

**Embassy of India
Beirut**

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20 October, 2021

Economic & Commercial Report – September 2021

1. OVERVIEW:

- As per UN, 74%, population below poverty line.
- Lebanese Lira slipped to 17,000 in September
- Fuel and Electricity crisis in Lebanon
- Ministerial Statement of new government pledges economic and financial reforms
- Structural reforms to lift economic activity and reduce public finance imbalances
- Government formation offers opportunity to stabilize the economy
- Amount of cleared checks down 28%, returned checks down 53% in eight months of 2021
- Government launches cash card mechanism for vulnerable households
- Broad money supply up 1% in first seven months of 2021, currency in circulation up 30%
- Lebanon to receive \$1.13bn in Special Drawing Rights from International Monetary Fund
- More than 91% of Treasury securities in Lebanese pounds have five-year maturities or longer
- Compensation of public-sector personnel exceeds public revenues in January 2021
- Lebanon receives 4.5% of IMF regional technical assistance between May and July 2021
- Finance Ministry clarifies mechanism for disbursement of emergency social assistance to public sector personnel
- Registered real estate transactions up 2% to \$9bn in first eight months of 2021
- CMA CGM ratings upgraded with 'positive' outlook
- New car sales down 44% in first eight months of 2021
- Treasury transfers to Electricité du Liban down 85% to \$28.5m in January 2021
- The Embassy celebrated the 57th ITEC Day.
- Embassy of India organized a Business Seminar in association with the Chamber of Commerce, Industry & Agriculture in Sidon and South Lebanon

2. ECONOMIC INDICATORS OF LEBANON:

(Data given below are for March, 2021 . No figures have been released after that. Link: <http://customs.gov.lb/>)

i. Gross Domestic Product:

GDP	2020
Nominal GDP	US\$ 19.13 bn
GDP Growth Rate (%)	-63.62%
GDP (per head) PPP	US\$ 11,564

ii. International Reserves:

International reserves	2020 (US\$ bn)	Change
Total international reserves	US\$ 42.00	-18.72 %

International reserves have seen further decline. Total Central Bank Reserves are now estimated to be around 20 \$ billion only.

Source: <https://knoema.com/atlas/Lebanon#Economy>

3. LEBANON GLOBAL TRADE:

i. Total import of Lebanon from the world and from India

Year	Import from the world US\$ mn.	Change % over past year	Import from India US\$ mn.	Change % over past year
2019	19,640	-3.71	344	-5.83
2020	11,350	-42.27	150	-57.05

ii. The principal export destinations of Lebanon

Ranking	Name of the Country	For 2021 (till end of March, 2021) Million US dollars
1	United Arab Emirates	182
2	Saudi Arabia	60
3	Switzerland	53
4	Qatar	43

5	Egypt	35
33	India	4

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

Ranking	Name of the Country	For 2021 (Till end of March, 2021) Million US dollars
1	Turkey	303
2	Greece	297
3	China	254
4	United states	204
5	United arab Emirates	191
17	India	49

4. INDIA-LEBANON BILATERAL TRADE:

i. **Total Trade with India (In Millions USD). As per figures from the Lebanese side.**

Year	Lebanon's Exports to India	Lebanon's Imports from India (India's Exports)	Total Bilateral Trade
2019	16	344	360
2020	12	150	162
2021 (up to March 2021)	4	49	53

The bilateral trade has always been in India's favor.

ii. **Total Trade commodity-wise with India for 2021 (up to end March 2021). As per figures from the Lebanese side. :**

HS code	Description	Import Thousand \$	Export Thousand \$
1.	Live animals, animal products	3,059	0
2.	Vegetable products	6,013	21
3.	Animal or vegetable fats and oils and their cleava	31	0

4.	Prepared food stuffs; beverages, spirits and vinegar	1,497	17
5.	Mineral Products	204	0
6.	Products of the chemical or allied industries	13,508	213
7.	Plastics and articles thereof; rubber	1,300	0
8.	Raw hides and skins, leather, fur skins	99	0
9.	Wood and articles of wood; wood charcoal; cork	47	0
10.	Pulp of wood; paper and paperboard	667	0
11.	Textile and textile articles	2,201	10
12.	Footwear, umbrellas, artificial flowers	128	0
13.	Articles of stone, plaster, cement, glass	2,694	0
14.	Natural or Cultured pearls, precious or semi-precious	8,213	0
15.	Base metals and articles of base metal	1,240	3,355
16.	Machinery, electrical instruments	5,732	137
17.	Vehicles, aircraft, vessels, transport equipment	1,112	0
18.	Optical, photographic, medical, musical instruments	662	0
19.	Miscellaneous manufactured articles	447	7
20.	Works of Art, collector's pieces and antiques	0	21
	Total (US\$ thousands)	48,883	3,780

iii. **Top ten import from India commodity-wise for 2021 (up to end March 2021). As per figures from the Lebanese side:**

Ranking	Description	Import Thousand \$
1.	Products of the chemical or allied industries	13,508
2.	Natural or Cultured pearls, precious or semi-precious	8,213
3.	Works of art, collectors' pieces and antiques	6,013
4.	Machinery, electrical instruments	5,732
5.	Live animals, animal products	3,059

6.	Articles of stone, plaster, cement, glass	2,694
7.	Textile and textile articles	2,201
8.	Prepared food stuffs; beverages, spirits and vinegar	1,497
9.	Plastics and articles thereof; rubber	1,300
10.	Base metals and articles of base metal	1,240

iv. **Top ten export to India commodity-wise for 2021 (up to end March 2021). As per figures from the Lebanese side:**

Ranking	Description	Export Thousand \$
1.	Base metals and articles of base metal	3,355
2.	Products of the chemical or allied industries	213
3.	Machinery, electrical instruments	137
4.	Works of art, collectors' pieces and antiques	21
5.	Vegetable products	21
6.	Prepared food stuffs; beverages, spirits and vinegar	17
7.	Textile and textile articles	10
8.	Miscellaneous manufactured articles	7

v. **India's export target for 2021-22 with Lebanon with previous years figures and achievements. Figures as per the Indian side in Million USD:**

S. No.	Commodity/ Region	2018-19	2019-20	2020-21	Target Fixed	Export Achievement (Apr-Sept, 21)	% of Target achieved
1.	Engineering Goods	82.3	43.6	29.7	123.4	21.2	17%
2.	Gems & Jewellery	17.0	9.8	4.6	20.0	3.9	19%
3.	Petroleum Products	0.7	05.	1.0	1.5	0.2	16%
4.	Drugs & Pharmaceuticals	28.4	28.7	30.4	38.0	15.3	40%

5.	Organic & Inorganic Chemical	24.4	22.9	20.7	39.4	13.7	35%
6.	Rmg Of All Textiles	4.6	3.7	1.1	5.7	0.2	4%
7.	Electronic Goods	5.3	7.9	14.6	18.3	16.7	92%
8.	Cotton Yarn/Fabs./Madeups, Handloom Products Etc.	6.3	4.7	4.8	7.9	6.1	77%
9.	Rice	14.5	13.7	9.0	13.6	5.2	38%
10.	Plastic And Linoleum	13.3	10.4	10.8	14.1	10.3	73%
11.	Marine Products	8.6	7.1	2.3	12.3	2.2	18%
12.	Iron Ore	0.0	0.0	0.0	0.0	0.0	0%
13.	Spices	1.7	0.8	1.4	2.1	0.9	45%
14.	Man-Made Yarn/Fabs./Madeups Etc.	6.4	4.5	2.1	8.0	2.6	32%
15.	Mica, Coal And Other Ores, Minerals Including Process	9.1	5.0	4.8	10.5	2.3	22%
16.	Meat, Dairy And Poultry Products	5.9	7.2	7.5	9.4	10.1	107%
17.	Leather And Leather Manufactures	0.8	0.4	0.3	0.9	0.2	16%
18.	Ceramic Products And	7.3	4.6	8.4	4.8	4.1	85%

	Glassware						
19.	Fruits And Vegetables	2.4	2.3	2.0	3.0	0.8	26%
20.	Cereal Preparations And Miscellaneous Processed Item	2.7	1.6	0.4	3.0	0.2	8%
21.	Handicrafts Excl. Hand Made Carpet	1.0	0.9	0.4	1.3	0.1	7%
22.	Oil Meals	0.0	0.0	0.0	0.0	0.0	0%
23.	Carpet	2.1	1.1	0.1	2.6	0.1	3%
24.	Oil Seeds	6.9	10.5	9.0	13.1	2.4	18%
25.	Tobacco	0.0	0.1	0.0	0.1	0.2	165%
26.	Tea	0.3	0.3	0.8	0.8	0.6	70%
27.	Coffee	1.5	0.5	1.1	1.9	0.6	29%
28.	Other Cereals	0.2	0.0	0.0	0.2	0.0	0%
29.	Cashew	0.8	0.0	0.0	1.5	0.0	0%
30.	Jute Mfg. Including Floor Covering	0.8	0.7	0.1	1.0	0.6	57%
31.	Others	13.5	10.4	22.8	28.6	6.7	23%
	Total	268.7	204.0	190.4	387	127	33%

5. BILATERAL/ EMBASSY ACTIVITIES

The Embassy organized following event during September 2021:

57th ITEC Day:

The Embassy celebrated the 57th ITEC Day on September 23, 2021 with the participation of ITEC Alumni and other senior dignitaries from Lebanon.

Business Seminar on “Exploring Opportunities and Diversifying Business”:

A Business Seminar on the theme "Exploring Business Opportunities, Diversifying Business" was organized by the Embassy in association with Chamber of Commerce, Industry and Agriculture in Sidon and South Lebanon on September 28, 2021.

Status/progress of Non-Tariff Barriers/SPS/TBT issues during the month of **September 2021 – NIL**. No NTB specific to India being noticed during this period.

Following candidates have joined ITEC (Civil) courses in India in the month of **September 2021 – NIL**

Following candidates have joined ITEC (Defence) courses in India in the month of September 2021 – **NIL**

Trade Inquires during the month of **September 2021:**

From India: Thirty four (34)

From Lebanon: one (1)

India Trade Portal during the month of September 2021:

Lebanese queries : 0

Tenders : Nil

Business visa issued by Embassy of India during the Month of **September 2021:** 05

Trade issues: A number of Indian exporters are facing payment problems from their Lebanese importers due to banking restrictions.

6. INTERNAL- LEBANON

(I) ECONOMY

As per UN, 74%, population below poverty line

Poverty in Lebanon has drastically increased over the past year, now affecting about 74% of the total population, warns a new policy brief on “Multidimensional Poverty in Lebanon: Painful Reality and Uncertain Prospects” issued on September 3, 2021 by the United Nations Economic and Social Commission for Western Asia (ESCWA). Taking into account dimensions other than income, such as access to health, education and public utilities, increases the rate to 82% of the population living in multidimensional poverty.

Fuel crisis in Lebanon potential catastrophe for thousands

The fuel and electricity shortages have forced Lebanon's largest hospitals to reduce their activities. At the same time, public water supply and wastewater treatment systems that rely on fuel have cut back on their operations, leaving millions without access to water, and jeopardizing environmental and public health.

Ministerial Statement of new government pledges economic and financial reforms

The new Lebanese government issued its Ministerial Statement that includes multiple pledges on the economic, financial and social fronts.

First, it pledged to resume negotiations with the International Monetary Fund with the aim to reach with it an agreement on a program that is based on a short- and medium-term economic recovery plan that the government intends to develop and implement in cooperation with Banque du Liban. Second, it aims to draft a plan to reform the banking system and to restructure it where necessary, to stimulate economic activity through providing financing to the private sector at preferential rates, and to give priority to protect bank deposits and the rights of depositors.

Third, it stipulated the need to enact the capital controls law and to draft a law to address the financial and banking developments that emerged since October 17, 2019, especially those related to the transfer of funds abroad, as well as to implement Law 214 about recovering ill-gotten funds. Fourth, it intends to start negotiations with bondholders and to agree on a framework to restructure the public debt. Fifth, it plans to utilize the IMF's allocation of Special Drawing Rights in a sustainable way.

Sixth, it pledged to abide by the terms of the French initiative and by the recommendations of the Reforms, Recovery and Reconstruction initiative (3RF), to complete the economic reform policy that Lebanon submitted at the CEDRE Conference after reviewing the list of projects in the related Capital Investment Plan, and to take into consideration the recommendations of consulting firm McKinsey to support productive sectors.

Seventh, it intends to adjust public sector wages and salaries at all levels based on a report to be prepared by the Finance Ministry that would take into consideration the government's resources and the state of public finances. It plans in parallel to take the necessary measures to adjust salaries in the private sector.

Eighth, it pledged to contain tax evasion, modify the public accounting law, draft a new law for customs, approve a new strategy to reform customs, and draft a law to modernize real estate formalities.

Ninth, it plans to complete work on the 2022 budget with an emphasis on including reforms measures to public finances, and to close illegal border crossing points and strengthen the supervision of official crossing points by utilizing modern equipment.

Tenth, it intends to work on diversifying energy sources while giving priority to natural gas and renewable energy, to implement the electricity reforms plan and building the power plants that the country needs in partnership with the private sector, and to complete the plan to transport gas through Floating Storage Reclassification Units. It also pledged to resume offshore oil and gas drilling and to launch the second round of licensing for such drilling in Lebanon's territorial waters.

Eleventh, it will seek to develop an economic, social and health care safety net; to expand all social services; to implement the electronic cash card; to target the existing subsidies policy to needy resident Lebanese citizens; and to resume housing loans through the Public Housing Corporation.

Twelfth, it pledged to upgrade and rehabilitate the fixed and mobile phone networks and to put together a new vision for the telecommunications sector that takes into consideration public-private partnerships. It also plans to issue the executive decrees for telecom Law 341 of 2002 to regulate the sector, to appoint members of the Telecommunications Regulatory Authority, and to corporatize the sector by establishing Liban Telecom.

Thirteenth, it plans to activate the Higher Council for Privatization and PPP, and expand its human and financial capacity, as well as to modify the PPP law and develop an investment climate that would attract foreign investors.

Fourteenth, it aims to restore the confidence of Lebanese expatriates in the country's future and to set a mechanism to track emigration, in order to strengthen ties with the Diaspora and attract its capital and know-how.

Fifteenth, it seeks to enact the draft law about administrative decentralization; to issue executive decrees for existing laws about fighting corruption, especially for the public procurement law; and to appoint the members of the National Authority to Fight Corruption.

Structural reforms to lift economic activity and reduce public finance imbalances

The Institute of International Finance (IIF) considered that the new Lebanese government needs to develop a comprehensive reform program to address the prevailing macroeconomic imbalances and structural bottlenecks, in order to stop the deterioration in economic activity and to lay the foundation for the recovery.

It expected the government to resume negotiations with the International Monetary Fund (IMF) soon and to implement the necessary reforms to eliminate a wide range of distortions in the economy, despite a difficult political, social and economic context. But it expressed concerns about the prospects of reaching an agreement with the IMF to lift the economy out of its current crisis, in case the government's efforts are constrained by the political class. As such, it presented two scenarios with a 50% chance for each one of them.

Government formation offers opportunity to stabilize the economy

Bank of America (BofA) considered that the formation of a new Lebanese government after 13 months of institutional vacuum is an opportunity to stabilize the economy and initiate talks with the International Monetary Fund and official lenders. However, it anticipated that the country's weak track record of reforms and complex socio-political setup, as well as the approaching parliamentary elections and the continued influence of the political class, could hinder the authorities' efforts to pursue any substantial economic reforms in the near term.

Amount of cleared checks down 28%, returned checks down 53% in eight months of 2021

The amount of cleared checks reached \$26.1bn in the first eight months of 2021, constituting a drop of 27.6% from \$36.1bn in the same period of 2020. In comparison, the amount of cleared checks decreased by 3.6% in the first eight months of 2020 and declined by 15.2% in the same period of 2019 from the corresponding periods of the preceding year. The dollar figures are converted at the official exchange rate of the Lebanese pound against the US dollar. The amount of cleared checks in Lebanese pounds reached the equivalent of \$12.3bn in the first eight months of 2021 and regressed by 3.7% from the same period last year, while the amount of cleared checks in foreign currencies was \$13.8bn and contracted by 40.7% in the covered period. Also, there were 2.35 million cleared checks in the first eight months of 2021, down by 41% from 4 million checks in the same period last year. The dollarization rate of cleared checks regressed from 64.5% in the first eight months of 2020 to 52.7% in the same period of 2021, while the number of checks denominated in foreign currencies accounted for 53.3% of total cleared checks in the covered period compared to 50% a year ago.

(II) Banking

Lebanese Lira slipped to 17000 in September

As of September 30, 2021, black market traders in Lebanon are selling the US Dollar for 17,000 LBP and buying it for 17,050 LBP. The current official rate still stands at \$1 = 1,500 L.L. and the bank rate at \$1 = 3,900 L.L.

Government launches cash card mechanism for vulnerable households

The Lebanese government launched an electronic cash card to support the purchasing power of the neediest segments of the Lebanese population, as part of the plan to rationalize or lift subsidies on hydrocarbons and basic goods. The cash card program is part of the government's efforts to support the purchasing power of Lebanese households, in light of the deterioration in socioeconomic conditions in the country that was aggravated by the spread of the corona-virus and that led to the closure of many companies, to the

decline in commercial activity, as well as to the increase in unemployment and to the rise in the prices of consumer goods. The program will allow families to benefit for one full year from a monthly stipend of \$25 per individual at households, with an additional \$15 to be paid out for household members who are 64 years or older. It added that the enactment of the cash card will allow 500,000 families to benefit from a monthly stipend that ranges between \$93.3 and \$126 for one full year. The plan will be added to the other existing programs that the poorest families in Lebanon are benefiting from.

Broad money supply up 1% in first seven months of 2021, currency in circulation up 30%

Figures released by Banque du Liban show that money supply M1, which includes currency in circulation and demand deposits in Lebanese pounds, reached LBP51,669bn at the end of July 2021, constituting an increase of 28.7% from LBP40,156bn at the end of 2020 and a rise of 80.2% from LBP28,668bn at end-July 2020. Currency in circulation stood at LBP38,108bn at the end of July, and surged by 30.3% in the first seven months of the year and by 99.5% from LBP19,101bn at end-July 2020. Also, demand deposits in local currency stood at LBP13,561bn at end-July 2021, representing an increase of 24.3% in the first seven months of the year and a rise of 41.8% from the end of July 2020. Money supply M1 grew by 0.8% in July from LBP51,266bn at the end of the previous month, with currency in circulation expanding by 1% and demand deposits in local currency growing by a marginal 0.2% month-on-month. The increase in money supply largely reflects the migration of term deposits to demand deposits, as well as the shift to a cash-based economy.

(III) Finance

Lebanon to receive \$1.13bn in Special Drawing Rights from International Monetary Fund

The Ministry of Finance announced that the International Monetary Fund (IMF) indicated that Lebanon will receive on September 16, 2021 the equivalent of \$1.135bn in Special Drawing Rights (SDRs), which consist of \$275m in SDRs for 2009 and \$860m in SDRs for 2021, and that the SDRs will be deposited in the account of Banque du Liban. The ministry added that it has asked the IMF to transfer Lebanon's allocation of the SDRs, especially those for 2009.

More than 91% of Treasury securities in Lebanese pounds have five-year maturities or longer

Figures released by the Association of Banks in Lebanon show that the face value of outstanding Treasury securities denominated in Lebanese pounds reached LBP89,895bn, or the equivalent of \$59.6bn, at the end of July 2021, compared to LBP86,934bn, or \$57.7bn, at end- July 2020. The dollar figures are converted at the official exchange rate of the Lebanese pound against the US dollar. The weighted interest rate on Lebanese Treasury securities denominated in Lebanese pounds was 6.58% in July 2021 compared to 6.49% July 2020.

Compensation of public-sector personnel exceeds public revenues in January 2021

Figures issued by the Ministry of Finance show that the compensation of public-sector personnel totaled \$548.6m in January 2021, constituting a decrease of 5.3% from \$579m in the same month of 2020. Salaries, wages and related benefits accounted for 67.6% of the total, followed by retirement benefits (29%), transfers to public institutions to cover salaries (3.1%), and end-of-service indemnities (0.2%). The dollar figures are based on the official exchange rate of the Lebanese pound to the US dollar. Further, end-of-service indemnities dropped by 96.6%; and salaries, wages and related benefits decreased by a marginal 0.2%; while transfers to public institutions to cover salaries grew by 24% and retirement salaries increased by 2% in the covered month. The compensation of public-sector personnel represented the largest component of current primary spending and accounted for 68% of such expenditures in January 2021 compared to 50% in the same month of 2020. It also absorbed 46% of fiscal spending in the first month of 2021 relative to 34.2% in the same month of 2020; while it was equivalent to 109.3% of public revenues in January 2021 compared to 56.7% of government receipts in the first month of 2020.

Lebanon receives 4.5% of IMF regional technical assistance between May and July 2021

The International Monetary Fund's Middle East Technical Assistance Center (METAC) indicated that Lebanon received 4.5% of the center's delivery of technical assistance to member countries during the first quarter of the fiscal year that ends in April 2022, or between May and July 2021. In comparison, Lebanon received 10.7% of the center's technical assistance to member countries during the first quarter of FY2020/21, or between May and July 2020. METAC provided one technical assistance project in public financial management to Lebanon in the first quarter of FY2021/22. It indicated that there are eight technical assistance projects planned for Lebanon in FY2021/22, the third highest number of such projects among member countries, behind Egypt (10 projects), and Afghanistan and Sudan (nine projects each).

Finance Ministry clarifies mechanism for disbursement of emergency social assistance to public sector personnel

The Ministry of Finance issued Decision 549/1, on September 16, 2021 that clarifies the mechanism for the disbursement of LB600bn in emergency social assistance to public sector workers, employees and retirees. It indicated that the individuals who will benefit from the assistance are the employees, contractual workers and wage earners in the public sector, members of the army and security forces, judges, the public education sector in all its categories, and retirees who benefit from monthly pension payments. Also, it said that the amount of the social assistance would be equivalent to the value of the beneficiaries' basic salary or wage in August 2021, or to one month of pension payments for retirees. It added that the assistance will be disbursed in two equal payments.

(IV) Real Estate & Construction

Registered real estate transactions up 2% to \$9bn in first eight months of 2021

Figures released by the Ministry of Finance show that the ministry registered 58,053 real estate transactions in the first eight months of 2021, constituting an increase of 29% from 45,047 in the same period of 2020. In comparison, it registered 31,131 real estate transactions in the first eight months of 2019 and 38,102 real estate deals in the same period of 2018. The increase in the number of registered transactions in the covered period is due in part to the easing of the national lock down measures that the government imposed to contain the spread of COVID-19, which led to the reopening of many public agencies and departments starting in March 2021 and to the resumption of the processing and official registration of real estate transactions. More specifically, the increase reflects the normalization of real estate activity in the six-month period ending August 2021 following closures in the first two months of the year, as well as the higher number of registered transactions relative to March, April and May 2020, when Lebanon witnessed the first round of corona-virus related lock down measures. Moreover, the ministry registered 10,413 real estate transactions in August 2021, constituting a rise of 24.5% from 8,366 in July 2021, compared to 7,438 transactions in August 2020.

(V)Transport, Port & Airport

Import activity of top five shipping firms and freight forwarders up 32% in first half of 2021

Figures released by the Port of Beirut show that the aggregate volume of imports by the top five shipping companies and freight forwarders through the port reached 99,414 20-foot equivalent units (TEUs) in the first half of 2021, constituting an increase of 31.8% from 75,450 TEUs in the same period of 2020. The five shipping and freight forwarding firms accounted for 84.9% of imports to the Lebanese market and for 63.5% of the total import freight market in the first half of 2021. Merit Shipping handled 32,066 TEUs in the covered period, equivalent to 20.5% of the total import freight market. Mediterranean Shipping Company (MSC) followed with 26,561 TEUs (17%), then MAERSK with 19,717 TEUs (12.6%), Gezairi Transport with 11,067 TEUs (7.1%), and Lotus Shipping with 10,003 TEUs (6.4%). The five shipping and freight forwarding firms registered year-on-year increases in import shipping in the first half of 2021, with Lotus Shipping posting an expansion of 112.3%, the highest among the top five companies. The import shipping operations of the five firms through the port decreased by 17.6% in June 2021 from the preceding month.

CMA CGM ratings upgraded with 'positive' outlook

Moody's Investors Service upgraded the corporate family rating of the Lebanese-owned and France-based container-shipping firm CMA CGM from 'B1' to 'Ba3', as well as its

probability of default rating from 'B1-PD' to 'Ba3-PD', and its senior unsecured bond ratings from 'B3' to 'B2'. Also, it maintained the 'positive' outlook on the ratings.

It attributed its decision to the firm's strong operating performance and to the decline of its debt level in recent quarters, as a result of a significantly better operating environment in the shipping market, as well as due to the implementation of efficiency measures and financial policies that focused on debt reduction and on maintaining a good liquidity profile. It added that the 'positive' outlook reflects the improvement in the firm's credit and debt metrics, as well as its liquidity management strategy from 2022 on-wards.

(VI) Tourism

New car sales down 44% in first eight months of 2021

Figures released by the Association of Automobile Importers (AIA) in Lebanon show that dealers sold 2,678 new passenger cars in the first eight months of 2021, constituting a decline of 44.3% from 4,808 cars sold in the same period of 2020 and a drop of 85.3% from 18,165 in the first eight months of 2019. Individuals and institutional clients purchased 61 new cars in January, one new vehicle in February, 512 new automobiles in March, 373 cars in April, 487 vehicles in May, 602 new cars in June, 387 new vehicles in July and 255 new automobiles in August 2021.

(VII) Energy

Treasury transfers to Electricité du Liban down 85% to \$28.5m in January 2021

Figures released by the Ministry of Finance show that Treasury transfers to Electricité du Liban (EdL) totaled \$28.5m in January 2021, constituting a decline of 85% from \$189.7m in the same month of 2020. Treasury transfers covered reimbursements for the purchase of natural gas, fuel and gas oil, and did not include any debt servicing payments on behalf of EdL. The decline in transfers is mainly due to a decrease in payments to the Kuwait Petroleum Corporation and to the Algerian energy conglomerate Sonatrach.

Treasury transfers to EdL accounted for 3% of budgetary primary expenditures in January 2021 relative to 14% in the same month of 2020. They constituted the fifth largest expenditures item, or 2.4% of overall fiscal spending, after personnel cost with 46%, interest payments (21%), payments to hospitals (8.1%), and to the Higher Council of Relief (4.2%).

**(Hemant Gautam)
Attache (Commerce)**

Distribution as per standard list