

Economic & Commercial Report – April 2023

1 OVERVIEW:

- Projected economic activity in Lebanon to be flat in 2023
- Ministerial committee approves raise of public sector wages
- Economy minister, general director of ministry of agriculture discuss means to bolster cooperation
- Lebanese Lira traded at 96,800 in April 2023
- Banque du Liban's foreign assets at \$14.5bn, gold reserves at \$18.3bn at end-April 2023
- Gross public debt at \$102bn at end-2022 at official exchange rate, and at \$43.7bn at Sayrafa rate
- Banque du Liban establishes clearing and settlement operations for fresh funds
- Private sector deposits at \$98bn at end-February 2023 based on new exchange rate
- Resolution of sovereign default unlikely in near term
- Stock market capitalization up 82% to \$19.3bn at end-April 2023
- Net foreign assets of financial sector up \$1.64bn in first two months of 2023
- Hamieh: we are partaking in Arab League workshop on preparing a study for development of ports & harbors in line with status of Lebanese ports, reality of changes
- Occupancy rate at Beirut hotels at 36.2% in first two months of 2023
- Totalenergies selects block 9 drilling rig
- Food inflation hits another record high as pressure mounts on home finances
- Mikati, Abu Faour discuss compensations to farmers in wake of damages to their fodder wheat, barley fields due to heavy rains
- Hajj Hassan discusses agricultural affairs with Mohieldin
- Habib: Lebanon to resume housing loans in dollars, supported by Arab fund for economic & social development
- The Ministry of Social Affairs introduces a social protection programme for people with disabilities in Lebanon

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
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GDP (per capita)	US\$ 5600	US\$ 4136
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Source: <https://data.worldbank.org/country/lebanon>

ii. International Reserves of Lebanon:

Source: World Bank

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.

Source: Lebanese Customs

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	+40.8	608	+131%

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

ii. The principal export destinations of Lebanon.

Source: Lebanese

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. 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	403	29	92.49	187.59	590.59	71

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

Source: Lebanese Customs

SI	HS Code	Description	Import Thousand \$
1.	85	Electrical machinery and equipment and parts there	161,494
2.	27	Mineral fuels, mineral oils and products of their	101,422
3.	87	Vehicles other than railway or tramway rolling-sto	48,088

4.	84	Nuclear reactors, boilers, machinery and mechanica	37,500
5.	71	Natural or cultured pearls, precious or semi- preci	37,244
6.	2	Meat and edible meat offal.	34,117
7.	39	Plastics and articles thereof.	15,379
8.	30	Pharmaceutical products.	14,781

9.	69	Ceramic products.	13,797
10.	10	Cereals	13,558

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

Source: Lebanese Customs

SI	HS Code	Description	Export Thousand \$
1.	72	Iron and steel.	9,25 5
2.	76	Aluminium and articles thereof.	5,16 9
3.	74	Copper and articles thereof.	771
4.	71	Natural or cultured pearls, precious or semi- preci	737
5.	84	Nuclear reactors, boilers, machinery and mechanica	321
6.	47	Pulp of wood or of other fibrous cellulosic materi	272
7.	85	Electrical machinery and equipment and parts there	258
8.	02	Meat and edible meat offal.	223
9.	73	Articles of iron or steel.	215
10.	75	Nickel and articles thereof.	206

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

Source: D/o Commerce

S. No .	Commodity	2018- 19	2019- 20	2020- 21	2021- 22	2022- 23		
						Targ et Achie ved	Targ et Set	% of Targ et achiev ed
1	Engineering Goods	82.3	43.6	29.7	60.4	87.4	70	125.00 %
2	Gems And Jewellery	17	9.8	4.6	9.8	12.4	13	96.00 %
3	Petroleum Products	0.7	0.5	1	0.3	0.6	0.5	102.00

									%
4	Drugs And Pharmaceuticals	28.4	28.7	30.4	36.8	36	36.8		98.00 %
5	Organic & Inorganic Chemical	24.4	22.9	20.7	30	28.6	36.2		79.00 %
6	Rmg Of All Textiles	4.6	3.7	1.1	1	2.5	1.1		235.00 %
7	Electronic Goods	5.3	7.9	14.6	50	79	63.3		125.00 %
8	Cotton Yarn/Fabs./Madeups,	6.3	4.7	4.8	9.9	5.8	11.3		51.00 %

	Handloom Products Etc.							
9	Rice	14.5	13.7	9	9.4	13.8	10.2	135.00 %
10	Plastic And Linoleum	13.3	10.4	10.8	20.7	11.9	24.2	49.00 %
11	Marine Products	8.6	7.1	2.3	5	6.8	9.9	69.00 %
12	Iron Ore	0	0	0	0	0	0	0.00%
13	Spices	1.7	0.8	1.4	1.9	1.4	2.4	58.00 %
14	Man-Made Yarn/Fabs./Madeups Etc.	6.4	4.5	2.1	4.5	4.5	7.3	61.00 %
15	Mica, Coal And Other Ores, Minerals Including Process	9.1	5	4.8	5.7	5	10.5	47.00 %
16	Meat, Dairy And Poultry Products	5.9	7.2	7.5	27.3	30.5	26.1	117.00 %
17	Leather And Leather Manufactures	0.8	0.4	0.3	0.4	0.5	0.5	95.00 %
18	Ceramic Products And Glassware	7.3	4.6	8.4	6.8	12.6	8	158.00 %
19	Fruits And Vegetables	2.4	2.3	2	1.7	2.7	1.8	148.00 %
20	Cereal Preparations And Miscellaneous Processed Item	2.7	1.6	0.4	0.7	1.7	0.8	207.00 %
21	Handicrafts Excl. Hand Made Carpet	1	0.9	0.4	0.3	0.9	0.5	170.00 %
22	Oil Meals	0	0	0	0	0	0	0.00%
23	Carpet	2.1	1.1	0.1	0.2	0.5	0.4	137.00 %
24	Oil Seeds	6.9	10.5	9	8.4	7.4	12	62.00 %
25	Tobacco	0	0.1	0	0.2	0.2	0.3	76.00 %
26	Tea	0.3	0.3	0.8	0.6	0.4	1	41.00 %
27	Coffee	1.5	0.5	1.1	3.7	6.6	3.5	189.00 %
28	Other Cereals	0.2	0	0	0	0	0	150.00 %
29	Cashew	0.8	0	0	0	0	0	0.00%

30	Jute Mfg. Including Floor Covering	0.8	0.7	0.1	1	0.3	1	27.00 %
31	Others	13.5	10.4	22.8	16.2	43.2	20	216.00 %
	Total	269	204	190	313	403	373	108.00 %

5. BILATERAL/ EMBASSY ACTIVITIES

Market Access Alerts (attach copy of notification):

a. Alerts on customs tariff changes: - None during this month

S.No	Notification no. and date	HS code	Description	Original customs tariff	Present customs tariff	Effective from	Remarks if any
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No alerts on Customs tariff were recorded for April 2023

Alerts on non-tariff measures (SPS/TBT/ import and export procedures/ restrictions/ prohibitions, licensing/ STEs etc.)

S.No	Notification no./ date	Measure	HS Codes	Effective from	Remarks if any
No alerts on non-tariff measures (SPS/TBT/ import and export procedures/ restrictions/ prohibitions licensing/ STEs etc.) were recorded for April 2023					

Alerts on standards, technical regulations and conformity assessment procedures:

S.No.	Notification no./ date	Standard/ technical regulation/ conformity assessment procedure	HS Codes	Effective from	Remarks if any
NIL					

d. Alert on trade defence Measures taken by respective country:

(Safeguards including special safeguard, anti-dumping, CVD or anti- subsidy)

S.No.	Notification no., date or other references	Type (initiation, final, prov., sunset, consultations, new shipper review)	Details of products/ sectors affected (including HS codes)	Effective from	Remarks if any
NIL					

e. Alert on services, regulatory regime, qualification requirement, licensing procedures, visa regime, barriers etc.

S.No.	Notification no., and date or other references	Service sectors affected	Modes	Effective from	Remarks if any
NIL					

Embassy's events and activities during March 2023:

- **27th Horeca Exhibition:** Cd'A Mr. Sandeep Grover along and SS (Com) Mr. Ajay Kumar attended the 27th edition of Horeca Exhibition on April 25, 2023 at Seaside Arena, Beirut. Cd'A interacted with Hon'ble Minister of Tourism, Hon'ble Minister of Industry of Lebanon and other Businessmen during the event.

Details of visas and trade queries in the month of April 2023:

Month	Trade Queries from India	Trade Queries from Lebanon	Trade queries posted on India Trade Portal	Business Visa	Tourist Visa	ITEC (Civil)	ITEC (Defence)
January 2023	32	1	1	42	97	1	0
February 2023	35	0	0	27	54	0	0
March 2023	30	16	16	45	63	0	0
April 2023	57	1	1	21	32	0	0

6. INTERNAL- LEBANON

(I) ECONOMY

Projected economic activity in Lebanon to be flat in 2023

Standard Chartered Bank (SCB) projected economic activity in Lebanon to be flat in 2023, as it anticipated domestic demand to remain constrained by the depreciation of the exchange rate on the parallel market and by elevated inflation rates. But it expected the country's real GDP growth rate to accelerate to 3.5% in 2024.

Ministerial committee approves raise of public sector wages

The ministerial committee tasked with addressing the consequences of the financial crisis on the public sector endorsed a proposed raise of the civil servants' salaries. The Council of Ministers shall convene to study and approve the raise.

Economy Minister, Director General of Ministry of Agriculture discuss means to bolster cooperation

Caretaker Minister of Economy and Trade, Amin Salam discussed with Director General of Ministry of Agriculture Eng. Louis Lahoud, the best means to bolster

cooperation between the Ministry of Economy and Trade and that of Agriculture, especially in the field of marketing agricultural products and Lebanese cuisine in local and foreign markets.

(II) Banking

Lebanese Lira traded at 96,800 in April 2023

In April 2023, black market traders in Lebanon are selling the US Dollar for 96,800 LBP as of 30th April. The current official rate still stands at \$1 = 15,000 L.L.

Banque du Liban's foreign assets at \$14.5bn, gold reserves at \$18.3bn at end-April 2023

Banque du Liban's (BdL) interim balance sheet shows that its total assets reached LBP1,531.6 trillion (tn), or the equivalent of \$102.1bn, on April 30, 2023, constituting increases of 0.2% from LBP1,528.7 (\$101.9bn) at mid-April 2023 and of 0.6% from LBP1,520.2tn (\$101.3bn) at end- March 2023. Assets in foreign currency reached \$14.45bn at the end of April 2023, representing a decline of \$727.5m, or of 4.8%, from the end of 2022 and a drop of \$1.79bn (-11%) from \$16.2bn at end-April 2022. Assets in foreign currency include \$5.03bn in Lebanese Eurobonds, unchanged from a year earlier.

Gross public debt at \$101.8bn at end-2022 at official exchange rate, and at \$43.7bn at Sayrafa rate

Figures issued by the Ministry of Finance show that Lebanon's gross public debt reached

\$101.8bn at the end of 2022, constituting increases of 1.4% from \$100.4bn at the end of 2021 and of 6.5% from \$95.6bn at the end of 2020. The dollar figures are converted at the official exchange rate of the Lebanese pound against the US dollar of LBP1,507.5 per dollar at the time.

Banque du Liban establishes clearing and settlement operations for fresh funds

Banque du Liban (BdL) issued Basic Circular 165/13548 dated April 19, 2023 addressed to banks and financial institutions about electronic settlement operations for "Fresh Funds". It stated that it issued the circular following the upgrade of BdL's national payment system (NPS) to include the electronic transfers, clearing and settlement of "fresh funds".

Private sector deposits at \$98bn at end-February 2023 based on new exchange rate

The consolidated balance sheet of commercial banks operating in Lebanon shows that total assets stood at LBP1,725.1 trillion (tn) (\$115bn) at the end of February 2023. The dollar figures are based on the official exchange rate of the Lebanese pound to the US dollar of LBP1,507.5 per dollar until the end of January 2023 and of LBP15,000 per dollar in February 2023.

(III) Finance

Resolution of sovereign default unlikely in near term

Global Investment Bank Goldman Sachs indicated that it has been two and a half years since the previous Lebanese government took the decision to default on its external debt obligations, which has accelerated the country's slide into an economic crisis. It said, since then, economic activity contracted by 50% in real terms, inflation rose to an average of

200% in the past year, the currency lost 95% of its value against the US dollar on the parallel market, and the financial system has faced losses of about \$70bn.

Stock market capitalization up 82% to \$19.3bn at end-April 2023

Figures released by the Beirut Stock Exchange (BSE) indicate that the trading volume reached 26.9 million shares in the first four months of 2023, constituting a jump of 378.8% from 5.6 million shares traded in the same period of 2022; while aggregate turnover amounted to \$144.2m and surged by 77.4% from a turnover of \$81.2m in the first four months of 2022. Further, the market capitalization of the BSE stood at \$19.3bn at the end of April 2023.

Net foreign assets of financial sector up \$1.64bn in first two months of 2023

Figures issued by Banque du Liban (BdL) show that the net foreign assets of the financial sector, which are a proxy for Lebanon's balance of payments, increased by \$1.64bn in the first two months of 2023, compared to decreases of \$954.9m in the same period of 2022 and of \$751.2m in the first two months of 2021.

(IV) Transport, Port & Airport

Hamieh: preparing a study for development of ports & harbors in line with status of Lebanese ports, reality of changes

Caretaker Minister of Public Works and Transport, Ali Hamieh, announced in a statement that "participation in the workshop of the League of Arab States in Cairo on preparing a study for the development and interconnection of Arab ports and harbors falls within our vision: first for the status, role and specification enjoyed by the Lebanese ports, and secondly for the reality of regional and international political and geopolitical changes and their impact on maritime transport and its international routes."

(V) Tourism

Occupancy rate at Beirut hotels at 36.2% in first two months of 2023

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 36.2% in the first two months of 2023 relative to 39% in the same period of 2022, and compared to an average rate of 67% in 13 Arab markets included in the survey.

(VI) Energy

TotalEnergies selects block 9 drilling rig

TotalEnergies in agreement with its partners ENI and Qatar Energy has signed a firm contract with Transocean to hire the drilling rig that will drill an exploration

well on Block 9 offshore Lebanon, as soon as possible in 2023. With the mobilization of the teams, this is a new key step in the preparation of the operations. The "Transocean Barents", a semi-

submersible drilling rig, will be mobilized in the continuity of its current operations in the British North Sea.

(VII) Agriculture

Food inflation hits another record high as pressure mounts on home finances

Food prices increased by a record annual rate of 15.7% last month as pressure continues to mount on household finances. Fresh food prices saw a record jump of 17.8% year-on-year for April, while the price of ambient products, such as tinned goods and other store- cupboard items, went up 12.9%.

Mikati, Abu Faour discuss compensations to farmers in wake of damages to their fodder wheat, barley fields due to heavy rains

Member of the "Democratic Gathering" parliamentary bloc, MP Wael Abu Faour, met this afternoon with Prime Minister Najib Mikati, with talks centering on the issue of compensations for farmers in the Bekaa Valley whose fodder wheat and barley plantations were damaged as a result of the heavy rains and hail. Abu Faour indicated that "PM Mikati promised to commission the Lebanese army to survey the damages, to be assessed by the Higher Relief Commission and the Council of Ministers."

Hajj Hassan discusses agricultural affairs with Mohieldin

Caretaker Minister of Agriculture, Abbas Hajj Hassan, received a delegation from the General Federation of Agriculture Syndicates in Lebanon, headed by Youssef Mohieldin. The pair discussed preparations for the agricultural conference scheduled to be held in the city of Baalbek in mid-May, under the auspices of Minister Hajj Hassan, and in the presence of the ministers of labor, national economy and trade.

(VIII) Real Estate and Construction

Habib: Lebanon to resume housing loans in dollars, supported by Arab fund for economic & social development

Chairman of the Board of Directors and General Manager of the "Banque de l'Habitat", Antoine Habib, expected the resumption of real estate financing in dollars within a few months, following the completion of the legal and logistical arrangements for the start of the implementation of the provisions of the loan concluded with the "Arab Fund for Economic and Social Development", at a value of 50 million Kuwaiti dinars, equivalent to approximately \$160 million.

7. LEBANON -EXTERNAL

European Union (EU), UNICEF and the International Labour Organization (ILO) - Lebanon

The Ministry of Social Affairs introduces a social protection programme for people with disabilities in Lebanon

Lebanon's Ministry of Social Affairs (MOSA), in partnership with the European Union (EU), UNICEF and the International Labour Organization (ILO), launched the country's National Disability Allowance (NDA). The allowance is a social grant that will provide a direct income support to persons with disabilities living in the country. The NDA was designed to strengthen the existing national programmes and services dedicated to people with disabilities.

(Hemant Gautam)
Attache (Commerce)

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