

BEI/Com/201/2/2023
Embassy of India
Beirut

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ANNUAL ECONOMIC & COMMERCIAL REPORT: 2022

1. OVERVIEW

The economy likely shrank for the fifth consecutive year in 2022 due to ongoing economic crisis and socio-political crises. The official exchange rate was repegged at LBP 15,000 per USD in February 2023, and in recent days the Sayrafa rate and the payment rate for customs tariffs were devalued to LBP 70,000 and 45,000 per USD respectively. The lack of a new president and cabinet continues to paralyze crucial reforms. Import from India increased by 131% in 2022 as per Lebanese Customs. Import from Lebanon by India is more than double in the current financial year as per D/o Commerce.

2. Economic Indicators of Lebanon:

i. Gross Domestic Product:

| GDP | 2020 | 2021 |
|---------------------|---------------|---------------|
| GDP | US\$ 31.71 bn | US\$ 23.13 bn |
| GDP Growth Rate (%) | -21.4 | -7 |
| GDP (per capita) | US\$ 5600 | US\$ 4136 |

Source: <https://data.worldbank.org/country/lebanon>

ii. International Reserves of Lebanon:

| International reserves (US\$ bn) | 2019 | 2020 | 2021 |
|---|-------------|-------------|-------------|
| Total international reserves | US\$52.21 | US\$ 42.44 | US\$ 35.24 |
| Change% | -0.32% | -18.71% | -16.96% |

Source: <https://data.worldbank.org/indicator/FI.RES.TOTL.CD?locations=LB>

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 |
| 2021 | 13,850 | +22.02 | 263 | +75.33 |
| 2022 | 19,503 | +40.81 | 608 | +131% |

Source: <http://www.customs.gov.lb>

ii. The principal export destinations of Lebanon.

Source: Lebanese Customs

| Ranking | Name of the Country | 2022 (Jan – Dec) US\$ Million |
|-----------|----------------------|---------------------------------|
| 1 | United Arab Emirates | 909 |
| 2 | Syrian Arab Republic | 370 |
| 3 | Iraq | 235 |
| 4 | Airline Supplies | 233 |
| 5 | Egypt | 181 |
| 38 | India | 18 |

iii. The principal import sources of Lebanon.

Source: Lebanese Customs

| Ranking | Name of the Country | 2022 (Jan – Dec) US\$ Million |
|-----------|---------------------|---------------------------------|
| 1 | China | 2,686 |
| 2 | Turkey | 2,426 |
| 3 | Greece | 1,905 |
| 4 | Italy | 1,127 |
| 5 | United States | 976 |
| 10 | India | 608 |

4. Bilateral:

The Bilateral Trade shown a declining trend between 2019-20 and 2020-21. The reason for this downward trend in bilateral trades are deep economic crisis in Lebanon. Total volume of trade between India and Lebanon during financial year 2022-23 was \$ 626 million with Indian exports to Lebanon at \$ 608 million and Indian imports from Lebanon at \$18

million. The exports have shown more than 131% increase in the year 2022 as per data from Lebanese Customs.

(i) Imports from India as a percentage of total and the same for exports to India as a percentage of India's total: (2022)

Export to Lebanon from India = US\$ 608 mn. (3.13% of India's export)
 Import from Lebanon = US\$ 18 mn. (0.42% of India's import)

(ii) Total Trade with India (In Millions USD).

Source: D/o Commerce

| Year | Export to Lebanon US\$ mn | Change % | Import from Lebanon US\$ mn | Change % | Total Trade US\$ mn | Change % |
|-----------------------|---------------------------|----------|-----------------------------|----------|---------------------|----------|
| 2017-18 | 257.10 | | 38.47 | | 295.57 | |
| 2018-19 | 268.67 | 4.5 | 43.94 | 14.20 | 312.60 | 5.76 |
| 2019-20 | 203.97 | -24.08 | 30.94 | -29.59 | 234.91 | -24.85 |
| 2020-21 | 190.38 | -6.67 | 27.95 | -9.63 | 218.33 | -7.06 |
| 2021-22 | 313.14 | 64.48 | 32.46 | 16.13 | 345.61 | 58.29 |
| 2022-23 Apr to Jan | 340 | - | 73.46 Apr to Jan | - | 413.46 | - |

(iii) Total Trade commodity-wise with India for 2022 (Calendar Year).

Source: Lebanese Customs

| HS code | Description | Import Thousand \$ | Export Thousand \$ |
|---------|--|--------------------|--------------------|
| 1. | Live animals, animal products | 40,314 | 223 |
| 2. | Vegetable products | 31,237 | 155 |
| 3. | Animal or vegetable fats and oils and their cleava | 164 | 0 |
| 4. | Prepared food stuffs; beverages, spirits and vinegar | 19,421 | 12 |
| 5. | Mineral Products | 101,647 | 13 |
| 6. | Products of the chemical or allied industries | 41,054 | 194 |
| 7. | Plastics and articles thereof; rubber | 17,393 | 48 |
| 8. | Raw hides and skins, leather, fur skins | 1,028 | 9 |
| 9. | Wood and articles of wood; wood charcoal; cork | 1,067 | 15 |
| 10. | Pulp of wood; paper and paperboard | 11,532 | 435 |
| 11. | Textile and textile articles | 17,172 | 92 |

| | | | |
|-----|---|----------------|---------------|
| 12. | Footwear, umbrellas, artificial flowers | 1,210 | 0 |
| 13. | Articles of stone, plaster, cement, glass | 22,653 | 0 |
| 14. | Natural or Cultured pearls, precious or semi-precious | 37,244 | 737 |
| 15. | Base metals and articles of base metal | 13,689 | 15,816 |
| 16. | Machinery, electrical instruments | 198,994 | 579 |
| 17. | Vehicles, aircraft, vessels, transport equipment | 48,156 | 0 |
| 18. | Optical, photographic, medical, musical instruments | 2,921 | 7 |
| 19. | Miscellaneous manufactured articles | 1,540 | 9 |
| 20. | Works of Art, collector's pieces and antiques | 2 | 25 |
| | Total (US\$ thousands) | 608,438 | 18,369 |

(iv). **Top ten import from India commodity-wise for 2022 (Calendar Year).**

Source: Lebanese Customs

| Ranking | Description | Import Thousand \$ |
|----------------|---|-------------------------------|
| 1. | Machinery, electrical instruments | 198,994 |
| 2. | Mineral Products | 101,647 |
| 3. | Vehicles, aircraft, vessels, transport equipment | 48,156 |
| 4. | Products of the chemical or allied industries | 41,054 |
| 5. | Live animals, animal products | 40,314 |
| 6. | Natural or Cultured pearls, precious or semi-precious | 37,244 |
| 7. | Vegetable products | 31,237 |
| 8. | Articles of stone, plaster, cement, glass | 22,653 |
| 9. | Prepared food stuffs; beverages, spirits and vinegar | 19,421 |
| 10. | Plastics and articles thereof; rubber | 17,393 |

(v). **Top ten export to India commodity-wise for 2022 (Calendar Year 2022).**

Source: Lebanese Customs

| Ranking | Description | Export Thousand \$ |
|----------------|--|-------------------------------|
| 1. | Base metals and articles of base metal | 15,816 |
| 2. | Pearls, precious stones and metals | 737 |
| 3. | Machinery, electrical instruments | 579 |
| 4. | Pulp of wood; paper and paperboard | 435 |

| | | |
|-----|---|-----|
| 5. | Live animals, animal products | 223 |
| 6. | Products of the chemical or allied industries | 194 |
| 7. | Vegetable products | 155 |
| 8. | Textile and textile articles | 92 |
| 9. | Plastics and articles thereof; rubber | 48 |
| 10. | Works of Art, collector's pieces and antiques | 25 |

(vi). India's export target for 2022-23 with Lebanon with previous years figures and achievements.

Source: D/o Commerce

| <i>Month</i> | Export in 2018-19 | Export in 2019-20 | Export in 2020- 21 | Export in 2021-22 | Target for 2022-23 | Total Exports Apr'22 – Jan'22 (\$Mn) | % of Target achieved in 22-23 |
|--|----------------------|----------------------|--------------------------|----------------------|--------------------------|--|--|
| Electronic Goods | 5.3 | 7.9 | 14.6 | 49.7 | 109.26 | 74.8 | 68.46 |
| Engineering Goods | 82.3 | 43.6 | 29.7 | 60 | 86.28 | 74.58 | 86.44 |
| Others | 13.5 | 10.4 | 22.8 | 15.8 | 43.2 | 33.91 | 78.50 |
| Drugs And Pharmaceuticals | 28.4 | 28.7 | 30.4 | 36.8 | 36.76 | 29.14 | 79.27 |
| Meat, Dairy And Poultry Products | 5.9 | 7.2 | 7.5 | 27.3 | 28.08 | 25.89 | 92.20 |
| Organic and Inorganic Chemicals | 24.4 | 22.9 | 20.7 | 29.6 | 28.25 | 22.43 | 79.40 |
| Gems And Jewellery | 17 | 9.8 | 4.6 | 9.8 | 13 | 10.81 | 83.15 |
| Ceramic Products And Glassware | 7.3 | 4.6 | 8.4 | 6.8 | 11.24 | 10.13 | 90.12 |
| Rice | 14.5 | 13.7 | 9 | 9.4 | 10.18 | 9.51 | 93.42 |
| Plastic And Linoleum | 13.3 | 10.4 | 10.8 | 20.6 | 14.64 | 9.3 | 63.52 |
| Marine Products | 8.6 | 7.1 | 2.3 | 5 | 7.98 | 5.99 | 75.06 |
| Oil Seeds | 6.9 | 10.5 | 9 | 8.4 | 7.65 | 5.96 | 77.91 |
| Coffee | 1.5 | 0.5 | 1.1 | 3.6 | 6.27 | 5.13 | 81.82 |
| Cotton Yarn/Fabs./Madeups, Handloom Products Etc. | 6.3 | 4.7 | 4.8 | 9.9 | 7.08 | 4.82 | 68.08 |
| Man-Made Yarn/Fabs./Madeups Etc. | 6.4 | 4.5 | 2.1 | 4.5 | 5.1 | 3.5 | 68.63 |
| Mica, Coal And Other Ores, Minerals Including Process | 9.1 | 5 | 4.8 | 5.7 | 6.82 | 4.27 | 62.61 |
| Fruits And Vegetables | 2.4 | 2.3 | 2 | 1.7 | 2.55 | 2.17 | 85.10 |
| Ready-made garments of all textiles | 4.6 | 3.7 | 1.1 | 0.9 | 2.28 | 2.13 | 93.42 |
| Spices | 1.7 | 0.8 | 1.4 | 1.9 | 1.58 | 1.12 | 70.89 |
| Cereal Preparations And Miscellaneous Processed Item | 2.7 | 1.6 | 0.4 | 0.7 | 1.35 | 1.16 | 85.93 |
| Handicrafts Excl. Hand Made Carpet | 1 | 0.9 | 0.4 | 0.3 | 0.78 | 0.71 | 91.03 |
| Tea | 0.3 | 0.3 | 0.8 | 0.7 | 0.65 | 0.4 | 61.54 |
| Jute Mfg. Including Floor Covering | 0.8 | 0.7 | 0.1 | 1 | 0.55 | 0.26 | 47.27 |
| Petroleum Products | 0.7 | 0.5 | 1 | 0.3 | 0.59 | 0.48 | 81.36 |
| Carpet | 2.1 | 1.1 | 0.1 | 0.3 | 0.38 | 0.29 | 76.32 |
| Leather And Leather Manufactures | 0.8 | 0.4 | 0.3 | 0.5 | 0.46 | 0.44 | 95.65 |
| Other Cereals | 0.2 | 0 | 0 | 0 | 0.03 | 0.02 | 66.67 |

| | | | | | | | |
|--------------|--------------|------------|--------------|------------|---------------|------------|--------------|
| Tobacco | 0 | 0.1 | 0 | 0.2 | 0.11 | 0.16 | 145.45 |
| Cashew | 0.8 | 0 | 0 | 0 | 0.01 | 0 | 0.00 |
| Oil Meals | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Iron Ore | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| Total | 268.7 | 204 | 190.4 | 311 | 433.11 | 340 | 78.50 |

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

| S.No. | Commodity (including HS codes) | Competitors (In Thousand\$) | Strategy of competitors (pricing, quality, distribution network, local tie ups etc.) |
|-------|--|--|---|
| 1 | Mineral products :5 | Greece (1,842,366) Turkey (1,266,124) Italy (591,410) Cyprus (317,728) Egypt (240,301) India (101,647) (Rank: 13th) | Cyprus - price Greece and Italy- quality Egypt and Turkey - distribution network |
| 2 | Machinery;electrical instruments :16 | China (1,485,378) India (198,994) United States (180,842) United Kingdom (100,694) Italy (83,359) | India and China – Price USA- Quality and Brands Italy - EU- Free Trade Agreement |
| 3 | Vehicles, aircraft, vessels, transport equipment HS codes :17 | United States (463,826) Germany (275,784) Japan (226,601) China (206,075) United Kingdom (163,590) India (48,156) - (10th) | United states and Germany- Better brand name quality. Japan – quality China– Price UK - EU- Free Trade Agreement |
| 4 | Pearls, precious stones and metals HS codes :14 | Switzerland (522,158) United Arab Emirates (464,573) Venezuela (147,411) Turkey (139,638) Liberia (94,204) India (37,244) - (8th) | Turkey, UAE – Price and distribution network UAE and Kuwait - EU- Free Trade Agreement Switzerland - quality |
| 5 | Products of the chemical or allied industries : 06 | Germany (136,769) France (97,078) China (96,169) United States (83,397) Italy (72,918) India (41,054) - (11th) | USA - Germany and Italy - better quality China - Price France - EU- Free Trade Agreement |

(viii) Visas and Trade Queries

Number of Business Visas issued in 2022 : 353
Number of Touristic Visas issued in 2022 : 521

Trade queries for import/Exports in 2022

Trade queries from India : 404
Trade queries from Lebanon : 14

(ix) 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 Handasaa (architecture consultant and project monitoring), Khatib and Alamy (architecture consultant and project monitoring) and Future Pipes.
- Target Food is a ready made food company engaged with an Indian company and started to import Basmati Rice
- Abido contacted some companies and received some samples of spices and spices raw materials, converting the samples into an actual order with a contact amounted around 60,000\$ that has been shipped to them. This shipment is just the beginning of a long term business relationship with their new Indian partner " Nani Agro".
- Masrilivestock is a company for frozen meat had cooperated with one Indian company and started to import Frozen Meat
- Choueiry Group in Lebanon signed a contract with Hinduja Group for importing Ashok Leyland Trucks to Lebanon.
- Ouzanian company for Jewelry is importing precious and semi precious stones from India
- 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.

- 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 based on 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.

(x) Trade Related Events organised by Embassy of India in 2022:

| SI | Name of the Event | Date | Description |
|----|-------------------------------------|------------|--|
| 1. | Showcasing Tourism Wonders of India | 25.01.2022 | On the occasion of National Tourism Day, the Embassy organized a seminar with the participation of the members of ATTAL – Association of Travel and Tourism Agents in Lebanon. Goa and Kerela were the focus states. Focus: Tourism |
| 2. | India Global Connect | 04.02.2022 | The Embassy organized a Seminar on enhancing gems and jewelry exports from India to Lebanon. Director Generals of Ministry of Economy and Trade and Ministry of Industry, Syndicate of Jewelry in Lebanon and Syndicate of Labors of Jewelry, Top Lebanese producers attended the seminar. Focus: Gems & Jewellery |
| 3. | Business Seminar | 13.04.2022 | Embassy organized a Business Seminar on April 13, 2022 in association with local partner, International Economic Lobby of Lebanon. The Seminar was attended by Minister of Economy and Trade of Lebanon, H.E. Mr. Amin Salam, Director General of Ministry of Industry of Lebanon, Mr. Dany Gedaoun, Director General of Ministry of Economy & Trade, Dr. Mohammad Abou Haidar and Dr. Ali Masri, Founder of International Economic Lobby of Lebanon. The Seminar was also attended by representative of various Chambers of Commerce and other top businesspersons in |

| | | | |
|----|---|------------|--|
| | | | <p>Lebanon. Overall there were more than 50 attendees.</p> <p>Focus: Enhancement of overall trade between India and Lebanon.</p> |
| 4. | Business Seminar | 23.06.2022 | <p>Embassy organized a Business Webinar in collaboration with department of MSME, Government of Madhya Pradesh on June 23, 2022.</p> <p>Focus: MSME of Madhya Pradesh</p> |
| 5. | Tourism Seminar 'Heritage India' | 18.08.2022 | <p>The Embassy organised a Seminar 'Heritage India' in collaboration with the ATTAL on 18th August 2022. Target States were Karnataka and Uttar Pradesh. A large number of travel and tour operators in Lebanon joined the event. Jungle Lodges & Resorts Limited, a unit set up by Department of Tourism of Karnataka to promote eco-tourism of the State and Uttar Pradesh State Tourism Development Corporation Ltd. were given opportunities to give presentations.</p> <p>Focus: Tourism</p> |
| 6. | High-Level Business Seminar and Gala Dinner | 03.10.2022 | <p>During the visit of Dr. Ausaf Sayeed, Secretary (CPV&OIA) Ministry of External Affairs, India and Dr. Pradeep Rajpurohit, JS (WANA), Ministry of External Affairs to Lebanon from 1-4 October 2022, a High-Level Business Seminar and Gala Dinner was organised by the Embassy of India in Beirut. The Seminar was attended by the Mr. George Bouchekian, Minister of Industry, Mr. Johnny Corm, Minister of Telecommunications, Mr. Danny Gedaoun, Director General Ministry of Industry (equivalent to our Industry Secretary), Dr. Mohammad Abou Haidar, Director General Ministry of Economy and Trade (equivalent to our Commerce Secretary), Mr. Fadi Snan, Director General Ministry of Public Health (equivalent to our Health Secretary), Ms. Abir Ali, Chief of Protocol, Ministry of Foreign Affairs, Representatives of all Chambers of Commerce in Lebanon, Members of ADLIR (Association of Development of Lebanese India Relations) and top business community.</p> <p>Focus: Enhancement of overall trade between India and Lebanon.</p> |

| | | | |
|----|---|---------------------|---|
| 7. | Business Seminar on Coffee Beans | 27.10.2022 | The Embassy organized a Business Seminar on Coffee Beans at the Embassy of India where Ambassador Dr. Suhel Ajaz Khan met with a top coffee importers in Lebanon. Where Lebanon is a big consumer of coffee while India is a big producer & exporter of coffee where these are considered to be complimentary and trade opportunities which can be harnessed for mutual benefit. Focus: Indian Coffee |
| 8. | Participation at 'Art of Living' Exhibition | 30.11 to 04.12.2022 | The Embassy of India, Beirut participated in the Trade Exhibition 'Art of Living' from 30 November till 4 December 2022 in Beirut. Focus: Trade and Tourism |

(xi) Trade Related Outgoing Delegations from Lebanon to India in 2022:

| SI | Name of the Event | Date | No. of Participants | Description |
|----|---|-------------------------|---------------------|---|
| 1 | Indus Food 2022 | 08.01.2022 | 10 | Mission facilitated a delegation from Lebanon to participate in Indus Food 2022. Representative of the Minister of Agriculture participated as well. |
| 2 | 35th Surajkund International Crafts Mela 2022 | 20.03.2022 – 04.04.2022 | 2 | The Mission facilitated two craftsmen, Ms Fatima Tartousi and Mr Rashed Ezzo, from Lebanon to participate in the 35th Surajkund International Crafts Mela 2022, jointly organised by the Surajkund Mela Authority & Haryana Tourism from March 19, 2022 to April 4, 2022. |
| 3 | Indian Fashion Tex | 29.03.2022 – 31.03.2022 | 3 | The Mission facilitated 3 businessmen (Mr. Hany Bariche, Mr. Jihad El Maghariki and Ms. Suzan Abboud) from Lebanon to participate in "India Fashion Tex-2022" organised by Wool & Woolens Export Promotion Council (WWEPC), from March 29 to 31, 2022. |
| 4 | 36 th AAHAR – The | 26.04.2022 | 6 | Mission facilitated a Lebanese |

| | | | | |
|----------|---|----------------------------|----|--|
| | International Food & Hospitality Fair | 30.04.2022 | | delegation, consisting of 6 members, to participate in the 36th AAHAR – International Food and Hospitality Fair, organized by India Trade Promotion Organization (ITPO) from 26th to 30th April 2022. This is second such delegation in food and agriculture sector from Lebanon in the current year. During the visit the Lebanese delegation held several B2B meetings. |
| 5 | IGJS, JAIPUR | 12.05.2022 12.05.2022 | 13 | Mission facilitated 13 delegates from Lebanon to participate in the International Gem & Jewellery Show from 10 till 12 May 2022, organized by the Gem and Jewellery Export Promotion Council in Jaipur. The Delegation was lead by Ms. Suzan Eid, Managing Editor, Collection Magazine. The delegation members met Mr. Dilip Shah the Convener, International Exhibitions and Sub-Committee, as well as they met Mr. Colin Shah the Chairman of GJEPC. |
| 6 | Indian Fashion Jewellery & Accessories Show - IFJAS | 20.06.2022 – 22.06.2022 | 8 | Mission facilitated 8 delegates from Lebanon to participate in Indian Fashion Jewellery & Accessories Show - IFJAS from 20 till 22 June, organized by Export Promotion Council for Handicrafts (EPCH) at the India Expo Centre & Mart at India Expo Centre & Mart in New Delhi NCR. |
| 7 | India GI Fair | 26.08.2022 – 28.08.2022 | | Mission facilitated 6 delegates from Lebanon to participate in India GI Fair from 26 till 28 August 2022 organized by Export Promotion Council for Handicrafts (EPCH) at the India Expo Centre & Mart in New Delhi NCR. |
| 8 | Textile RBSM | 04.11.2022 – 05.11.2022 | | 2 delegates from Lebanon participated in Textile RBSM from |

| | | | | |
|--|--|--|--|--|
| | | | | 04 till 05 November 2022 organized by Indian chamber of Commerce in Kolkata. |
|--|--|--|--|--|

(xii) Trade Related Delegation From India to Lebanon in 2022:

| SI | Name of the Event | Date | No. of Participants | Description |
|----|-----------------------------------|----------------|---------------------|---|
| 1 | Business Meeting in Energy Sector | 03.04 to 15.04 | 1 | Mr. Ramesh Kumar, Representative of Kalpatru Power Ltd. visited Lebanon from April 3 to 15, 2022 to explore possibility of investment in energy sector in Lebanon. The Embassy organised a separate briefing for him for various economic opportunities in Lebanon. He also attended business seminar organised by the Embassy on April 13, 2022, which was attended by Minister of Economy and top business persons in Lebanon. During the meeting, Shri Ramesh Kumar got the opportunity to interact with many business persons. Shri Ramesh Kumar observed that while there are opportunities in energy sector but due to serious economic and political issues, this is not good time to invest in Lebanon. |

(xiii) Details of activities for promoting tourism to India:

- **National Tourism Day Seminar:** On the occasion of National Tourism Day, the Mission organized a tourism seminar 'Tourism Wonders of India' on January 25, 2022. The event was attended by senior dignitaries from the Ministry of Tourism of Lebanon and Associations of Travel and Tourism in Lebanon. Goa and Kerela were the focus states.
- **Tourism Seminar' Heritage India:** The Embassy organised a Seminar 'Heritage India' in collaboration with the ATTAL on 18th August, 2022. Focus States were Karnataka and Uttar Pradesh. A large number of travel and tour operators in Lebanon joined the event. Jungle Lodges & Resorts Limited, a unit set up by Department of Tourism of Karnataka to promote eco-tourism of the State and Uttar Pradesh State Tourism Development Corporation Ltd. Were given opportunities to give presentations.

- **Tourism Booklet on MP:** The Embassy published a Tourism Guide booklet for Madhya Pradesh, 'Touristic Circuits of Madhya Pradesh' in association with the MP Tourism Board. Ambassador launched the Booklet on August 18 at the office of Association of Travel & Tourist Agents in Lebanon (ATTAL). The Booklet covers fixed travel itineraries for foreign travelers. Copies of the Booklet were presented to president and Board member of ATTAL and other tour and travel Agents.
- **Nations Day Festival:** The Embassy participated in Nations Day Festival - A Tourism & Cultural Festival in Beirut organized by Beirut Golden Awards on Oct 7, 2022. The Embassy stall depicted facets of Indian Culture & Tourist attractions of India & gave a taste of Indian food to the visitors. The Festival was inaugurated by Minister of Culture H.E. Judge Mohammed Mortada & Governor of Beirut H.E. Judge Marwan Abboud, in presence of Mr Mohammed Halwani, President Beirut Golden Awards. Amb. Dr Suhel Khan & other Embassy officials attended the inauguration & the event. The Embassy dance teacher, Mr. Deepesh Hoskere and his group enthralled the audience with Classic Bharatnatyam and Bollywood performances.
- **Art of Living Trade Exhibition:** Embassy of India set up an Indian Pavilion at the Art of Living Trade Exhibition at Forum de Beyrouth, Beirut. The Exhibition lasted from November 30 to December 4. The Embassy apart from other business promotion activities, promoted tourism sites in India. The Mission procured the tourism publicity material from the India Tourism Office Dubai and distributed to all visitors at the stall.

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

- 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 were completed and inaugurated on June 5, 2022 by Ambassador Dr. Suhel Ajaz Khan.
- Five Made-in-India Motorbikes were gifted to Ministry of Foreign Affairs and Emigrants on October 3, 2022 during the visit of Secretary (CPV&OIA).
- Five Made-in-India Motorbikes were gifted to Beirut Governorate on October 3, 2022 during the visit of Secretary (CPV&OIA).
- One generator set was gifted to Ministry of Foreign Affairs and Emigrants on December 19, 2022.
- India offers ITEC Civil and ITEC Defence slots to Lebanon. During the year 2022, 9 and 20 Lebanese participated in ITEC Civil and ITEC Defence course respectively.

4. INTERNAL

(a) Economy

(i) Industry and Agriculture

The agriculture and industry sectors, which have been under pressure due to their heavy reliance on raw material, the spillovers of the depreciation of the currency and the increase in prices globally, took a relative respite recently due to a slightly recovering demand component amid the emergence from the previous year's Corona lock downs.

(ii) Unemployment

Lebanon's official unemployment rate has nearly tripled in fewer than three years since the start of the country's devastating economic crisis, a survey has found. "Lebanon's unemployment rate increased from 11.4 per cent in 2018-2019 to 29.6 per cent in January 2022.

(iii) Inflation

It is worth mentioning that the depreciation of the exchange rate has very significant inflationary spillovers, which increased the proportion of households below the poverty line to around 74% . The cumulative inflation reached circa 1,500%. Lebanon's inflation reporting three-digit rates.

(b) Trade and Services

(i) Trade Balance

After three years of crisis, despite the collapse of the national currency, imports have returned to their pre-crisis level, while the trade deficit continues to widen in view of the fall in exports. On the export side, the trade balance shows a decline of nearly \$395 million from the previous year, reaching \$3.49 billion by the end of 2022, marking an annual decline of 10.16 percent.

(c) Banking

(i) Banking Activity: FX deposits and FX loans both drop by US\$ 28 billion since crisis onset

The cumulative banking sector analysis since the onset of Lebanon's financial crisis, i.e between October 2019 and December 2022, shows that FX deposits contracted by US\$ 28.0 billion and FX loans dropped by US\$ 28.0 billion respectively, while banks FX liquidity dropped by US\$ 4.2 billion within the context of a cumulative balance of payment deficit of US\$ 15.4 billion.

(ii) Equity and Bond Markets

Extended equity price rally in 2022 on hedging activity, bond prices plunging to mid-single digit levels on prolonged institutional vacuum and tough reform road

Lebanon's equity market continued to register strong price gains in domestic US dollar terms in 2022, as market players continued to flock to realty stocks to hedge against crisis. On the other hand, the Eurobond market plunged deeper into the red amid a protracted multi-layered institutional void and tough reform challenges to reach a full fledged agreement with the IMF and unlock much-needed international financial support.

(iii) Lebanon Economic Monitor: Time for an Equitable Banking Resolution

The Fall 2022 issue of the LEM presents the World Bank's latest macroeconomic projections for 2022, within a prolonged context of uncertainty and institutional vacuum. It highlights the main bottlenecks prohibiting a comprehensive solution, with a particular focus on the discord amongst stakeholders on the distribution of financial losses-owing to the magnitude of losses in the financial sector. Inflation is expected to average 186 percent in 2022, amongst the highest globally, partly due to the shrinking share of imports based on BDL subsidized rates.

(d) Finance

(i) Monetary Situation: LP on downward spiral amid darkened political outlook and tough reform challenges

The year 2022 saw the Lebanese pound plummet to new lows against the US dollar on the parallel FX market, which compounded with a large expansion in the money in circulation outside BDL and continuous FX reserves burn. This occurred despite all exceptional measures adopted by the Central Bank of Lebanon since late 2021 to curb currency collapse, allowing banks to purchase US dollar banknotes from BDL at the "Sayrafa" rate.

(ii) Lebanese Sayrafa Volume and Lebanese Market Exchange Rate

In the Economic Digest published in this Blog on February 23, 2023, titled "Preliminary Observations on Lebanese Monetary Aggregates and Monetary Policy during the Crisis", we mentioned that the Sayrafa platform – which was activated vigorously in December 2021 – was intended to absorb LBP liquidity and slow down the depreciation of the exchange rate. There are 3 variables: the parallel market rate against the US dollar in LBP is the dependent variable; the Sayrafa trading volume in US dollars and the Sayrafa rate in LBP are the two independent variables.

(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) Lebanon's new budget

A drastic tax hike is planned in Lebanon's 2022 budget to boost the crisis-riddled state's revenue. This is part of a yearly budget published in mid-November that has been put into effect. The budget includes LL37.71 trillion in current expenses and LL3.17 trillion in capital expenditures for a total of LL40.87 trillion. The budget also states a 15,000 lira rate to the dollar, while the market rate passes 40,000 lira to one dollar.

(f) Infrastructure, Real Estate and Construction

(i) Real Estate Sector

According to the data from the Orders of Engineers in Beirut and Tripoli, the total construction permits witnessed a year-on-year (YOY) significant jump of 219.15% to reach 1,583 permits for the second month of 2022. Notably, the Construction Area Authorized by Permits (CAP) soared by an annual 258.19% to 816,784 square meters (sqm), mainly reflecting both the high interest of investors towards real tangible assets, and also the adjustment trend of the sector from a low level during last year's lockdown.

(g) Transport, Port & Airport

(i) Despite 1.13% Increase in Container Activity for Port of Beirut, Lost Opportunities Threatening its Future Revenues

The latest statistics on activity at the Port of Beirut show an annual decrease of 15.03% in the revenues of the Port of Beirut (PoB) to \$6.40M by October 2021, compared to last year's \$7.54M. We note that no later data on revenue are available as per Port of Beirut statistics. In more details, and on a monthly basis, the transshipment volume of CMA CGM, one of the two major shipping lines operating at the Port of Beirut slightly decreased by 34.95% YOY to stand at 7,796 TEU in May 2022.

(iii) Number of Airport Passengers Up by yearly 34.81%

The activity at Rafic Hariri International Airport improved remarkably in January 2023 compared to the same period last year. In fact, the number of Beirut's International airport passengers added 34.81% YOY and recorded 490,266 passengers by January 2023.

(h) Energy and Environment

(i) Lebanon raises cost of electricity for first time since 1990s

Lebanon's state power company Electricite du Liban (EDL) raised the price it charges for electricity for first time since the 1990s. Lebanon has not had round-the-clock power since the 1990s and cash transfers to EDL to cover chronic losses have contributed tens of billions of dollars to the country's huge public debt. Government officials have said that increasing the price of power would allow the state to afford to purchase more fuel to fire power plants, thereby increasing supply from an hour or two per day to up to 10 hours per day.

(i) Tourism

(i) Tertiary sector on an improving trend in 2022

Lebanon's tertiary sector has seen an improved performance in 2022 as compared with 2021. This comes amid the resumption of economic activity in the country as well as an increase in tourism. Tourism has also shown a trend of improvement during the year with increases year-on-year in occupancy rate and revenue per room in Lebanon's 4 and 5 star hotels. Number of aircraft landings and take-offs from BIA has shown a year-on-year increase of 32.0% in 2022. In more details, the hospitality sub-sector in Lebanon showed improved figures in the first 11 months of 2022 according to Ernst & Young's Middle East hotel benchmark survey.

(ii) Beirut's Hotel Occupancy Rate reached 44.8%

According to Ernst & Young Middle East hotel benchmark survey, the occupancy rate in Beirut's 4- and 5-star hotels reached 44.8% percentage points (pp) in March 2022, up from last year's percentage of 27.1%.

(iii) Registered Growth in Cars Sector Driven by Optimistic Hospitality Industry

The Association of Car Importers in Lebanon (denoted as AIA) stated a slight improvement was recorded amid higher demand for new vehicles from the hospitality and car rental sectors driven by positive outlook for tourism this summer. But, this cautious optimism towards the sector remains subject to sky-high inflation and the outcome of the political situation in Lebanon.

4. LEBANON EXTERNAL

(a) Lebanon - Jordan

Capital Bank acquires 100% ownership of Societe Generale Bank Jordan (SGBJ) along with its wholly owned financial brokerage firm, in its second foray within a year to expand its position regionally and domestically. The board of Capital Bank in December approved the offer to acquire SGBJ, which is 87.7% owned by Societe Generale de Banque au Liban, according to SGBJ's website. It is worth noting that Societe Generale Bank Jordan is a fully

licensed Jordanian bank. Last year Capital Bank, completed its acquisition of Bank Audi Sal operations in both Iraq and Jordan in step with its expansion and diversification plans. Assets of Capital Bank grew by 45% in less than a year to around JD 6 billion (US\$ 8.5 billion). Moreover, the bank expanded to serve small and medium-sized companies and retail customers, Chairman of Capital Bank said in a statement.

(b) Italy - Lebanon

Italian Ambassador, UNDP Ink Zahle Waste Water Treatment Project In Presence Of Ministers Of Energy And Environment

Italian Ambassador to Lebanon, Nicoletta Bombardiere, accompanied by Caretaker Minister of Energy and Water, Dr. Walid Fayad, Caretaker Minister of Environment Dr. Nasser Yassin, and United Nations Development Program (UNDP) Resident Representative in Lebanon, Melanie Hauenstein visited Zahle's waste water treatment plant, where Bombardiere and Hauenstein inked "Zahle Waste Water Treatment Project". The Italian Government has provided a grant contribution of 4 Million Euros to the UNDP to implement the project and ensure the operation and maintenance of the aforementioned plant, considering the financial and economic crisis that is currently affecting Lebanon.

(d) Qatar - Lebanon

Lebanese Army Receives Second Batch Of Qatari Aid

The Lebanese Army will begin distributing monetary aid donated by the state of Qatar this week, to assist soldiers amidst the economic crisis. This is the second round of financial aid from Qatar. Earlier this year, Qatar announced its intent to donate \$60 million to the Lebanese Army, though it is unclear how much of that money was received this week.

(e) Japan - Lebanon

Japan Donates Solar Panels and Medical Supplies to Lebanon

Japan donates solar panels, medical supplies for intensive care and a system for sterilizing governmental hospitals. This donation was completed through UNOPS, as part of the Urgent Support to Critical Health Facilities in Lebanon Project, funded by the government of Japan. Lebanon has huge available potentials in the field of renewable energy that must be tackled to secure electricity and support vital sectors. The Minister of Public Health will start installing a new Department of Plastic Surgery fully equipped with the latest medical equipment and surgical techniques at the Baabda Governmental University Hospital, as mentioned in a statement.

(f) Iraq - Lebanon

Lebanon and Iraq extend fuel oil agreement for one year

The Iraqi government agreed on August 11, 2022 to extend the fuel oil agreement with Lebanese authorities for one year under the same conditions of the current arrangement. The deal stipulates that Lebanon will buy one million tons of heavy fuel oil for the benefit of the state-owned Electricité du Liban (EdL) in exchange for medical and consulting services, and Iraq will export two shipments per month to Lebanon. The volume is equivalent to one third of Lebanon's fuel oil needs for electricity production. The Ministry of Energy & Water indicated that between 75,000 tons to 85,000 tons of heavy fuel oil would be exchanged with refined fuel oil through monthly tenders for the benefit of EdL. It added that the new deal is worth about \$570m.

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