

Embassy of India  
Beirut

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No. BEI/COM/201/01/2021

04.04.2022

**ANNUAL ECONOMIC & COMMERCIAL REPORT: 2021**

**1. Overview**

- Lebanon's GDP estimated to be at \$ 20.5 bn
- International Reserves decreased by 49% in 2021 (provisional)
- India's export estimated to be \$295 mn in 2021-22.
- India's export is estimated to be up by 55% in 2021-22
- Embassy assisted trade bodies in India to sign 3 MoUs with local Chambers
- Lebanese Lira plunged to 33000 by end of December from 8000 in January 2021
- World Bank earmarks \$55m to vulnerable households and businesses in Lebanon
- BdL asks banks for breakdown of customer deposits
- Exchange rate of LBP10,000 could be appropriate for reforms
- CMA CGM posts net profits of \$11.2 bn in first nine months of 2021
- Number of airport passengers up 78% in first nine months of 2021
- Lebanon reaches deal for supply of electricity from Jordan
- Increase in food prices in Lebanon remains highest in MENA region
- United Arab Emirates lifts ban on imports of Lebanese apples
- Iraq doubles fuel oil commitment to Lebanon to one million tons
- Main U.S. exports to Lebanon shrink significantly on impact of crisis

**2. Economic Indicators of Lebanon:**

	2019	2020	2021
GDP	US\$ 52.57 billion	US\$ 19.13 billion	US\$ 20.5 billion*
GDP Growth Rate (%)	-6.9%	-63.62%	7.16%
GDP (per capita) PPP	US\$ 15179	US\$ 12118	US\$ 9,000.00**

\* ***Provisional. As per World Bank. No data released by Lebanese side.***  
***(<https://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD?locations=LB>)***

\*\*According to Trading Economics global macro models and analysts expectations.

**(i) International Reserves of Lebanon:**

International reserves (US\$ bn)	2019	2020	2021
Total international reserves	US\$52.21*	US\$ 42.44*	US\$ 21.46**

Change%	-0.32%	-18.71%	-49.43%
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\*Source: [World Bank \(https://data.worldbank.org/indicator/FI.RES.TOTL.CD?locations=LB\)](https://data.worldbank.org/indicator/FI.RES.TOTL.CD?locations=LB)  
\*\*[https://tradingeconomics.com/lebanon/24\\_international-reserves-excluding-gold-wb-data.html](https://tradingeconomics.com/lebanon/24_international-reserves-excluding-gold-wb-data.html)

**(ii) Total Trade of Lebanon:**

Total trade	2019 (US\$ bn)	2020 (US\$ bn)	2021 (US\$ bn)
Exports	4.8	4.08	4.6
Imports	19.64	11.35	13.85
Total Trade	24.44	15.43	18.45
Trade balance	(-) 14.84	(-) 7.27	(-) 9.25

**3. Bilateral trade:**

The Bilateral Trade has shown a declining trend between 2018-19 till 2020-21. The reason for this downward trend in bilateral trades are economic crisis in Lebanon, anti-Government protests, Covid-19 pandemic and Beirut Port blast in August 2020. Lebanon's overall external trade has declined by 45% in the year 2020. The bilateral trade has, however, bounced back in FY 2021-22 and has shown 64.27% growth up to January 2022 as compared to same period of FY 2020-21. The export target for FY 2021-22 was USD 387 million out of which 57% (US\$ 245.01 mn) has been achieved till January 2021.

**(i) Imports from India as a percentage of total and the same for exports to India as a percentage of India's total: (FY 2021-22, up to January 2022)**

Export to Lebanon from India = US\$ 245.01 mn. (0.07% of India's export)  
Import from Lebanon = US\$ 25.66 mn. (0.0052% of India's import)

**(ii) Volume of bilateral trade [India & Lebanon] (Figures as per D/o Commerce India) (Financial Year wise)**

Year	India's Export to Lebanon	India's Import from Lebanon	Total trade
2020	US\$ 190.4 Million	US\$ 27.95 Million	US\$ 218.35 Million
2021 (Till Jan 2022)	US\$245.01 Million	US\$ 25.66 Million	US\$ 270.57 Million

(iii) India's export to Lebanon for past 4 years with trade target for FY 2021-22 ( in Million USD):

S. No.	Commodity/Region	Target for 2021-22	2018-19	2019-20	2020-21	Export Achievement (Apr-Dec, 21)	% of Target achieved
1.	Engineering Goods	123.4	82.3	43.6	29.7	37.3	30
2.	Gems And Jewellery	20.0	17.0	9.8	4.6	6.4	32
3.	Petroleum Products	1.5	0.7	0.5	1.0	0.3	17
4.	Drugs And Pharmaceuticals	38.0	28.4	28.7	30.4	25.5	67
5.	Organic & Inorganic Chemical	39.4	24.4	22.9	20.7	23.6	60
6.	Rmg Of All Textiles	5.7	4.6	3.7	1.1	0.5	9
7.	Electronic Goods	18.3	5.3	7.9	14.6	41.3	226
8.	Cotton Yarn/Fabs./Madeups, Handloom Products Etc.	7.9	6.3	4.7	4.8	7.3	93
9.	Rice	13.6	14.5	13.7	9.0	7.1	52
10.	Plastic And Linoleum	14.1	13.3	10.4	10.8	15.8	112
11.	Marine Products	12.3	8.6	7.1	2.3	4.2	34
12.	Iron Ore	0.0	0.0	0.0	0.0	0.0	0.0
13.	Spices	2.1	1.7	0.8	1.4	1.5	74
14.	Man-Made Yarn/Fabs./Madeups Etc.	8.0	6.4	4.5	2.1	3.5	44
15.	Mica, Coal And Other Ores, Minerals Including Process	10.5	9.1	5.0	4.8	4.2	40
16.	Meat, Dairy And Poultry Products	9.4	5.9	7.2	7.5	17.8	189
17.	Leather And Leather Manufactures	0.9	0.8	0.4	0.3	0.3	33
18.	Ceramic Products And Glassware	4.8	7.3	4.6	8.4	5.2	108

19.	Fruits And Vegetables	3.0	2.4	2.3	2.0	1.3	44
20.	Cereal Preparations And Miscellaneous Processed Item	3.0	2.7	1.6	0.4	0.4	13
21.	Handicrafts Excl. Hand Made Carpet	1.3	1.0	0.9	0.4	0.3	19
22.	Oil Meals	0.0	0.0	0.0	0.0	0.0	0.0
23.	Carpet	2.6	2.1	1.1	0.1	0.2	7
24.	Oil Seeds	13.1	6.9	10.5	9.0	5.3	40
25.	Tobacco	0.1	0.0	0.1	0.0	0.2	165
26.	Tea	0.8	0.3	0.3	0.8	0.6	70
27.	Coffee	1.9	1.5	0.5	1.1	1.8	93
28.	Other Cereals	0.2	0.2	0.0	0.0	0.0	0.0
29.	Cashew	1.5	0.8	0.0	0.0	0.0	0.0
30.	Jute Mfg. Including Floor Covering	1.0	0.8	0.7	0.1	0.7	63
31.	Others	28.6	13.5	10.4	22.8	9.4	33
	<b>Total</b>	<b>387</b>	<b>268.7</b>	<b>204.0</b>	<b>190.4</b>	<b>222</b>	<b>57%</b>

(iv) Items of Imports from India (figures from Lebanese Customs)

(In Millions\$)

H.S.	Commodity	2021 (Calendar Year)
1	Live animals; animal products	21
2	Vegetable products	25
3	Animal or vegetable fats and oils	0
4	Prepared foodstuffs; beverages, tobacco	6
5	Mineral products	0
6	Products of the chemical or allied industries	44
7	Plastics and articles thereof; rubber	17
8	Raw hides and skins, leather, furskins	1
9	Wood and articles of wood; wood charcoal; cork	1
10	Pulp of wood; paper and paperboard	3
11	Textiles and textile articles	12
12	Footwear, umbrellas, artificial flowers	1

13	Articles of stone, plaster, cement, glass	12
14	Pearls, precious stones and metals	30
15	Base metals and articles of base metal	5
16	Machinery;electrical instruments	69
17	Vehicles, aircraft, vessels, transport equipment	12
18	Optical, photographic,medical, musical instruments	3
20	Miscellaneous manufactured articles	1
21	Works of art, collectors' pieces and antiques	0

**(v) Items of Imports from the World (figures from Lebanese Customs)**

(In US\$ Millions)

<b>HS</b>	<b>Commodity</b>	<b>2021 (Calendar Year)</b>
5	Mineral products	4023
6	Products of the chemical or allied industries	1462
16	Machinery;electrical instruments	1246
14	Pearls, precious stones and metals	1238
17	Vehicles, aircraft, vessels, transport equipment	1113
2	Vegetable products	836
4	Prepared foodstuffs; beverages, tobacco	803
15	Base metals and articles of base metal	590
1	Live animals; animal products	499
7	Plastics and articles thereof; rubber	494
11	Textiles and textile articles	339
13	Articles of stone, plaster, cement, glass	221
3	Animal or vegetable fats and oils	197
10	Pulp of wood; paper and paperboard	196
18	Optical, photographic,medical, musical instruments	188
20	Miscellaneous manufactured articles	170
9	Wood and articles of wood; wood charcoal; cork	121
12	Footwear, umbrellas, artificial flowers	56
21	Works of art, collectors' pieces and antiques	34
8	Raw hides and skins, leather, furskins	23

19	Arms and ammunition; parts and accessories	7
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**(vi) Items of Exports to India (figures from Lebanese Customs)**

*(In US\$ Millions)*

<b>HS</b>	<b>Commodity</b>	<b>2021 (Calendar Year)</b>
1	Live animals; animal products	0
2	Vegetable products	0
3	Animal or vegetable fats and oils	0
4	Prepared foodstuffs; beverages, tobacco	0
5	Mineral products	0
6	Products of the chemical or allied industries	1
7	Plastics and articles thereof; rubber	0
8	Raw hides and skins, leather, furskins	0
9	Wood and articles of wood; wood charcoal; cork	0
10	Pulp of wood; paper and paperboard	0
11	Textiles and textile articles	0
12	Footwear, umbrellas, artificial flowers	0
13	Articles of stone, plaster, cement, glass	0
14	Pearls, precious stones and metals	0
15	Base metals and articles of base metal	11
16	Machinery;electrical instruments	0
17	Vehicles, aircraft, vessels, transport equipment	0
18	Optical, photographic,medical, musical instruments	1
20	Miscellaneous manufactured articles	0
21	Works of art, collectors' pieces and antiques	0

**(vii) Items of Export to the World (figures from Lebanese Customs)**

*(In US\$ Millions)*

<b>HS</b>	<b>Commodity</b>	<b>2021 (Calendar Year)</b>
14	Pearls, precious stones and metals	1046
16	Machinery;electrical instruments	524
4	Prepared foodstuffs; beverages, tobacco	486
6	Products of the chemical or allied industries	480

15	Base metals and articles of base metal	428
17	Vehicles, aircraft, vessels, transport equipment	369
2	Vegetable products	352
7	Plastics and articles thereof; rubber	278
10	Pulp of wood; paper and paperboard	234
20	Miscellaneous manufactured articles	119
5	Mineral products	95
3	Animal or vegetable fats and oils	51
11	Textiles and textile articles	41
1	Live animals; animal products	34
18	Optical, photographic, medical, musical instruments	33
21	Works of art, collectors' pieces and antiques	26
13	Articles of stone, plaster, cement, glass	25
8	Raw hides and skins, leather, furskins	16
12	Footwear, umbrellas, artificial flowers	9
9	Wood and articles of wood; wood charcoal; cork	5

(viii) Monthly Indian Exports to Lebanon in US\$ million (As per DOC, GOI)

<b>2020-2021</b>	<b>US\$ mn.</b>	<b>2021-2022</b>	<b>US\$ mn.</b>	<b>YOY % change</b>
April 2020	5.19	April 2021	19.74	280.44
May 2020	14.12	May 2021	19.25	36.6
June 2020	11.26	June 2021	23.65	110.13
July 2020	14.85	July 2021	22.56	51.91
August 2020	9.44	August 2021	17.82	88.65
September 2020	23.56	September 2021	24.31	3.17
October 2020	13.72	October 2021	31.69	130.94
November 2020	16.90	November 2021	28.70	69.84
December 2020	21.54	December 2021	34.33	59.38
January 2021	18.58	January 2022	22.97	23.64
February 2021	19.85	February 2022		
March 2021	21.37	March 2022		
<b>Total for FY 2020-2021</b>	<b>190.38</b>	<b>Total for FY 2021-22 (upto January 2022)</b>	<b>245.01</b>	

(ix) Top 5 competitors of India's top 5 exports

S.No.	Commodity (including HS codes)	Competitors (In Thousands \$)	Strategy of competitors (pricing, quality, distribution network, local tie ups etc.)
1	Textiles and textile articles HS codes :11	China (101,203) Turkey (89,397) Italy (16,532) Bangladesh (15,598) Germany (15,184) <b>India (12,107) (Rank: 7<sup>th</sup>)</b>	China, Bangladesh- price EU countries- quality Turkey and Italy distribution network
2	Vehicles, aircraft, vessels, transport equipment HS codes :17	US (305,817) Germany (192,526) Japan (118,001) United Kingdom (107,883) Canada (83,101) <b>India (12,250) - (11<sup>th</sup>)</b>	EU, US, Japan-Better brand name quality distribution network
3	Products of the chemical or allied industries HS codes :06	Germany (202,627) France (135,515) United States (131,735) Switzerland (101,768) Italy(100,078) <b>India (43,651) - (10<sup>th</sup>)</b>	US - Better brand name quality, distribution network. EU- Free Trade Agreement
4	Pearls, precious stones and metals HS codes :14	UAE (595,919) Switzerland (177,475) Venezuela (95,424) (Misc) (50,081) Belgium (47,140) <b>India (30,290) - (10<sup>th</sup>)</b>	UAE – Price and distribution network Switzerland, Belgium, -quality Venezuela- price
5	Vegetable Product HS codes : 02	Ukraine (206,597) USA (60,154) China (54,307) Brazil (51,270) Romania (41,871) <b>India (25,020) - (12<sup>th</sup>)</b>	Ukraine, China, USA, Syrian Arab Republic – better quality, distribution network



**(x) Visas and Trade Queries**

Number of Business Visas issued in 2021 : 137

Trade queries for import/Exports in 2021

Trade queries from India	: 390
Trade queries from Lebanon	: 21
Trade queries on Indian trade Portal	: 103

**(xi) MoU signed in 2021:**

- MoU between Association of Bekaa Industrialists, Lebanon and Trade Promotion Council of India (TPCI), India was signed on January 28, 2021 with the assistance of the Mission to enhance trade between the two countries.
- An MOU between Irfan Establishment from Lebanon and Apollo Group of Hospitals from India was signed on April 23, 2021 with the assistance of Embassy of India, Beirut. The MOU will facilitate tele-medicine, training of doctors from Irfan Establishment by experts from Apollo group and also transfer of patients to India for critical care and sophisticated medical treatment. The MoU will pave a way for medical tourism to India from Lebanon.
- The Embassy of India, Beirut facilitated signing of an MOU between Federation of Indian Export Organization (FIEO) and Association of Shouf Industrialists (ASI), Lebanon on June 24, 2021.

**(xii) Technology Collaborations/ Joint Ventures:**

- Lebanon has very small and rudimentary economy. The country, which relies on imports for almost 85% of its requirement and has almost no manufacturing base, in general has no significant technology which can be benefit us.
- A number of Lebanese companies have their presence in India including Dar Al Hindasaa (architecture consultant and project monitoring), Khatib and Alamy (architecture consultant and project monitoring) and Future Pipes.
- In 2019, a Lebanese company, Advanced Construction Technology Services, ACTS announced a JV with a Pune based company.
- An Indian power management company OEG, won the award for maintenance of two power plants in Lebanon along with its Lebanese partner, MEP in 2018. The company has been successfully managing two power plants in Jiyeh and Zoukh since 2018.

- A.N. Boukhather SAL (ANB Holdings), is the representative of Bajaj Motors in Lebanon, dealing in 2 and 3 wheeler for a long time. In 2021 ANB has set up an assembly plant to assemble Bajaj 2 wheeler, adding local design features to market it in Lebanon. This is a significant technology collaboration. Given the economic crisis in Lebanon , there is a huge growth potential of 2 and 3 wheeler as cost-effective transport solutions.
- ANB is also interested in importing TATA truck to Lebanese market. Mission has facilitated the contacts between the two companies.
- Recently, an investor from Lebanon (Al Nabeel Foods) has shown interest in investing in India in Humus making factory, both for the Indian Market and for export purposes. The Embassy has put the potential investor in touch with Invest India team and is following up the matter.
- A Lebanese company, Benta Pharmaceutical has established its entire production line base don Indian machinery. The company also import significant quantities of APIs from India. The Embassy was also able to identify supplies of Remdesivir (M/s Arwan Pharmaceutical Industries) and ventilators (M/s Phoenix Group) during the Delta Covid wave in India in May 2021.
- Al Khalil Foundation Lebanon is trying to import Mahindra Tractors to Lebanon.

**(xiii) Trade Related Events organised by Embassy of India in 2021:**

SI	Name of the Event	Date	Description
1	India International Mega Trade Fair (IIMTF), Kolkata , West Bengal	03.01.2021	Mission sent a Lebanese delegation to participate in the IIMFT, Kolkata organised by The Bengal Chamber of Commerce & Industry (BCCI)
2.	Signing of MoU b/w Association of Bekaa Industrialists, Lebanon and Trade Promotion Council of India (TPCI), India on trade promotion.	28.01.2021	Mission facilitated signing of an MOU between Association of Bekaa Industrialists, Lebanon and Trade Promotion Council of India (TPCI), India on trade promotion.
3.	Indus Food 2021	16.03.2021	Mission sent a Lebanese delegation of 4 businessmen to participate in IndusFood 2021 event in India.
4.	MoU between Apollo Group and Irfan Establishment	23.04.2021	MOU between Irfan Establishment from Lebanon and Apollo Group of

			<p>Hospitals from India was signed on April 23, 2021 with the assistance of Embassy of India, Beirut. The MOU will facilitate telemedicine, training of doctors from Irfan Establishment by experts from Apollo group and also transfer of patients to India for critical care and sophisticated medical treatment.</p> <p><b>Focus:</b> Medical Tourism,</p>
5.	Conference on Bilateral Trade & Investment Opportunities between India & Lebanon	04.06.2021	<p>The Embassy and TPCI organized a Virtual Conference on Bilateral Trade &amp; Investment Opportunities between India &amp; Lebanon on June 4, 2021. The Conference was also joined by the Lebanese Embassy in New Delhi.</p> <p><b>Focus:</b> To show India as Import substitute. Pharmaceuticals, Automobiles, Service Sector, Food Sector.</p>
6.	Signing MOU Ceremony between Federation of Indian Export Organisations (FIEO) and Association of Shouf Industrialists (ASI), Lebanon.	24.06.2021	<p>Mission facilitated signing of an MOU between Federation of Indian Export Organisations (FIEO) and Association of Shouf Industrialists (ASI), Lebanon.</p> <p><b>Focus:</b> Enhancement of overall trade between India and Lebanon.</p>
7	Webinar on “Incredible India – Your Favourite Touristic Destination. Focus states: Madhya Pradesh & Rajasthan	16.07.2021	<p>Mission organised a Webinar on “Incredible India – Your Favourite Touristic Destination. Focus states: Madhya Pradesh &amp; Rajasthan with Rajasthan Tourism Department and Madhya Pradesh Department at Riviera Hotel. The President of Association of Travel and Tourism Agents in Lebanon (ATTAL), and the Director of the Promotion Department at the Ministry of Tourism, Member of ADLIR, and</p>

			other prominent Travel Agents in Lebanon attended the Webinar. <b>Focus:</b> Tourism promotion
8	Business Seminar "India@75 – An Incredible Growth Story"	6.08.2021	Ambassador Dr. Suhel Ajaz Khan invited prominent Businessmen to a Business Meet to enhance trade from India to Lebanon. <b>Focus:</b> Attract top businessmen to look at India as source of import substitute
9	Business Seminar "Exploring Business Opportunities, Diversifying Business" in Sidon	28.09.2021	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. <b>Focus:</b> Enhancement of overall trade between India and Lebanon.
10.	Business Seminar and Gala Lunch	13.10.2021	Embassy of India organized a Business Seminar in association with the Chamber of Commerce, Industry & Agriculture in Zahle and Bekaa, Lebanon on exploring new business opportunities. <b>Focus:</b> Enhancement of overall trade between India and Lebanon.
11.	India International Mega Trade Fair (IIMTF), Kolkata , West Bengal	October 2021	Mission sent a Lebanese delegation to participate in the IIMTF, Kolkata organised by The Bengal Chamber of Commerce & Industry (BCCI) <b>Focus:</b> B2B
12.	Meeting with Pharma Importers and Producers	18 October 2021	Embassy of India organized a meeting with Pharma Importers and Producers – discussing ways to enhance pharma exports from India to Lebanon, introducing new

			products and trying to understand the regulatory issues in Lebanon.
13.	Meeting with Minister of Foreign Affairs & Emigrants H.E. Dr. Abdallah Bou Habib	21.10.2021	Ambassador Dr Suhel Khan paid a courtesy call on Minister of Foreign Affairs & Emigrants H.E. Dr. Abdallah Bou Habib on 20.12.2021. They discussed bilateral relations/ role of Indian Battalion at UNIFIL / push for economic & trade relations/ International Solar Alliance & other issues of interests
14	Business Seminar "Exploring Business Opportunities, Diversifying Business" in Aley	28.10.2021	A Business Seminar was organized by the Embassy & the Aley Commercial Association on October 28, 2021 to explore new areas of business between India & Lebanon. Association President Mr Samir Shehayeb & Vice President Eng Ghassan Saab shared useful insights and ideas. <b>Focus:</b> Enhancement of overall trade between India and Lebanon.
15	Business Seminar and Gala Lunch	4.11.2021	Embassy of India organized a Business Seminar in association with the Chamber of Commerce, Industry & Agriculture in Tripoli and North Lebanon, Lebanon on exploring new business opportunities. <b>Focus:</b> Enhancement of overall trade between India and Lebanon.
16.	Meeting with Gems and Jewellery importers	15.11.21	Meeting with Gems and Jewellery importers in Lebanon was organised by the Mission on November 15, 2021. Gems & Jewelry importers and producers in Lebanon under the aegis of Syndicate of Jewelers led by its President Mr. Boghos Khurdian attended the meeting.

			<b>Focus:</b> Gems and Jewellery
<b>17</b>	Meeting with H.E. Dr. Walid Fayad, Minister of Energy & Water	6.12.2021	Ambassador Dr. Suhel Ajaz Khan met with H.E. Dr. Walid Fayad, Minister of Energy & Water of Lebanon. They discussed number of issues of mutual interests.
<b>18.</b>	Meeting with Minister of Agriculture, H.E. Dr. Abbas Hajj Hassan	13.12.2021	Ambassador Dr Suhel Khan met with Minister of Agriculture, H.E. Dr. Abbas Hajj Hassan on December 13, 2021 . They discussed a number of issues including Lebanon's food security, bringing Indian agriculture technologies to Lebanon, training programmes & enhancing trade in food & agri products.
<b>19.</b>	Webinar and B2B meeting with Pharmexcil	14.12.21	The Embassy team along with the Pharmaceutical importers from Lebanon joined the Webinar and B2B meeting on December 14 with Pharmexcil and Pharmaceutical representatives from India, Zambia & Madagascar on new opportunities in Pharma and Healthcare Sectors on December 14, 2021 <b>Focus:</b> Enhance pharma trade
<b>20.</b>	Seminar and B2B Meeting on "Intensifying Food Trade between India and Lebanon"	15.12.21	The Embassy organised a Seminar and B2B Meeting on "Intensifying Food Trade between India and Lebanon" in cooperation with Indian Spice & Foodstuff Exporters' Association (ISFEA) & Lebanese Ministry of Agriculture on December 15, 2021 <b>Focus:</b> Foodstuff
<b>21</b>	Meeting with Minister of Economy & Trade H.E. Amin Salam	15.12.2021	Ambassador Dr Suhel Ajaz Khan met with Minister of Economy & Trade H.E. Amin Salam on December 15, 2021. and discussed a number of issues of mutual interests, including participation by the Lebanese side in upcoming mega business events in

			India & opportunities for enhancing bilateral trade.
22.	Meeting with Industry Minister H.E. George Bojikian	16.12.2021	Ambassador Dr Suhel Ajaz Khan met with Industry Minister H.E. George Bojikian on 16.12.2021 and discussed a number of issues of mutual interests on expanding bilateral economic and trade exchanges.

**(xiv) Trade Related Outgoing Delegations from Lebanon to India in 2021:**

SI	Name of the Event	Date	No. of Participants	Description
1	India International Mega Trade Fair (IIMTF), Kolkata , West Bengal	03.01.2021	1. Mr. Rashed Ezzo 2. Ms. Fatema Tartoussi	Delegation from Lebanon participated in the IIMTF, Kolkata organised by The Bengal Chamber of Commerce & Industry (BCCI)
2.	IndusFood 2021	17.03.2021		4 Buyers from Lebanon participated in IndusFood 2021 event in India
3	India International Mega Trade Fair (IIMTF), Kolkata , West Bengal	8.10.2021		Delegation from Lebanon participated in the IIMTF, Kolkata organised by The Bengal Chamber of Commerce & Industry (BCCI)

**(xv) Details of activities for promoting tourism to India:**

- An MOU between Irfan Establishment from Lebanon and Apollo Group of Hospitals from India was signed on April 23, 2021 with the assistance of Embassy of India, Beirut. The MOU will facilitate telemedicine, training of doctors from Irfan Establishment by experts from Apollo group and also transfer of patients to India for critical care and sophisticated medical treatment. The MoU will pave a way for medical tourism to India from Lebanon.

- Mission has organised a tourism promotion event with the support of Tourism Promotion Boards of Rajasthan and Madhya Pradesh on July 16, 2021. The event was attended by senior dignitaries from the Ministry of Tourism of Lebanon and Associations of Travel and Tourism in Lebanon and MDs from Rajasthan and Madhya Pradesh Tourism Boards.
- Mission has been participating in a local event called as, Nations' Day celebration, organized under the patronage of local Ministry of Foreign Affairs and Ministry of Tourism of Lebanon since 2018. Last year the Mission participated in this event on October 29, 2021 and showcased wide variety of Indian culture and cuisine during the event.
- The Mission has started a monthly Newsletter 'Sampark' since March 2021. The Newsletter covers places of interest and tourism. It is circulated to more than 400 individuals and organized in Lebanon.
- Mission is also actively engaged in publicizing favorite tourism destinations in India through its social media handles.
- On the occasion of National Tourism Day, the Mission organized a big Seminar 'Tourism Wonders of India' on January 25, 2022. The Seminar was attended by senior dignitaries from the Ministry of Tourism of Lebanon and Associations of Travel and Tourism in Lebanon.

**(xvi) Details of capacity building and other projects in the host country financed by Government of India and status of their implementation:**

- The Indian Technical & Economic Cooperation [ITEC] programme has been popular in Lebanon since its inception in 1964. During lockdown due to Covid-19, India offered virtual course for civilian ITEC slots and 9 physical defence slots to Lebanon for 2020-21. So far, 8 have participated under the defence slots.
- Government of India undertook 3 Quick Impact Projects in the area of operations of INDBATT in Lebanon and completed in 2020. The Projects pertained to supply of generator set to Burghuz village, upgradation of Sardar Patel Complex for Sports and Culture for Kawkaba and renovation of Mahatma Gandhi Park at Ebel es Saki. Two Quick Impact Projects for construction and furnishing of Red Cross Civil Defence building in Chebaa village and provision of hanger for new garbage dump and press machine for garbage disposal in Kafir Chouba village are in the process of execution.
- Two Quick Impact Projects – (i) Construction of a Reception Cabin in Mrusti al Shouf and (ii) Support for reforestation of one hectare of land by planting 800 small seedlings are under execution.



- In the aftermath of tragic explosions of August 4, 2020 in Beirut, Government of India provided 58 MT of medical, food and relief supplies to Lebanon on August 14. On 25 August, Ambassador handed over the consignment of medical aid, containing 70 boxes of PPEs, to Lebanon for its fight against Covid-19. The consignment was received by H.E. Hamad Hassan, Minister of Public Health of Lebanon.

#### **4. INTERNAL**

##### **(a) Economy**

##### **(i) Industry**

The industrial sector in Lebanon is a major contributor to the economy creating high value-added jobs and representing a major source of hard currency through its export activity. Lebanon's manufacturing sector is becoming more sophisticated with the development of innovative products and processes that puts him on par with other major innovative countries. Moreover, with the development of the oil and gas sector in Lebanon, and the planned construction of various industrial and special economic zones in the country, the industrial sector is expected to become more competitive and witness increasing investments

##### **(ii) Fiscal Deficit**

Lebanon's debt-ridden government expects a 20.8 percent deficit for the year 2022, according to a draft budget released on Jan 21, 2022. The plan will see ministers put forward a long-term treasury advance to Electricité du Liban, Lebanon's electricity company, of 5.25 trillion Lebanese pounds (\$3.5 billion). The advance will be provided to pay for fuel purchases, interest and loan installments, in a country that has been hit by energy shortages. Last year, Lebanon's projected budget had a deficit of 31.3 percent, and the plan was not passed by the country's parliament.

##### **(iii) Public Debt**

Lebanon's overall public debt restructuring cannot be avoided because the needed fiscal adjustment is just too large. Lebanon National Government Debt reached 97.8 USD bn in Jun 2021, compared with 98.2 USD bn in the previous month.

##### **(iv) Inflation**

Lebanon's annual inflation rate jumped to a new record high of 239.69% in January of 2022 from 224.39% December 2021, mainly boosted by faster rises in prices of housing & utilities (104.14% vs 103.08%), food & non-alcoholic beverages (483.15% vs 438.65%), transport (541.42% vs 522.39%), amid a sharp depreciation of the Lebanese pound and political crisis. Also, prices increased more for health (444.83% vs 404.94% in December), furnishings, household equipment and routine maintenance (260.29% vs 243.73%). On a monthly basis, consumer prices

went up 7.69% in January, the least in 8 months, easing from a 16.52 percent gain in the prior month.

#### **(v) Stock market capitalization up 59% to \$10bn at end of October 2021**

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 27,358,531 shares in the first 10 months of 2021, constituting a decrease of 39.2% from 44,992,811 shares traded in the same period of 2020; while aggregate turnover amounted to \$290.3m and increased by 44.5% from a turnover of \$201m in the first 10 months of 2020. The market capitalization of the BSE reached \$10.2bn at the end of October 2021, representing a surge of 58.5% from \$6.4bn at the end of October 2020, with banking stocks accounting for 48.1% of the total, followed by real estate equities (47.6%), industrial shares (4%), and trading firms' equities (0.3%). The market liquidity ratio was 2.8% at the end of October 2021 compared to 3.1% a year earlier.

#### **(b) Trade and Services**

##### **(i) Trade**

For the second month of year 2021, Lebanon's trade deficit totaled \$1.56B, going from the \$1.42B registered in the same period last year. In fact, total imported goods retreated only by 7.4% year-on-year (YOY) to \$1.94B; while Lebanon's total exports significantly retreated by 42.95% YOY to \$383.52M in February 2021. On the Exports front, Lebanon's top exported products were "Pearls, precious stones and metals" grasping a share of 39.64% of the total. "Base metals & articles of base metal" and "Prepared foodstuffs, beverages & tobacco" followed, with each grasping a share of 8.60% and 8.77%, respectively, of the total. The top three export destinations in January 2021 were UAE, Switzerland and Egypt with the respective shares of 18.7%, 10.5% and 6.7%.

##### **(ii) Trade Balance**

During the first month of 2021, Lebanon's trade deficit totaled \$732.5M, narrowing from the \$820.5M registered in the same month last year. In fact, total imported goods retreated by 20.6% year-on-year (YOY) to \$916.45M. This may be attributed to the deterioration of the Lebanese purchasing power, due to the catastrophic depreciation of the national currency against the dollar. Meanwhile, Lebanon's total exports retreated by 44.8% YOY to \$183.88M in January 2021.

#### **(viii) Zomato pulls out of Lebanon as financial crisis claims another scalp**

Food delivery company Zomato has announced that it will discontinue its delivery operations in Lebanon by the end of 2021. The company was hit hard by Lebanon's economic crisis, which has been declared one of the world's worst since the mid-19th century by the World Bank. Fuel shortages have crippled transportation in the country, which struck a blow for delivery workers struggling to make ends meet. The delivery service has also been battling a local rival – Toters.

Several Zomato drivers told Reuters that their livelihoods had been affected by “fuel rationing, petrol queues, power cuts and price hikes” in the country.

**(ix) Industrial exports down 28% to \$283m in first two months of 2021**

Figures released by the Ministry of Industry show that industrial exports totaled \$282.8m in the first two months of 2021, constituting a decline of 27.6% from \$390.6m in the same period of 2020. Industrial exports reached \$147m in February 2021, compared to \$135.7m in January 2021 and \$211.6m in February 2020.

**(c) Banking**

**(i) Banking Sector**

The banking sector, which informally adopted strict capital controls, has ceased lending and does not attract deposits. Instead, it endures in a segmented payment system that distinguishes between older (pre-October 2019) dollar deposits and minimum new inflows of “fresh dollars.” The former is subject to sharp deleveraging through the fact of lira-fication and haircuts (up to 85% on dollar deposits). The burden of the ongoing adjustment and deleveraging is highly regressive, falling hardest on smaller depositors and Small and Medium Enterprises (SMEs). The Lebanese lira (LBP) continues to lose value as inflation rates remain in the triple digits. Inflationary effects are highly regressive factors, disproportionately affecting the poor and middle class. The social impact, already dire, could become catastrophic; more than half the country’s population is likely below the poverty line. Like poverty, unemployment is on the rise.

**(ii) Association of Banks provides input on draft capital control law**

In its input on the draft capital control law that the Parliament’s Finance & Budget Committee prepared, the Association of Banks in Lebanon (ABL) reaffirmed its support for a capital control law in Lebanon in order to preserve the interest of depositors in the country. The ABL highlighted three main principles for the success of any capital control law. It said that, based on international experience, official capital controls need to halt all bank transfers abroad in order to preserve a country’s foreign currency reserves. It also noted that the International Monetary Fund’s guidance highlights the need to completely stop foreign transfers, temporarily, and to stop the conversion of local currency to foreign currencies, in order to respect the non-discrimination principle among depositors. In addition, it considered that, in order to maximize the efficiency of a capital control law, the latter needs to be part of a comprehensive set of economic and social goals that aim to stabilize financial conditions and stimulate economic activity in Lebanon. Consequently, it cautioned that the enactment of any capital control law that does not take into account these points would fail to yield the desired results.

**(iii) World Bank earmarks \$55m to vulnerable households and businesses in Lebanon**

The World Bank indicated that the Partnership Council for the Lebanon Financing Facility (LFF) endorsed an annual work plan of nearly \$55m. The LFF is a five-year multidonor trust fund that aims to pool grants and funds, as well as to coordinate financing to support the socioeconomic recovery of vulnerable people and businesses that were affected by the explosion at the Port of Beirut on August 4, 2020. The Partnership Council will provide guidance and monitor the implementation of the LFF. It is responsible for aligning the financing with the priorities of the Reform, Recovery and Reconstruction Framework (3RF) that the World Bank, the European Union and the United Nations issued last December.

**(iv) BdL asks banks for breakdown of customer deposits**

Banque du Liban (BdL) issued on May 5, 2021 Announcement 939 to banks operating in Lebanon, requesting data about aggregate customer deposits. Specifically, BdL asked banks for the breakdown of customer deposits in Lebanese pounds and in foreign currencies by account brackets as at October 31, 2019 and March 31, 2021. It added that the reported accounts for the end of March 2021 should exclude bank accounts opened after October 31, 2019, or any fresh fund accounts. BdL also asked banks to provide it with the breakdown of customer deposits in Lebanese pounds and in foreign currencies by account brackets as at December 31, 2015 and March 31, 2021, excluding fresh fund accounts. BdL gave banks until May 17, 2021 to submit the requested data.

**(v) Lebanon joins Asian Infrastructure Investment Bank**

The Lebanese Parliament enacted Law 227 on June 30, 2021 that allows Lebanon to become a member of the Asian Infrastructure Investment Bank (AIIB). The law authorized the Ministry of Finance to subscribe to 1,397 shares in the bank's capital, divided between paid-in shares and callable shares by the bank. It also asked the ministry to disburse \$27.9m for the 279 paid-in shares through opening a special credit line from the government's budget, and to pay for the callable shares at the bank's request.

**(vi) Parliament enacts cash card law for neediest families**

The Lebanese Parliament enacted Law 230 on June 30, 2021 that authorized the government to issue an electronic cash card to support needy Lebanese families as part of the plan to rationalize subsidies on basic goods. 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.

## **(vii) Banque du Liban modifies clauses of Circular 158**

Banque du Liban (BdL) issued Intermediate Circular 597 dated September 29, 2021 that modifies certain clauses of Basic Circular 158 dated June 8, 2021 about exceptional measures related to the gradual disbursement of funds from deposit accounts in foreign currency that clients opened prior to October 31, 2019.

Circular 158 stipulates that eligible depositors can withdraw up to \$400 in foreign currency banknotes per month for a 12-month period, and up to the equivalent of \$400 converted to Lebanese pounds at the rate of LBP12,000 per US dollar, with half of the amount disbursed in cash and the other half to be used through a payment card.

## **(d) Finance**

### **(i) Exchange rate of LBP10,000 could be appropriate for reforms**

Citi Research indicated that the formation of a new Lebanese government was meant to be the first step to address the financial and economic crises that the country is confronting, but it noted that progress has been limited given that the Cabinet has not met since the middle of October. It added that the government faces the challenge of formulating a plan for economic stabilization that would involve a program supported by the International Monetary Fund.

### **(ii) International contributions to Lebanon Crisis Response Plan at \$864m in first half of 2021**

The United Nations indicated that international contributions to the Lebanon Crisis Response Plan (LCRP) reached \$504m in the first half of 2021 and represented 18% of the \$2.8bn that the LCPR appealed for to assist the affected Lebanese and non-Lebanese individuals in the country in the first half of the year. It added that international contributions reached \$288m in the first quarter and \$216m in the second quarter of 2021. It also noted that \$359m were carried over from funding received in 2020, which is equivalent to 13% of the total appealed funds for 2021. As such, it said that international contributions covered 31% of the funds appealed. The Lebanon Crisis Response Plan 2017-2021 is a joint initiative between the Lebanese government and international and national partners that aims to address challenges posed by the large presence of Syrian refugees in the country.

### **(iii) Lebanon to benefit from the equivalent of \$900m in IMF Special Drawing Rights**

The Ministry of Finance declared that the International Monetary Fund (IMF) is discussing the allocation of the equivalent of \$650bn in special drawing rights (SDRs) to its member countries, and that the IMF's Board of Governors, the highest decision-making body at the Fund, is considering the proposal this month and could approve the allocations by the end of August. It added that, in case the IMF's Board of Governors approves the proposal,

Lebanon would receive the equivalent of \$900m in SDRs, and that Lebanon would decide how to benefit from the new allocation.

**(e) Budget and Taxes**

**(i) Budget & Finance Committee drafts capital control law**

The Lebanese Parliament's Finance & Budget Committee drafted a capital control law that legally introduces exceptional and temporary restrictions on foreign transfers and on cash withdrawals from banks in Lebanon. The draft law exempts "fresh funds" or "fresh accounts" from all restrictions, as well as the deposits of international financial institutions, foreign embassies, and international and regional organizations.

**(ii) The Draft Budget for 2021**

The draft budget for 2021 that the Ministry of Finance submitted to the Council of Ministers shows budget expenditures at LBP19,759bn or \$13.1bn and revenues at LBP13,572bn or \$9bn, leading to a budget deficit of LBP6,187bn or \$4.1bn, which would be equivalent to 31.3% of expenditures.

**(f) Infrastructure, Real Estate and Construction**

**(i) Utilized credits by private sector at \$41bn at end-March 2021, advances against real estate at 47% of total**

Figures issued by Banque du Liban show that utilized credits by the private sector totaled \$41.1bn at the end of March 2021, constituting a decline of \$1.6bn, or 3.8%, from \$42.7bn at end-2020 and a decrease of \$11.3bn (- 21.5%) from \$52.36bn at end-March 2021. The drop in lending is mostly due to clients' decision to settle their loans prior to their maturity, to limited demand for new loans amid political and economic uncertainties, and to the risk aversion of lenders amid the challenging conditions in the country.

**(ii) Amount of real estate transactions up 10% to \$6bn in first half of 2021**

Figures released by the Ministry of Finance show that 39,274 real estate transactions took place in the first half of 2021, constituting an increase of 44.3% from 27,216 in the same period of 2020. In comparison, there were 21,957 real estate transactions in the first half of 2019 and 27,472 real estate deals in the same period of 2018. The increase in the number of transactions in the covered period is due in part to the easing of the national lockdown 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.

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

### **(i) Revenues through Port of Beirut down 6% to \$43m in first five months of 2021**

Figures released by the Port of Beirut show that the port's revenues reached \$43.1m in the first five months of 2021, constituting a decline of 6% from \$45.8m in the same period of 2020. The Beirut Port processed 2.06 million tons of freight in the covered period, up by 10.3% from 1.87 million tons in the first five months of 2020. Imported freight amounted to 1.76 million tons, as it increased by 11.6% from 1.57 million tons in the same period of 2020 and accounted for 85% of the total freight volume processed through the port. In addition, export cargo reached 307,000 tons in the covered period and increased by 3.4% from 297,000 tons in the first five months of 2020. It represented 15% of aggregate freight in the first five months of 2021.

### **(ii) CMA CGM posts net profits of \$11.2bn in first nine months of 2021**

The Lebanese-owned and France-based container-shipping firm CMA CGM declared consolidated net profits of \$11.2bn in the first nine months of 2021 compared to profits of \$767.6m in the same period of 2020. The company's earnings before interest and taxes (EBIT) reached \$12.4bn in the first nine months of 2021 and grew by 6.2 times from \$2bn in the same period last year, while revenues totaled \$38.4bn in the covered period and increased by 72.6% from the same period of 2020. Operating expenditures totaled \$23.6bn in the first nine months of the year, constituting an increase of 28.2% from the first nine of 2020.

### **(iii) Lebanon ranks 50th globally, seventh in Arab countries in terms of liner shipping connectivity in second quarter of 2021**

The United Nations Conference on Trade & Development's (UNCTAD) Liner Shipping Connectivity Index (LSCI) ranked Lebanon in 50th place among 181 countries and territories around the world and in seventh place among 19 Arab countries for the second quarter of 2021. Lebanon's global rank regressed by 11 spots from the first quarter of 2021, and improved by eight spots from the second quarter of 2020. Also Lebanon's rank among Arab countries deteriorated by one notch quarter-on-quarter, while it improved by two notches from a year ago.

### **(iv) Number of airport passengers up 78% in first nine months of 2021**

Figures released by the Beirut-Rafic Hariri International Airport (HIA) show that 3.1 million passengers utilized the airport (arrivals, departures and transit) in the first nine months of 2021, constituting an increase of 77.6% from 1.8 million passengers in the same period of 2020, and relative to 7.04 million passengers in the first nine months of 2019. The increase in the number of airport passengers in the three quarters of 2021 is mainly due to the gradual relaxation of lockdown measures and travel restrictions in Lebanon and in many

country-sources of travelers to Lebanon, and to the resumption of travel activity in most countries.

## **(h) Energy and Environment**

### **(i) Constitutional Council blocks advance payment of LBP300bn to Electricité du Liban**

The Lebanese Constitutional Council suspended on May 4, 2021 the implementation of Law 215/2021, which authorizes an advance of LBP300bn, or \$200m based on the official exchange rate of the Lebanese pound against the US dollar, to Electricité du Liban (EdL) in order to finance the imports of fuel oil for electricity generation. The law that the Parliament enacted on March 29, 2021 stipulates that EdL cannot use the funds that Banque du Liban (BdL) will disburse to cover other expenditures. However, the council attributed its decision to the need to ensure that BdL will not use its mandatory reserve requirements to provide the funds, after a parliamentary bloc filed an appeal.

### **(ii) Treasury transfers to Electricité du Liban down 34% to \$257m in first four months of 2021**

The decline in transfers is mainly due to a decrease of \$129m in reimbursements for the purchase of natural gas, fuel and gas oil, which mostly consist of payments to the Kuwait Petroleum Corporation and to the Algerian energy conglomerate Sonatrach. Reimbursements fell by 77.8% year-on-year in the first four month of 2021, while debt servicing dropped by 94% from the same period last year.

### **(iii) Lebanon reaches deal for supply of electricity from Jordan**

The Ministry of Energy & Water reached on October 28, 2021 a final agreement with the energy and oil ministries of Jordan and Syria in order to deliver electricity from Jordan to Lebanon through Syria. The ministry said that Lebanon expects to receive 150 megawatts of electricity from midnight until 6 a.m., and 250 megawatts during the rest of the time, which will result in an additional supply of up to three hours of electricity per day in the country.

## **(i) Tourism**

### **(i) Occupancy rate at Beirut hotels at 44%, room yields down 35% in first 10 months of 2021**

EY's benchmark survey of the hotel sector in the Middle East indicates that the average occupancy rate at four- and five-star hotels in Beirut was 43.7% in the first 10 months of 2021 relative to 23.2% in the same period of 2020, and compared to an average rate of 47.2% in 14 Arab markets included in the survey.



**(ii) Occupancy rate at Beirut hotels at 33%, room yields up 141% in first five months of 2021**

EY's benchmark survey of the hotel sector in the Middle East indicates that the average occupancy rate at four-and five-star hotels in Beirut was 33% in the first five months of 2021 relative to 19% in the same period of 2020, and compared to an average rate of 42.6% in 14 Arab markets included in the survey. The occupancy rate at Beirut hotels was the fourth lowest in the region in the covered period, while it was the lowest in the first five months of 2021.

**(iii) New car sales down 49% in first half of 2021**

Figures released by the Association of Automobile Importers (AIA) in Lebanon show that dealers sold 2,036 new passenger cars in the first half of 2021, constituting a decline of 49.1% from 3,998 cars sold in the same period of 2020 and a drop of 84.6% from 13,176 in the first half 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 and 602 new cars in June 2021. In comparison, clients bought 979 new vehicles in January, 897 new automobiles in February, 468 new cars in March, 188 new vehicles in April, 651 new vehicles in May and 815 in June 2020.

**(iv) Tourist spending up 232%, number of refunds down 51% in first half of 2021**

Figures issued by Global Blue, the value-added tax (VAT) refund operator for international shoppers, show that spending by visitors in Lebanon expanded by 232% annually in the first half of 2021. The figures cover purchases on which visitors claimed VAT refunds. Spending above LBP10m per visitor accounted for 86% of total expenditures by visitors, followed by expenditures between LBP2m and LBP5m and spending between LBP5m and LBP10m (5% each), expenditures of between LBP1m and LBP2m (2%), and outlays of less than LBP1m (1%). Spending by tourists in Lebanon fell by 49% year-on-year in January and by 87% in February, while it grew by 88% in March, by 26,000% in April, by 18,402% in May, and by 7,123% in June 2021.

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

**(a) MENA – Lebanon**

**Increase in food prices in Lebanon remains highest in MENA region**

In its periodic assessment of the impact of the COVID-19 pandemic on food-price inflation in the Middle East & North Africa (MENA) region, the World Bank indicated that prices in Lebanon have surged across all food categories between February 14, 2020 and April 19, 2021. It assessed the change in food prices in 19 countries in the MENA region across five main food categories that are carbohydrates, dairy products, fruits, meats and vegetables.

**(b) United Arab Emirates – Lebanon**

**United Arab Emirates lifts ban on imports of Lebanese apples**

The Ministry of Foreign Affairs & International Cooperation of the United Arab Emirates informed Lebanon on Friday June 18, 2021 of the decision of the UAE Ministry of Climate Change and Environment to lift the ban on the import of Lebanese apples. The UAE imposed the ban in 2017 because Lebanese apples did not conform to international standards. According to the Lebanese officials, the lifting of the ban came as a result of the efforts of the Lebanese Embassy in Abu Dhabi and the Lebanese Ministry of Agriculture, which set specific standards for farmers and traders who plan to export Lebanese apples to the UAE market. Lebanon exported \$14.1m worth of fruits and vegetables to the UAE in the first 11 months of 2020, accounting for 9.7% of total Lebanese exports of such products.

**(c) Syria – Lebanon**

**Net profits of Syrian affiliates of Lebanese banks at SYP371bn in first half of 2021 on unrealized foreign exchange gains**

Financial results issued by the affiliates of six Lebanese banks operating in Syria show that their aggregate net profits reached SYP371.35bn in the first half of 2021 relative to net earnings of SYP233.7bn in the same period of 2020. The improvement in the banks' net income is mainly due to the depreciation of the Syrian pound from SYP1,256 against the US dollar at the end of 2020 to SYP2,512 per US dollar at the end of June 2021, which resulted in unrealized foreign exchange gains of SYP318.6bn on the banks' structural positions in the first half of 2021 relative to profits of SYP202.6 in the same period of 2020. The aggregate net income of the six banks becomes SYP52.76bn in the covered period when excluding foreign exchange gains on structural positions, relative to earnings of SYP31.1bn in the first half of 2020.

**(d) Iraq – Lebanon**

**Iraq doubles fuel oil commitment to Lebanon to one million tons**

The Lebanese caretaker government announced on June 9, 2021 that the Iraqi Council of Ministers approved an additional 500,000 tons in fuel oil supply to Lebanon for a total of one million tons in 2021. Last February, the Lebanese and Iraqi authorities reached an agreement whereby Iraq will export 500,000 tons worth \$200m of heavy fuel oil to Lebanon in 2021. The volume is equivalent to one sixth of Lebanon's fuel oil needs for electricity production. The agreement between the two countries came after the contract between the Lebanese State and the Algerian energy conglomerate Sonatrach to supply fuel oil to Lebanon expired on December 31, 2020, which raised concerns about sourcing fuel oil for electricity generation in Lebanon. In parallel, the Lebanese Parliament enacted on March 29, 2021 a draft law that provides an advance of LBP300bn, or \$200m, based on the official

exchange rate of the Lebanese pound against the US dollar, to the state-owned Electricité du Liban (EdL) in order to finance the imports of fuel oil for electricity production.

**(e) United Nations – Lebanon**

**International contributions to Lebanon Crisis Response Plan at \$288m in first quarter of 2021**

The United Nations indicated that international contributions to the Lebanon Crisis Response Plan (LCRP) reached \$288m in the first quarter of 2021 and represented 10% of the \$2.75bn that the LCRP appealed for to provide assistance to the vulnerable Lebanese and non-Lebanese individuals in the country in 2021.

It also noted that it carried over \$358m from funding received in 2020, which is equivalent to 14% of the total appealed funds. As such, it said that international contributions covered 24% of the funds appealed in the first quarter of 2021, resulting in a funding gap of 76% in the covered period. The Lebanon Crisis Response Plan 2017-2021 is a joint initiative between the Lebanese government and inter- national and national partners that aims to address challenges posed by the large presence of Syrian refugees in the country.

**(f) US – Lebanon**

**Main U.S. exports to Lebanon shrink significantly on impact of crisis**

The United States Department of Commerce's 2021 Country Commercial Guide (CCG) for Lebanon indicated that, despite the small size of its economy, Lebanon has offered unique market opportunities for U.S. firms, and that U.S. products and services have wide demand among Lebanese consumers. However, it noted that the recent challenging conditions that Lebanon has been facing could weigh on the country's potential as a market for U.S. goods and services. It stressed that there will be opportunities for U.S. companies in Lebanon if authorities implement overdue economic and governance reforms, attract foreign capital, stabilize the exchange rate, and re- capitalize the financial sector. It noted that Lebanon has the legal underpinnings of a free-market economy, a highly educated labor force, and limited restrictions on investors, but it pointed out that the economic and financial crisis in the country generated challenging market conditions. It added that the crisis disrupted the repatriation of profits by U.S. and other international firms, and that shortages of foreign currency liquidity has led some contracts to be fulfilled in Lebanese pounds rather than in US dollars.

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

**Circulation: as per distribution list**