

**Embassy of India  
Beirut**

No. BEI/COM/201/2/2023

March 9, 2023

**Economic & Commercial Report – February 2023**

**1. OVERVIEW:**

- Amount of cleared checks up 104% in January 2023
- Real GDP growth slightly positive after severe contraction
- Lebanon's agricultural sector receives support from UNICEF and the World Bank
- A Cumulative Balance Of Payments Deficit Of US\$ 15 Billion Since Crisis Onset
- Lebanese Lira traded at 81,000 in February 2023
- Banque du Liban's foreign assets at \$14.8bn, gold reserves at \$17bn at mid-February 2023
- Term deposits account for 54.7% of customer deposits at end-2022
- Outstanding Payment Cards Reach 2.4 Million At End-September 2022
- Draft Capital Controls Law Imposes Restrictions On Foreign Transfers And Cash Withdrawals
- Lebanon regresses on four out of six indicators of transition to structural reforms in 2022
- Foreign direct investments at \$307m in first half of 2022
- Construction activity improves in relative terms in third quarter of 2022
- Imports up by 40% and exports down by 10% in 2022
- Occupancy rate at Beirut hotels at 48.7%, room yields up 21.6% in 2022
- Lebanon Tourism Ministry Has Prepared An Extensive 2023 Plan
- Number of Airport Passengers in February 2023
- Totalenergies Announces Calls For Tender Related To Block 9 Logistics Services
- French company conducts environmental baseline survey in Block 9
- Net Profits Of Syrian Affiliates Of Lebanese Banks At Syp162bn In 2022

**2. ECONOMIC INDICATORS OF LEBANON:**

**i. Gross Domestic Product:**

*Source: World Bank*

<b>GDP</b>	<b>2020</b>	<b>2021</b>
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:**

*Source: World Bank*

<b>International reserves (US\$ bn)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
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.**

*Source: Lebanese Customs*

<b>Year</b>	<b>Import from the world US\$ mn.</b>	<b>Change % over past year</b>	<b>Import from India US\$ mn.</b>	<b>Change % over past year</b>
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*

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

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

*Source: Lebanese Customs*

<b>Ranking</b>	<b>Name of the Country</b>	<b>2022 ( Jan – Dec ) US\$ Million</b>
1	China	2,686
2	Turkey	2,426

3	Greece	1,905
4	Italy	1,127
5	United States	976
<b>10</b>	<b>India</b>	<b>608</b>

#### **4. INDIA-LEBANON BILATERAL TRADE:**

##### **i. 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	-	52.23 Apr to Dec	-	392.23	-

##### **ii. 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
	<b>Total (US\$ thousands)</b>	<b>608,438</b>	<b>18,369</b>

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

*Source: Lebanese Customs*

<b>Ranking</b>	<b>Description</b>	<b>Import Thousand \$</b>
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

iv. **Top ten export to India commodity-wise for 2022 ( Calendar Year 2021).**

*Source: Lebanese Customs*

<b>Ranking</b>	<b>Description</b>	<b>Export Thousand \$</b>
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

**v. 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
<b>Total</b>	<b>268.7</b>	<b>204</b>	<b>190.4</b>	<b>311</b>	<b>433.11</b>	<b>340</b>	<b>78.50</b>

## 5. BILATERAL/ EMBASSY ACTIVITIES

### Embassy's events and activities during February 2023:

- Mission facilitated Mr. Jad Moukanzah from Overstaq S.a.r.l. , a businessman from Lebanon to participate in ELECRAMA 2023 that was held from 18 till 22 February, 2023 which was organized by the Indian Electrical and Allied Electronics Industry (IEEMA) at the India Expo Mart, Greater Noida. Mr. Jad Moukanzah, who is an Electrical Engineer and Business Developer in the Power, Industrial, and the Energy Sectors, held several B2B with the Indian exporters.

Status/progress of Non-Tariff Barriers/SPS/TBT issues during the month of February 2023 – **NIL**. No NTB specific to India being noticed during this period.

Following candidates have joined ITEC (Civil) courses in India in the month of February **2023 – Zero**

Following candidates have joined ITEC (Defence) courses in India in the month of February **2023 – Zero**

Trade Inquires during the month of February **2023:**

From India: Thirty five (35)

From Lebanon: zero

India Trade Portal during the month of February **2023:**

Lebanese queries : 0

Tenders : 0

Business visa issued by Embassy of India during the Month of February 2023: **27**

Tourist visa issued by Embassy of India during the Month of February 2023: **54**

## **6. INTERNAL- LEBANON**

### **(I) ECONOMY**

#### **Amount of cleared checks up 104% in January 2023**

The amount of cleared checks reached LBP8,114bn, or the equivalent of \$5.4bn, in January 2023, constituting a surge of 104.3% from LBP3,972bn (\$2.6bn) in January 2022. In comparison, the amount of cleared checks increased by 17% in January 2022 from the same month of 2021 and dropped by 66.4% in January 2021 from January 2020. The dollar figures are converted at the official exchange rate of the Lebanese pound to the US dollar at the time.

#### **Real GDP growth slightly positive after severe contraction**

Following the significant 33% contraction in real GDP in the first two years of the crisis, Lebanon is back to a slightly positive real GDP growth in 2022. BDL and the government announced a 2% real GDP growth for the past year. The analysis of real sector indicators show that out of 17 indicators 11 were up last year. The touristic season was particularly strong in 2022 with 65% more tourists relative to the year 2021, while flight and hotel reservations were close to full during summer and Christmas holiday. Remittance inflows amounted to US\$ 6.8 billion in 2022, against US\$ 6.4 billion in 2021, growing by 7% year-on-year. In addition, a large number of companies are increasingly paying salaries in fresh dollars which is supporting domestic consumption.

#### **Lebanon's Agricultural Sector Receives Support From UNICEF And The World Bank**

A dairy incubator called "Al Qaria" was launched by the United Nations International Children's Emergency Fund (UNICEF) in Baalbek. The project was launched in cooperation with Lebanon's Ministry of Agriculture (MoA) and the Lebanese Organization of Studies and Training. The incubator offers skill-building training to the youth and creates employment opportunities. The project's goal is to provide young people with life skills, competency-based training, innovation and income-generating opportunities, as per UNICEF.

#### **A Cumulative Balance Of Payments Deficit Of US\$ 15 Billion Since Crisis Onset**

The end-December 2022 banking and monetary figures were released this week. As such, 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.

## **Industrial Activity Improves In Relative Terms In Third Quarter Of 2022**

Banque du Liban's quarterly survey about the opinions of business managers shows that the balance of opinions about industrial production was -1 in the third quarter of 2022, compared to -36 in the previous quarter and to -44 in the third quarter of 2021. The balance of opinions for the level of industrial production in the third quarter of 2022 reached its 10th lowest quarterly level between the first quarter of 2004 and the first quarter of 2022, after posting -66 in the second quarter of 2020, -64 in the third quarter of 2006 due to the Israeli war on Lebanon, -57 in the first quarter of 2021, -55 in the first quarter of 2020, -50 in the fourth quarter of 2019, -48 in the third quarter of 2020, -45 in the fourth quarter of 2020, -44 in the first quarter of 2022, and -36 in the third quarter of 2022. The balance of opinions for the third quarter of 2022 reflects the disruptions to economic activity following the worsening of economic and financial conditions in the country, the increase in energy prices, the start of the ban of Lebanese exports to some Arab countries, the fluctuation of the exchange rate of the Lebanese pound on the parallel market, as well as the relative adjustment of the private sector to the ongoing crisis.

## **(II) Banking**

### **Lebanese Lira traded at 81,000 in February 2023**

In February 2023, black market traders in Lebanon are selling the US Dollar for 81,000 LBP as of 27<sup>th</sup> February. The current official rate still stands at \$1 = 15,000 L.L.

### **Banque du Liban's foreign assets at \$14.8bn, gold reserves at \$17bn at mid-February 2023**

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP1,523 trillion (tn), or the equivalent of \$101.5bn, on February 15, 2023. Assets in foreign currency reached \$14.8bn at mid-February 2023, representing a decrease of \$369.04m, or of 2.4%, from the end of 2022 and a drop of \$2.4bn (-14%) from \$17.7bn at mid-February 2022. Assets in foreign currency include \$5.03bn in Lebanese Eurobonds, unchanged from a year earlier. The dollar figures up until the end of January 2023 are based on the official exchange rate of the Lebanese pound to the US dollar of LBP1,507.5 per dollar, while the dollar figures starting in February 2023 are based on the new official exchange rate of LBP15,000 per dollar.

### **Term deposits account for 54.7% of customer deposits at end-2022**

Figures issued by Banque du Liban about the distribution of bank deposits at commercial banks in Lebanon show that aggregate deposits, which include demand deposits and term deposits, stood at \$134.7bn at the end of 2022, constituting a decrease of \$4.6bn, or of 3.3%, from \$139.3bn at the end of 2021.



## **Banking sector has 873 branches at end-September 2022**

Figures issued by Banque du Liban (BdL) show that the Lebanese banking sector had 873 local and foreign branches at the end of September 2022, constituting a decline of 94 branches, or of 9.7% from 967 branches at end-2021, a drop of 139 branches (-13.7%) from 1,012 branches at the end of September 2021, and a decrease of 253 branches (-22.5%) from 1,126 branches at the end of September 2020.

## **Outstanding Payment Cards Reach 2.4 Million At End-September 2022**

The Central Bank of Iraq (CBI) approved on November 27, 2022 the withdrawal of the licenses of Crédit Libanais and Banque Libano-Française in Iraq and the delisting of their names from the list of banks operating in the country. The CBI approved on June 21, 2020 the request of the two banks to close their branches in Iraq. It indicated that its decision is conditional on the two banks fulfilling all of their obligations towards depositors, customers and employees in the country. Crédit Libanais and Banque Libano-Française submitted their request to exit the Iraqi market to the CBI on May 28 and on June 5, 2020, respectively.

## **Draft Capital Controls Law Imposes Restrictions On Foreign Transfers And Cash Withdrawals**

The latest version of the capital controls draft law indicates that the proposed law aims to put restrictions on bank transfers abroad, on conversions to foreign currencies and on cash withdrawals in a transparent way. in order to prevent a further deterioration of the exchange rate of the Lebanese pound. protect Banque du Liban's reserves in foreign currency, restore liquidity to the banking sector, as well as to protect depositors. It stated that the proposed law contributes to financial stability and to the continuity of banks in Lebanon, which constitute two key conditions for the resumption of normal financial transactions.

### **(III) Finance**

## **Lebanon regresses on four out of six indicators of transition to structural reforms in 2022**

The European Bank for Reconstruction and Development's (EBRD) Transition Indicators for 2022 show that Lebanon's score regressed on four out of six indicators included in the survey, increased on one indicator and was unchanged on the sixth indicator, which reflects a relatively worse level of transition and structural reforms in the country from the previous year. Also, Lebanon ranking was the unchanged on five indicators while it regressed on the sixth indicator from the 2021 survey. The indicators cover 36 countries and territories and track the transition progress towards a "sustainable market economy" of the countries where the EBRD operates. The EBRD has measured since 2016 progress on structural reforms in the 36 economies based on six factors of a "sustainable market economy" that are Competitiveness, Governance, Green, Inclusive, Resilient, and Integrated. It scores

each factor on a scale of one to 10, with a score of 10 points corresponding to the proper standards of a sustainable market economy.

### **Foreign direct investments at \$307m in first half of 2022**

Figures released by Banque du Liban show that foreign direct investments (FDI) in Lebanon totaled \$306.5m in the first half of 2022, constituting an increase of 67% from \$183.4m in the first half of 2021. FDI inflows in the first half of 2022 reached their second lowest semi-annual level since BdL started publishing detailed figures about the balance of payments in 2002, after posting inflows of \$183.4m in the first half of 2021. FDI inflows to Lebanon averaged \$1.3bn in the first half of each year of the 2002-21 period, and registered a high of \$1.98bn in the first half of 2009.

### **Balance sheet of investment banks down 5% in 2022**

Figures released by Banque du Liban (BdL) show that the consolidated balance sheet of investment banks in Lebanon reached LBP5,731bn, or \$3.8bn, at the end of 2022, constituting a decrease of 5.2% from LBP6,045.7 at the end of 2021. The dollar figures are based on the official exchange rate of the Lebanese pound to the US dollar at the time.

## **(IV) Real Estate & Construction**

### **Construction activity improves in relative terms in third quarter of 2022**

Banque du Liban's quarterly business survey about the opinions of business managers shows that the balance of opinions for general construction activity reached -18 in the third quarter of 2022, compared to -53 in the previous quarter and to -67 in the third quarter of 2021. The balance of opinions for general construction activity in the third quarter of 2022 constituted the eighth lowest quarterly level since the first quarter of 2004, after reaching -81 in the second quarter of 2020, -75 in the first and third quarters of 2020, -69 in the fourth quarter of 2020, -67 in the third quarter of 2021, -63 in the fourth quarter of 2021, -56 in the first quarter of 2022, and -53 in the second quarter of 2022. The results are attributed to the absence of new projects, very low investments in the sector, delays in the implementation of reforms to restore confidence, the fluctuations of the exchange rate of the US dollar on the parallel market, as well as the relative adjustment of the private sector to the ongoing crisis.

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

### **Imports up by 40% and exports down by 10% in 2022**

The latest statistics released by the Port of Beirut revealed that the number of containers registered a yearly increase of 18.9% to attain 572,109 containers in 2022, against 480,843 containers in the previous year.

## **(VI) Tourism**

### **Occupancy rate at Beirut hotels at 48.7%, room yields up 21.6% in 2022**

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 48.7% in 2022 relative to 42.3% in 2021, and compared to an average rate of 60.3% in 13 Arab markets included in the survey. The occupancy rate at Beirut hotels was the second lowest in the region in 2022, while it was the sixth lowest in 2021.

### **Number of Airport Passengers in February 2023**

The airport's movement during February 2023 was distributed as follows: The total number of travelers who used the airport during the past month reached 408,582, an increase of 24.83 percent over February 2022, as the number of arrivals to Lebanon increased by 24.52 percent and recorded 198,998 passengers.

## **(VII) Energy**

### **TotalEnergies Announces Calls For Tender Related To Block 9 Logistics Services**

TotalEnergies EP Block 9 (TotalEnergies), in its capacity as the operator of Block 9 in Lebanon's offshore territorial waters, declared that it has launched preparations for the start of offshore drilling activities in the block. As such, it announced that it is currently seeking expressions of interest for potential participation in the upcoming calls for tender covering logistics services. It said that the services required to conduct petroleum activities in Block 9 consist of Logistics Base Services, Marine Gas Oil Supply, Vessel Support Services, and Helicopter Services. It added that eligible firms must be Lebanese companies that are majority-owned or controlled by Lebanese nationals, and must have the capability to perform properly the services described in the relevant Call for Tender.

## **7. LEBANON -EXTERNAL**

### **France- Lebanon**

#### **French company conducts environmental baseline survey in Block 9**

The specialized French company Créocéan conducted an environmental baseline survey (EBS) in Block 9 of Lebanon's territorial waters through its vessel Janus II, as part of the preparations for the start of offshore gas exploration in the block. The vessel is operated by Keran Liban and is contracted by France's TotalEnergies EP Block 9 in its capacity as the operator of the block. TotalEnergies said that its internal requirements and Lebanese regulations mandate the implementation of an EBS prior to any planned offshore activity. The EBS, which is usually conducted during a single mission and provides a snapshot of environmental conditions, collects and analyzes biodiversity data a part of the

Environmental Impact Assessment. As such, the vessel completed an eight-day mission during which it collected images of the seabed, took samples of water and sediments, and monitored marine life in the area.

According to TotalEnergies, an EBS aims to gather primary and secondary information on the environmental aspects and pre-existing conditions found in a defined area. It is usually based on a bibliographic review and is supplemented by the field survey to confirm the desktop data. The survey consists mainly of sampling seawater and seabed sediment, but also includes biota sampling and observations of other biota. Also, a comprehensive analysis is conducted to determine the level of functional integrity of the biodiversity and ecosystem services present in the area under coverage, and to assess the environmental status according to the requirements of local authorities. The EBS aims to confirm the acceptability of the gas exploration project and will identify mitigation measures according to the sensitivity of the environment. Créocéan had previously conducted an EBS in Block 4 in the center of Lebanon's offshore Exclusive Economic Zone. The company is owned by the French Keran Group.

### **Syria - Lebanon**

#### **Net Profits Of Syrian Affiliates Of Lebanese Banks At Syp162bn In 2022**

Preliminary financial results issued by the affiliates of six Lebanese banks operating in Syria show that their aggregate net profits reached SYP161.7bn in 2022 relative to net earnings of SYP389.8bn in 2021. The Syrian pound depreciated from SYP2,512 against the US dollar at the end of 2021 to SYP3,015 per dollar at the end of 2022.

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

### **Distribution as per standard list**