 up from an October forecast of 1%, and a growth rate of 0.2% in 2018. In comparison, it forecast real GDP growth rates of 1.3% for the MENA region, of 3.6% for the region's oil-importing economies and of 5% for the Mashreq economies; as well as growth rates of 4.4% in emerging & developing economies and of 3.3% for the global economy in 2019. Lebanon's projected growth rate in 2019 would make it the second slowest-growing economy among 18 MENA countries with positive economic growth.

#### **(V) BUDGET & TAXES**

##### **Preliminary 2019 draft budget relies heavily on tax increases**

A summarized version of the 2019 draft budget shows budget spending at LBP25,324bn, or \$16.8bn, in 2019 and revenues at LBP18,266bn, or \$12.1bn, leading to a budget deficit of LBP7,058bn, or \$4.68bn. The Ministry of Finance prepared the draft budget in collaboration with the other ministries, while the Council of Ministers has been studying it since April 30, 2019. A summarized version of the draft budget was available for review rather than the full 1,200 pages. The summary did not include Treasury spending, which is necessary to calculate the overall fiscal deficit. Budget spending in the 2019 draft budget is 2.6% lower than spending of LBP25,991bn, or \$17.2bn in the 2018 budget, and is higher than the actual budgetary spending of LBP22,952bn, or \$15.2bn in the first 11 months of 2018, the latest available figures.

#### **(VI) Infrastructure, Real estate and construction**

##### **Number of real estate transactions down 15% in first quarter of 2019**

Figures released by the Ministry of Finance indicate that there were 12,067 real estate transactions in the first quarter of 2019, constituting a decrease of 14.9% from 14,181 deals in the first quarter of 2018. In comparison, there were 17,081 real estate transactions in the same period of 2017 and 14,985 real estate deals in the first quarter of 2016.

### **Asking prices for new apartments in Beirut down 3.5% in 2018**

Figures released by Property advisory firm RAMCO show that the asking prices by developers for first floor apartments in residential buildings under construction in Beirut decreased by 3.5% in 2018. This constituted the fifth consecutive annual decline in the asking price for units in projects under construction in the capital. The study covered 152 residential buildings under construction across 58 residential neighborhoods in Beirut in 2018. The prices exclude any negotiation margin or discount.

## **(VIII)Transport, Port & Airport**

### **Number of airport passengers up by 1.2% in first quarter of 2019**

Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 1,749,722 passengers utilized the airport (arrivals, departures and transit) in the first quarter of 2019, constituting an increase of 1.2% from 1,728,816 passengers in the same period of 2018. The number of arriving passengers regressed by 0.2% year-on-year to 838,759 in the first quarter of 2019, compared to a growth of 14% in the same period last year, while it remained unchanged in the first quarter of 2017. Also, the number of departing passengers increased by 0.9% year-on-year to 895,858 in the first quarter of 2019, relative to a rise of 13.5% in the same period last year, while it remained unchanged in the first quarter of 2017.

### **Revenues through Port of Beirut at \$37m in first two months of 2019**

Figures released by the Port of Beirut show that the port's overall revenues reached \$36.9m in the first two months of 2019, constituting a decline of 15.2% from \$43.5m in the same period of 2018. The Port of Beirut handled 1.1 million tons of freight in the covered period, down by 16.5% from 1.4 million tons in the first two months of 2018. Imported freight amounted to one million tons in the first two months of 2019 and accounted for 90.4% of the total, while the remaining 109,000 tons, or 9.6%, consisted of export cargo. A total of 264 vessels docked at the port in the first two months of 2019, down by 15.1% from 311 ships in the same period of 2018.

### **Import activity of top five shipping firms and freight forwarders down 19% in first two months of 2019**

Figures released by the Port of Beirut show that overall import shipping operations by the top five shipping companies and freight forwarders through the port reached 43,578 20-foot equivalent units (TEUs) in the first two months of 2019, constituting a decrease of 19.3% from 54,029 TEUs in the same period of 2018.

## **(X) Energy and Environment**

### **EBRD commits €1.75m for implementation of renewable energy tenders**

The Lebanese Center for Energy Conservation (LCEC) indicated that the European Bank of Reconstruction and Development (EBRD) committed €1.75m to retain one or more consulting firms to support the development and implementation of renewable energy tenders in Lebanon. The consultant will be a firm or a group of firms with expertise in economic, policy, commercial, legal and technical fields, as well as with experience in the power sector and proficiency in environmental and social impact assessments. The EBRD's assistance is part of its cooperation with the Ministry of Energy & Water to support the development of renewable energy in Lebanon. In March 2019, the EBRD called on interested consultants to submit their expressions of interest before the April 24, 2019 deadline. It indicated that it will invite shortlisted companies to submit their proposals. It added that the qualified consulting firm or firms will provide, for a period of 30 months as of June 2019, detailed technical, financial and legal assistance for solar and storage tenders, and for onshore wind power tenders, as well as ongoing assistance to the LCEC.

### **Cabinet approves electricity plan**

The Council of Ministers approved on April 8, 2019 a plan to reform the electricity sector in Lebanon. The 10-year plan aims to improve electricity production and distribution in the country, and eliminate the deficit of the state-owned and money-losing Electricité du Liban (EdL) by 2022. It seeks to provide 24 hours of electricity per day starting in 2020.

## **(XI) Tourism**

### **Tourist spending up 12% in first quarter of 2019, number of refunds up 6%**

Figures issued by Global Blue, the VAT refund operator for international shoppers, show that total spending by tourists in Lebanon increased by 12.2% in the first quarter of 2019 compared to a growth of 1.6% in the first quarter of 2018. Spending by tourists in Lebanon increased by 14.6% year-on-year in January, by 16.3% in February, and by 5.5% in March 2019.

### **New car sales down 23% in first quarter of 2019**

Figures released by the Association of Automobile Importers in Lebanon show that dealers sold 5,926 new passenger cars in the first quarter of 2019, constituting a decline of 22.5% from 7,645 cars sold in the same quarter of 2018. Individuals and institutional clients purchased 1,837 new cars in January, 1,906 new vehicles in February and 2,183 new automobiles in March 2019.

### **Occupancy rate at Beirut hotels at 65%, room yields up 31% in first two months of 2019**

EY's benchmark survey of the hotel sector in the Middle East indicated that the average occupancy rate at four- and five-star hotels in Beirut was 65% in the first two months of 2019 relative to 54.9% in the same period of 2018.

### **Tourist arrivals up 4% in first quarter of 2019**

The number of incoming visitors to Lebanon totalled 375,815 in the first quarter of 2019, constituting an increase of 3.7% from 362,398 tourists in the same period of 2018.

#### **4. LEBANON EXTERNAL**

##### **(I) MENA – Lebanon**

### **Lebanon has well-developed ecosystem for scale-ups**

The MENA Scale-ups Readiness Index indicated that Lebanon has the second most developed ecosystem for scale-ups among five Arab countries that consist of Egypt, Jordan, Lebanon, Saudi Arabia and the UAE. Scale-ups, which are also known as high-growth firms or "gazelles", are a segment of small- and medium-sized enterprises (SMEs) that have an established business model, and are expanding and growing rapidly.

##### **(II) China – Lebanon**

### **Lebanon and China sign MoUs to promote economic cooperation**

Lebanon signed two Memorandums of Understandings (MoUs) with China to promote investments and bilateral economic cooperation. The first MoU was signed by the Federation of Lebanese Chambers of Commerce, Industry & Agriculture in Lebanon and the China Council for the Promotion of International Trade (CCPIT) to establish in Beirut an arbitration center between Arab countries and China. The second MoU was signed between the CCPIT and the Ministry of Industry in Lebanon to promote Chinese investments in industrial areas in Lebanon. Further, Lebanese authorities encouraged Chinese investors to partner with Lebanese firms and to invest in new projects, as Lebanon is preparing to launch several infrastructure projects related to the CEDRE conference. Also, the Lebanese government indicated that some Chinese companies are considering the initiation of projects related to Syria and Iraq from Lebanon, especially in the Bekaa and Tripoli areas.

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