

Lebanon's Access to Foreign Markets

The continuing problems in the Middle East region as a result of the crisis have compelled Lebanon to jump start negotiations with countries outside of the region. As such, the Ministry of Economy and Trade (MoET) is in the process of developing a plan of action and a program of meetings that aim to activate economic diplomacy with countries outside of the Middle East. Economic diplomacy is the use of the full spectrum economic and diplomatic tools of the state to achieve its national interest. Economic diplomacy insinuates the undertaking of all the necessary actions and activities related to boosting exports, imports, investments, through promotion, access to finance, capacity building and negotiations of viable free or preferential trade agreements.

At this time, the main focus is to enable economic and trade cooperation with countries of Africa and Latin America. This document will focus on analysing the development of trade relations with the countries of Latin America, especially Mexico and the countries of the MERCOSUR bloc.

MERCOSUR is one of the successful trading blocs in the world, being the fifth largest economy in the world and the fourth largest region in population. It consists of five member countries from South America -Brazil, Argentina, Uruguay, Paraguay and Venezuela. Bolivia has been in the process of becoming a full member since December 2012 while Chile, Colombia, Ecuador and Peru are associated states. Its purpose is to promote free trade and the fluid movement of goods, people, and currency. With no near ending in sight to the conflict in Syria, Lebanon's trade with its closest neighbour and the rest of the region has felt the weight of this crisis. Table 1 below shows the change in imports and exports from the main countries in the Middle East.

Country	Exports from Lebanon to				Imports to Lebanon from			
	2010	2011	2012	2013	2010	2011	2012	2013
Syria	220,818	214,909 -2.7%	293,995 36.8%	523,819 78.2%	339,479	310,228 -8.6%	265,911 -14.3%	181,374 -31.8%
Jordan	103,676	127,169 22.7%	141,211 11.0%	141,802 0.4%	227,578	361,928 59.0%	269,090 -25.7%	145,405 -46.0%
Egypt	201,080	67,638 -66.4%	80,177 18.5%	73,232 -8.7%	430,112	942,695 119.2%	840,865 -10.8%	644,550 -23.3%
Iraq	266,982	197,597 -26.0%	210,405 6.5%	272,357 29.4%	3,154	4,374 38.7%	5,787 32.3%	2,415 -58.3%
Bahrain	17,966	16,351 -9.0%	11,884 -27.3%	19,923 67.6%	7,993	12,142 51.9%	8,628 -28.9%	13,951 61.7%
Kuwait	72,071	76,718 6.4%	67,213 -12.4%	73,424 9.2%	356,170	302,711 -15.0%	630,596 108.3%	451,443 -28.4%
Oman	11,681	13,158 12.6%	14,579 10.8%	18,449 26.5%	10,653	11,977 12.4%	14,477 20.9%	22,431 54.9%
Qatar	82,712	79,857 -3.5%	84,894 6.3%	93,890 10.6%	23,358	33,042 41.5%	24,451 -26.0%	32,230 31.8%
Saudi Arabia	246,013	308,022 25.2%	350,949 13.9%	346,950 -1.1%	406,764	531,781 30.7%	423,716 -20.3%	440,218 3.9%
UAE	418,552	322,415 -23.0%	347,076 7.6%	331,763 -4.4%	369,764	594,339 60.7%	416,430 -29.9%	379,746 -8.8%
Turkey	230,658	276,083 19.7%	156,919 -43.2%	182,859 16.5%	684,000	840,582 22.9%	962,479 14.5%	1,134,457 17.9%

Source: ITC trade Map

Table 2 below shows the list of Latin American countries that Lebanon is interested in developing trade relations with, as well as their nominal GDP and their GDP per capita.

Country	GDP (PPP) (Millions)	GDP per capita (PPP)
Mexico	1,258,540	15,563
MERCOSUR Members		
Brazil	2,242,850	12,221
Argentina	488,213	18,200
Venezuela	373,978	13,605
Uruguay	56,345	16,723
Paraguay	28,333	6,823
MERCOSUR Associated States		
Bolivia	29,802	5,749
Colombia	381,822	11,189
Peru	206,542	11,124
Chile	276,975	19,067
Ecuador	94,144	10,080
LA-11	5,437,544	12,759

Source: IMF

Together, this region has a combined GDP of over USD 5.43 Trillion and a GDP/ Capita average of USD 12,759, showing that it has a lot to offer in terms of economic production and possibilities for commercial exchange.

Furthermore, given that Mexico and the MERCOSUR member and associated states hosted the majority of Lebanese emigrants (and those of the Middle East) in the 19th and 20th Centuries, and which till today, maintain a strong human ties with Lebanon, it has become a priority for Lebanese Businesses to build on these linkages and strengthen Lebanon's entry into its markets. By enabling economic and trade cooperation between Lebanon and these countries, trade and joint investment projects can be stimulated in order to raise the volume of goods and services being exchanged as well as overall economic activity.

Taking a closer look at the main Imported and Exported products between this region and Lebanon as well as the main countries within the region which Lebanon trades with is essential for building a future analysis of potential trade exchange.

In terms of main countries within the region that Lebanon trades with, Table 3 below shows the 2013 percentage shares of Imports and Exports for the following group of countries: Mexico, MERCOSUR member states and the MERCOSUR associated states.

Country	Imports		Exports	
	(000s of USD)	% Share of Total	(000s of USD)	% Share of Total
Mexico	41,165	7%	243	1%
MERCOSUR Members				
Brazil	367,035	65%	26,661	70%
Argentina	105,122	19%	2,747	7%
Venezuela	9,041	2%	2,285	6%
Uruguay	1,253	0%	3,128	8%
Paraguay	17,689	3%	1,028	3%
Total MM	500,140	88%	35,849	94%
MERCOSUR Associated States				
Bolivia	359	0%	73	0%
Colombia	12,586	2%	1,495	4%
Peru	5,546	1%	177	0%
Chile	5,876	1%	211	1%
Ecuador	1,109	0%	69	0%
Total MAS	25,476	4%	2,025	5%
Total LA-11	566,781	100%	38,117	100%
Total Lebanon	21,228,486	3%	3,935,957	1%

Source: Lebanese Customs

The following points can be deduced:

- Trade with this region is underdeveloped. In 2013, Lebanon only imported 3% of its total imports from the region while only 1% of its total exports were directed to the countries in the region.
- Within the region, Brazil, Argentina and Mexico are the most important trading partners for Lebanon, especially in terms of imports.
- Trade with the MERCOSUR Member States is by far the highest. In fact, they reached 88% of total imports (of which Brazil made up 65% and Argentine 19%) and 94% of total exports from Lebanon (of which Brazil made up 70%). As such, an FTA with MERCOSUR would be highly advantageous for Lebanon as it should open new commercial and investment opportunities, and it will unleash great interred potentials.
- Associated members play a smaller role with regards to trade with Lebanon. However, the possibility of initiating bilateral trade agreements is more feasible since these countries are not yet a part of a trading bloc. In fact, a Promotion and Protection of Investments agreement and a technical cooperation agreement already exist with Chile, while Lebanon recently signed a framework trade agreement with Ecuador.

In terms of main traded products between the region and Lebanon, Table 4 and 5 below show the main traded products for the same three groups of countries: Mexico, MERCOSUR member states and the MERCOSUR associated states.

Imports from Mexico in 2013	(000s USD)	% of Total
Machinery; electrical instruments	10,148	2%
Optical, photographic, medical, musical instruments	6,969	1%
Vehicles, aircraft, vessels, transport equipment	6,725	1%
Products of the chemical or allied industries	5,959	1%
Vegetable products	5,158	1%
TOTAL	41,165	7%
Imports from Mercosur Members in 2013	(000s USD)	% of Total
Live animals; animal products	248,602	44%
Prepared foodstuffs; beverages, tobacco	101,585	18%
Vegetable products	88,355	16%
Products of the chemical or allied industries	31,442	6%
Mineral products	7,930	1%
TOTAL	500,140	88%
Imports from Mercosur Associated States in 2013	(000s USD)	% of Total
Live animals; animal products	9,728	2%
Vegetable products	8,407	1%
Prepared foodstuffs; beverages, tobacco	2,995	1%
Products of the chemical or allied industries	1,870	0%
Textiles and textile articles	1,008	0%
TOTAL	25,476	4%
TOTAL LA-11	566,781	100%

In terms of Imports, the following points can be made about Table 4 below for the year 2013:

- The first three sections of HS Coding system, that is 1) live animals and animal products, 2) prepared foodstuffs beverages and tobacco and 3) vegetable products, make up a large portion of Lebanon's imports from the region. In fact, 82% of the total imports from Latin America are from these three sections.
- Lebanon imports different products from each area. For instance, its Imports from Mexico are mainly machineries and electrical instruments while imports from MERCOSUR member countries are focused on the first three sections described in the previous point. Imports from MERCOSUR Associated states are negligible.

Exports to Mexico in 2013	(000s USD)	% of Total
Prepared foodstuffs; beverages, tobacco	88	0%
Machinery; electrical instruments	65	0%
Textiles and textile articles	38	0%
Products of the chemical or allied industries	24	0%
Raw hides and skins, leather, furskins	20	0%
TOTAL	235	1%
Exports to Mercosur Members in 2013	(000s USD)	% of Total
Products of the chemical or allied industries	26,936	73%
Prepared foodstuffs; beverages, tobacco	3,277	9%
Base metals and articles of base metal	2,762	8%
Vegetable products	813	2%
Machinery; electrical instruments	719	2%
TOTAL	34,507	94%
Exports to Mercosur Associated States in 2013	(000s USD)	% of Total
Textiles and textile articles	863	2%
Prepared foodstuffs; beverages, tobacco	493	1%
Plastics and articles thereof; rubber	118	0%
Machinery; electrical instruments	105	0%
Animal or vegetable fats and oils	104	0%
TOTAL	2,025	6%
TOTAL LA-11	36,767	100%

In terms of Exports, the following points can be deduced about Table 5 below for the year 2013:

- Most Exports are directed to the MERCOSUR member countries and consist of products of the chemical and allied industries, which mainly consists of phosphate fertilizers, lead articles and fruits and nuts.
- Exports to Mexico and MERCOSUR Associated states are negligible, as they only make up 7% of exports to the region. Negotiating bilateral agreements with countries with a similar profile to Lebanon should be considered.



MINISTRY OF ECONOMY AND TRADE

LEBANESE ECONOMIC HIGHLIGHTS

May-June 2014

Some countries in the MERCOSUR region have already made an effort to engage in economic diplomacy. Brazil for instance has made it a priority to be a leader in sharing technological knowledge in areas such as education and the all-important agricultural sector. One example of Brazil's economic diplomacy strategy is the Brazilian Cooperation Agency (ABC), which is affiliated with the Brazilian Ministry of External Relations. The ABC has the mandate to negotiate, coordinate, implement and monitor technical cooperation projects and programs with countries, primarily in the developing world, that Brazil has agreements with.

The Ministry of Economy and Trade has already set a list of Exports of interest between Lebanon and Latin America, where Lebanon would like to have a preferential treatment and more specifically in the following product categories:

- Traditional Lebanese products such as labneh and shakleesh
- Preparations of vegetables, fruit and nuts
- Animal or vegetable fats and oils such as Olive Oil
- Wine

Lebanon's significant trade potentials with this region, especially with the MERCOSUR member states, encourages the Ministry of Economy and Trade to continue to make progress in negotiating Economic and Trade agreements. Efforts to take advantage of such efforts are currently one of the Ministry's priorities.

MONTHLY ECONOMIC TRENDS:

• GDP Growth and Economic Forecasts:

– The **Coincident Indicator** — a compound index of a number of economic indicators published by BDL that acts as an estimate of economic performance— showed an improvement in its figure in the first four months of 2014, as it reached 285.1 and recorded a YTD increase of 6.4% in 2014 relative to the 3.6% rise attained in the same period in 2013.

• Real Estate:

– Figures show that the Real Estate sector has generally seen improved activity in 2014. The **Value of Real Estate Sales** rose by 26.5% YTD May 2014 relative to the same period in 2013, while the total **Number of Sale Transactions** rose 9%. This growth is expected to continue as the Central Bank continues to subsidize home loans at low interest rates and has plans to reinject such funds into the economy in the near future.

• Tourism:

– For the fourth year running, **Number of Tourists** witnessed a fall in their figures from the peak attained in 2010. The number of tourists continuously fell from a high of 732,855 in the first five months of 2010 down to 443,071 in the same period in 2014. However, since the beginning of 2014, the Monthly trend has been on the increase, where Feb/Mar, Mar/Apr and Apr/May were 16%, 23% and 9% respectively. With the unofficial ban on travels to Lebanon recently being lifted by Saudi Arabia and other Gulf governments, we expect such positive trends to continue into the summer season.

– Similarly, **Number of Airport Passengers** had also fallen by May 2014. This 3.8% fall relative to the first five months of 2013 comes despite over five years of continuous increase in their number.

• Trade

Trade saw a mix of positive and negative results. On the positive end, the Port of Beirut saw a rise in Container Activity and Revenues as a result of the closure of Syrian ports and land routes following the crisis. On the other hand, the trade deficit continued to increase.

– With regards to **Maritime Statistics**, Beirut Port Statistics show a growth in **TEU Container Activity** at the local level, as they rose 2.4% to reach 308,918 TEU in the first five months of 2014 relative to the same period in 2013. This rise in container activity for the local market indicates a continued growth in consumer goods, which has been fuelled by i) an increase in demand of the displaced Syrians as well as ii) a rise in flow of goods directed to Syria from Lebanon. Similarly, the slight growth in **Port of Beirut Revenues** registered by end of May 2014- reaching 1%- indicates continued growing activity at the Port.

– With regards to **Imports**:

- **In terms of value**, imports witnessed a 4.9% fall by end of May 2014 relative to May 2013, to reach USD 8,713 Million. The fall in imports is the result of a YoY decrease in value of Oil Imports (-11.3%), Motor Cars and other Vehicles (-13%) and Gold (-33.8%). Value of Medicaments and Alloy Steel products however saw a rise of 5.2% and 53% respectively. Removing the effects of value of petroleum imports however leads to a smaller decrease in the value of imports, reaching by -2.9%.

- **In terms of volume**, imports witnessed an 2.7% increase in the first five months of 2014 relative to the previous year. This rise is the result of a YoY increase in volume of alloy steel products (63%), Petroleum Coke (52%) and Corn (27%). Volume of Wheat, Glazed Ceramics and Petroleum Oil products fell by 6.6%, 10.3% and 8.1% respectively. Removing the effects of oil imports however, also leads to an even steeper rise in the volume of imports, of 8.5%.

– With regards to **Exports**:

- **In terms of value**, exports witnessed a 29.4% decline in the first five months of 2014, reaching USD 1,386 Million relative to the USD 1,968 Million attained a year earlier. This fall in exports is the result of a YoY decrease in value of Gold (-50%), Copper Waste and Scrap (-43.7%), Diamond Products (-36.8%) and Electric Generating Set and Converters (-32.6%). The Value of printed books and brochures however saw a 87.6% rise.

- **In terms of volume**, total exports fell by 40.8%. This fall in exports is the result of a YoY decrease in value of Portland Cement (-87.8%), Ferrous waste and Scrap (-42.6%) and Phosphatic Fertilizers (-50.2%). Volume of Citrus Fruits, diphosphorus products and waters rose by 7.7%, 52.3% and 12.2%.

– As such, the Year to Date **Value of the Trade Deficit** in the first five months of 2014 showed a meagre rise of 1.9% compared to the same period in 2013, when oil products are included in the equation. Removing oil products leads to an even further year on year increase in the deficit of 7.7%.

– The Balance of Payments saw a net improvement in the five months of 2014, as it registered a surplus of USD 776 Million in 2014 relative to the USD 149 Million deficit attained in the same period in 2013. Despite the above mentioned rise in the trade deficit, this improvement came

about due to the 15% increase in Capital Inflows over the said period.

• Banking and Financial

Commercial Banking figures grew during the first five months of the 2014, but at a slower pace than 2013. This growth is driven by growth in claims to the public and private sector and continued growth in deposits.

- In terms of **Loans to the public and private sector**, they saw a YTD rise of 1.9%, reaching over USD 86 Billion, mainly the result of a growth in private sector deposits that was fuelled by an extension of the stimulus package launched by the Central Bank in 2013. Similarly, the **Value and Number of Kafalat Loan Guarantees** rose in the first five months of 2014 to reach USD 44.7 Million and 356 respectively, that is, a 5.9% and 15.2% respective rise relative to the same period in 2013.
- **Private Sector Deposits** also saw a YTD rise up to May 2014 relative to the same period in 2013, to reach USD 138.8 Billion. This 2% rise was due to a 3% increase in resident private sector deposits since the beginning of 2014.
- Similarly, **Foreign Assets** continued to show positive results in 2014 despite the continued fall in the value of Gold Reserves. Foreign Assets in the first five months of 2014 rose by 4.7% relative to the 1.9% fall attained in the same period in 2013. This is due to the **Value of Foreign Currency Reserves** and **Gold Reserves** rising by 4.9% and 4.2% respectively relative to the 4.6% rise and 14.8% fall attained in the first five months of 2013.
- The total **Value of Checks Cleared** in the banking system, an indicator of overall spending patterns in the economy, rose by 1.9% to reach

USD 24,036 Million (LBP and FC combined) by the end of April 2014, from the USD 23,586 Million observed by the end of April 2013. The **Number of Cleared Checks** however, witnessed a slight decline in figures, reaching 4.26 Million compared to the 4.28 Million attained in the same period a year earlier. This has consequently led to a 2.4% rise in the average value of cleared checks by the end of April 2014.

Disclaimer:

The most recent month for May-June 2014 Issue is highlighted for each of the following indicators:

- Coincidence Indicator Statistics: April 2014
- Real Estate Statistics: May 2014
- Tourism Statistics: May 2014
- Trade Statistics: May 2014
- Banking and Financial Statistics: April- May 2014

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KEY ECONOMIC INDICATORS

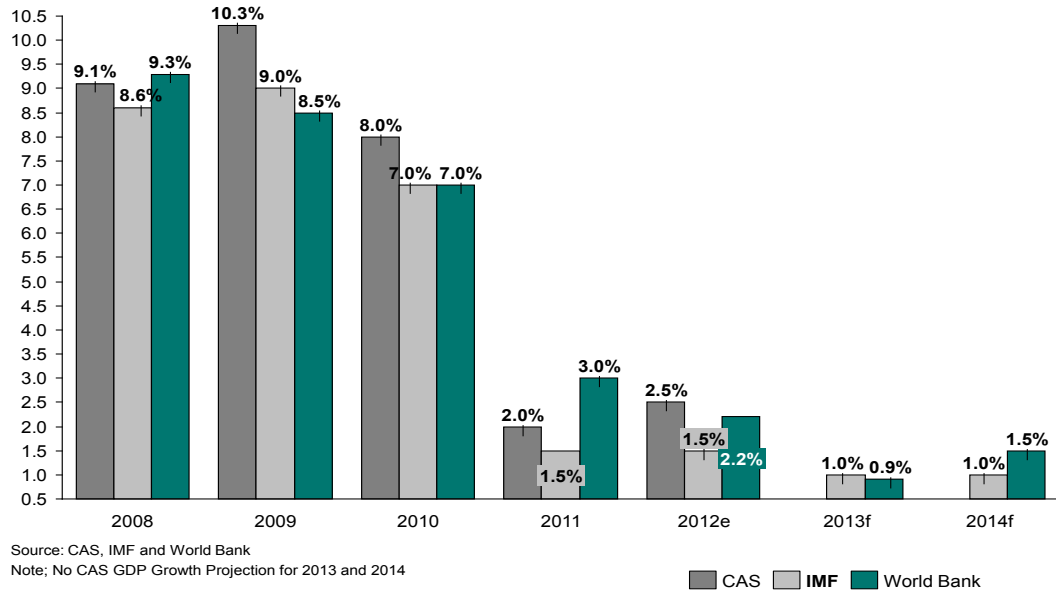
May/June 2014 ISSUE

GENERAL INDICES	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Nominal GDP (Billions USD)										
CAS	1		-	-		42.9		40.1	7.0%	38.0
IMF	2	Jan-Dec	45.5	44.3	2.6%	42.5	4.2%	40.1	6.1%	38.0
World Bank	3		-	-		42.9		40.1	7.0%	37.1
Real Economic Growth Rate (%)										
CAS	1		-	-		2.5%		2.0%		8.0%
IMF	2	Jan-Dec	1.0%	1.0%		1.5%		1.5%		7.0%
World Bank	3		1.5%	0.9%		2.2%		3.0%		7.0%
Coincidence Indicator (1993=100)										
	4	Jan-Apr	285.1	272.0	4.8%	273.7	-0.6%	269.9	1.4%	259.4
Growth in Coincidence Indicator (%)	4	YTD Apr	6.4%	3.6%		3.1%		5.6%		7.9%
Inflation Rate (%)										
	1	Jan-May	101.8	-	-	92.0	-	89.6	2.7%	84.8
Electricity Production (Millions Kwh)										
	4	Jan-Apr	3,155	2,659	18.7%	2,962	-10.2%	3,018	-1.9%	3,120
Number of New Cars registrations										
	5	Jan-Apr	10,789	10,884	-0.9%	10,169	7.0%	9,068	12.1%	9,221
Number of New Industrial Licenses										
	6	Jan-Dec	-	415		349	18.9%	375	-6.9%	-
LABOR	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Number of Renewed Work Permits given to Foreign Workers										
	7	Jan-Dec	-	117,235	-	135,950	-13.8%	123,975	9.7%	114,810
Number of 1st Time Work Permits given to Foreign Workers										
	7	Jan-Dec	-	40,981	-	53,429	-23.3%	60,981	-12.4%	45,005
CONSTRUCTION AND REAL ESTATE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Cement Delivers (000s Tons)										
	4	Jan-Apr	1,711,211	1,564,981	9.3%	1,512,374	3.5%	1,555,848	-2.8%	1,610,943
Construction Permits area (000s of Sq m)										
	8	Jan-May	6,055	5,298	11.1%	6,218	-12.2%	7,058	-11.9%	6,793
Total Number of New Permits										
	8	Jan-May	7,203	7,234	-0.4%	7,354	-1.6%	7,986	-7.9%	6,581
Total Value of Real Estate Sales (Millions of USD)										
	9	Jan-May	3,825	3,024	26.5%	3,307	-8.6%	3,166	4.5%	3,820
Total Number of Property Sales, of which:										
Sales to Locals	9	Jan-May	28,377	26,042	9.0%	28,369	-8.2%	30,460	-6.9%	37,663
Sales to Foreigners	9	Jan-May	27,948	25,567	9.3%	27,840	-8.2%	29,974	-7.1%	36,947
	9	Jan-May	429	475	-9.7%	529	-10.2%	486	8.8%	716

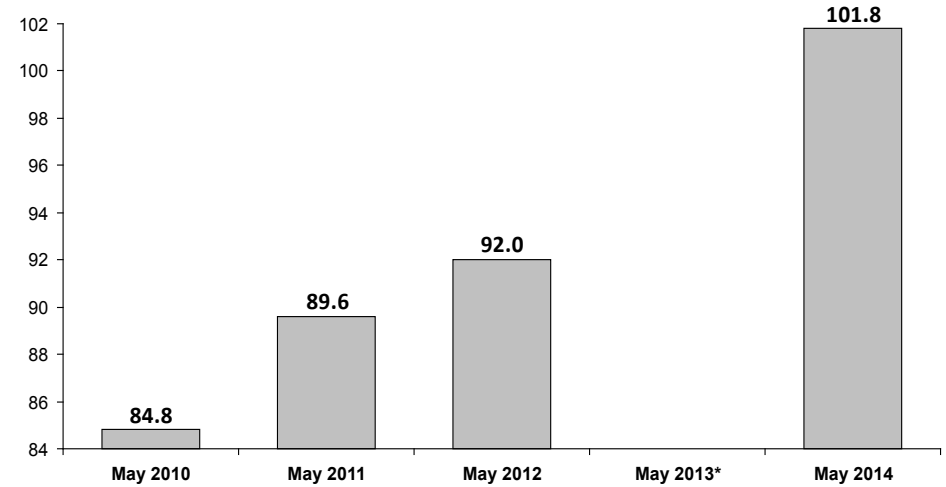
[1] Lebanese Central Administration of Statistics (CAS) [2] Regional Economic Outlook Report, April 2014, [3] World Bank World Development Indicators, [4] Banque du Liban, [5] Association of Car Importers in Lebanon, [6] Ministry of Industry, [7] Ministry of Labor [8] Order of Architects in Beirut and Tripoli, [9] Real Estate Directorate



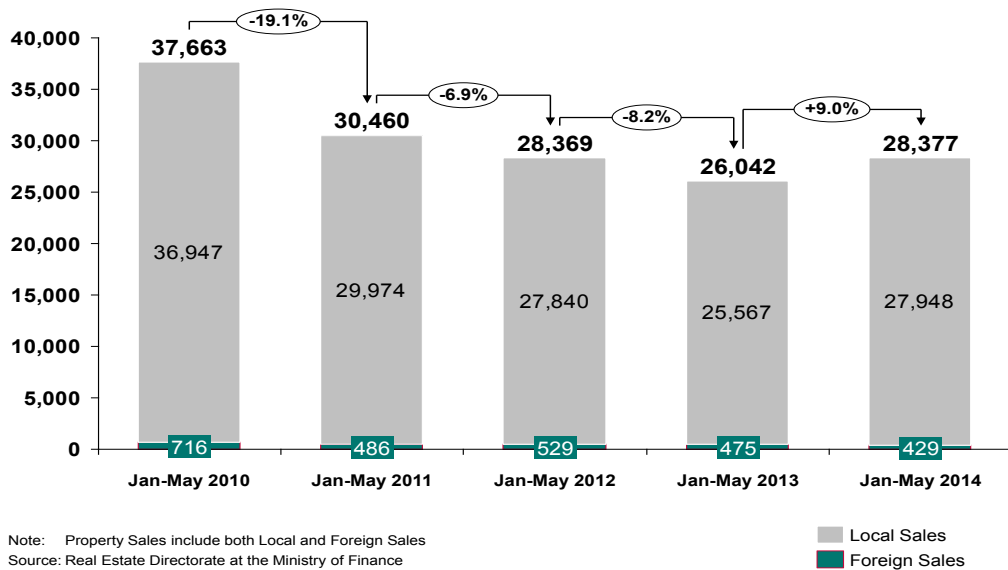
GDP Growth (in Percentage; 2008-2014f)



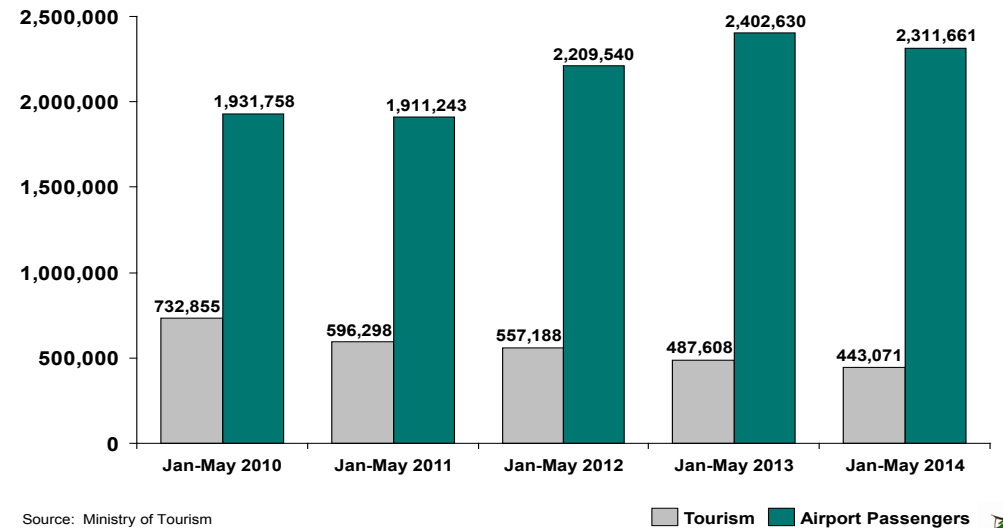
Evolution in Consumer Price Index (Dec 2013=100)



Evolution of the Number of Property Sales (in Number of Sales; 2010-2014)



Evolution in the Number of Tourists and Airport Passengers (2010-2014)



KEY ECONOMIC INDICATORS

May/June 2014 ISSUE

TRADE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Exports Value (Millions of USD), of which:	10	Jan-May	1,387	1,968	-29.5%	1,828	7.7%	1,707	7.1%	1,728
Exports Volume (Millions of Tons)	10	Jan-May	0.762	1.287	-40.8%	0.929	38.5%	1.248	-25.6%	1.248
Imports Value (Millions of USD), of which:	10	Jan-May	(8,714)	(9,160)	-4.9%	(9,169)	-0.1%	(7,657)	19.7%	(7,131)
<i>Mineral Fuels and Oils</i>	10	Jan-May	(2,038)	(2,279)	-10.6%	(2,854)	-20.1%	(1,471)	94.0%	(1,371)
<i>Imports Value, excl Oil Products</i>	10	Jan-May	(6,676)	(6,881)	-3.0%	(6,315)	9.0%	(6,186)	2.1%	(5,760)
Imports Volume (Millions of Tons), of which:	10	Jan-May	6.389	6.221	2.7%	6.849	-9.2%	5.597	22.4%	5.921
<i>Mineral Fuels and Oils</i>	10	Jan-May	2.340	2.435	-3.9%	3.199	-23.9%	1.976	61.9%	2.239
<i>Imports Volume, excl Oil Products</i>	10	Jan-May	4.049	3.786	6.9%	3.650	3.7%	3.621	0.8%	3.682
Trade Deficit (Millions of USD)	10	Jan-May	(7,327)	(7,192)	1.9%	(7,341)	-2.0%	(5,950)	23.4%	(5,403)
Trade Deficit, excl Oil Products	10	Jan-May	(5,289)	(4,913)	7.7%	(4,487)	9.5%	(4,479)	0.2%	(4,032)
Industrial Exports (excluding Gold Ingots)	6	Jan-Dec	-	3,076	-	2,952	4.2%	3,334	-11.5%	3,208
Industrial Machinery	6	Jan-Dec	-	300	-	288	4.2%	213	35.2%	227
Capital Inflows (Millions of USD), of which:		Jan-May	8,103	7,044	15.0%	6,343	11.0%	4,907	29.3%	6,611
Balance of Payments (Millions of USD)	4	Jan-May	776	(149)	-622.1%	(998)	-85.1%	(1,043)	-4.3%	1,208
Value of Transit Goods (Millions of USD)	10	Jan-May	202	198	2.1%	151	31.1%	163	-7.3%	150
Port Activity (000s Tons of Goods)	11	Jan-May	2,844	3,367	-15.5%	2,851	18.1%	2,631	8.4%	2,735
Port Revenues (Millions of USD)	11	Jan-May	87.9	87.1	1.0%	69.2	25.8%	64.6	7.2%	65.1
Total TEU (Twenty Foot Equivalent Unit) of which:		Jan-May	486,088	453,873	7.1%	426,950	6.3%	412,992	3.4%	376,281
<i>TEU to Local Market</i>	11	Jan-May	308,918	301,787	2.4%	249,636	20.9%	237,097	5.3%	244,324
<i>Transshipment</i>	11	Jan-May	177,170	152,086	16.5%	177,314	-14.2%	175,895	0.8%	131,957
TOURISM	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Number of Tourists	12	Jan-May	443,071	487,608	-9.1%	557,188	-12.5%	596,298	-6.6%	732,855
Hotel Occupancy Rates	13	Jan-May	46%	58%	-20.7%	66%	-12.4%	52%	28.3%	72%
Evolution in Tourism Spending	14	Jan-June			-6%		-18%		20%	
Number of Airport Passengers	15	Jan-May	2,311,661	2,402,630	-3.8%	2,209,540	8.7%	1,911,243	21.2%	1,931,758

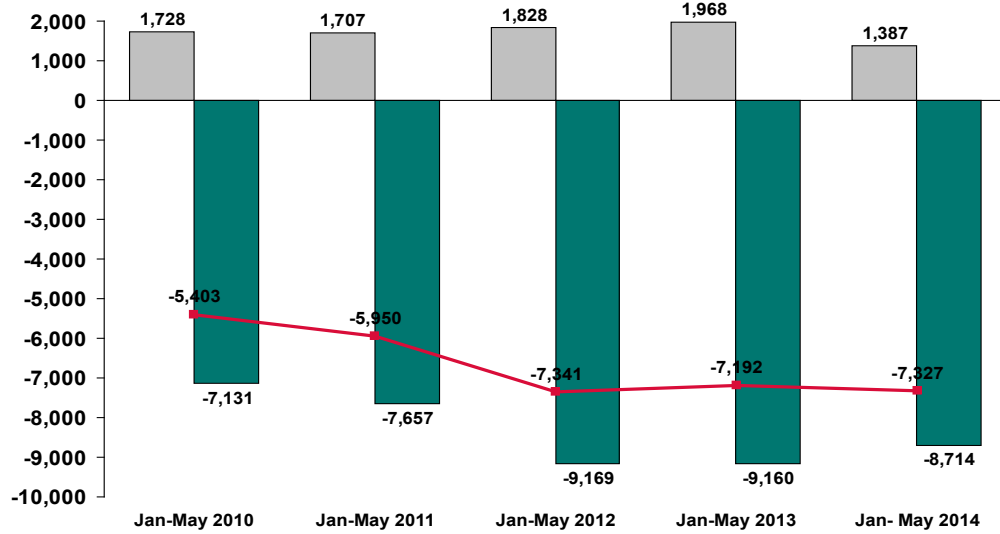
[10] Lebanese Customs at Ministry of Finance, [6] Ministry of Industry, [4] Banque du Liban, [11] Port of Beirut

[12] Ministry of Tourism, [13] Ernst and Young Hotel Benchmark Survey Report May 2014, [14] Global Blue [15] Rafic Hariri Airport



Evolution of Imports, Exports and Trade Deficit

(in Millions of USD; 2010 to 2014)

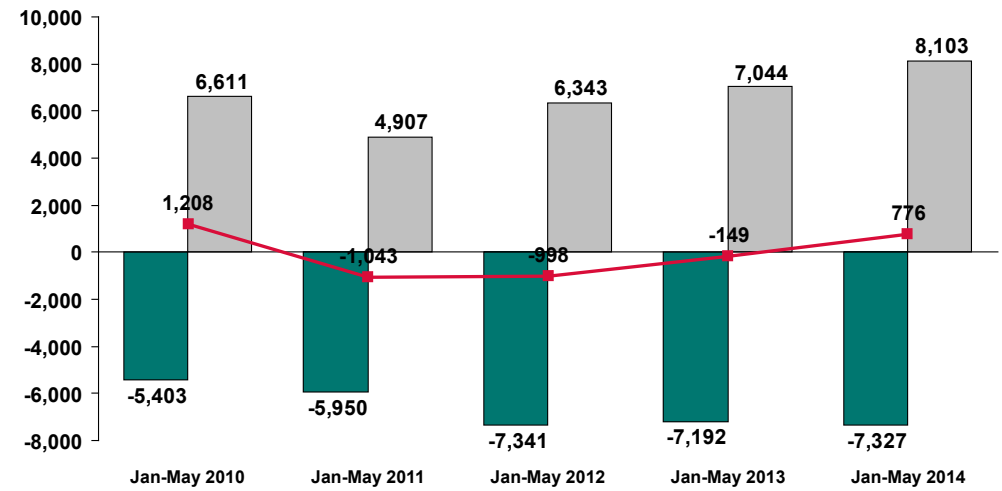


Source: Lebanese Customs

Exports Imports (including Oil) Trade Deficit

Evolution in Trade Deficit, Capital Inflows and Balance of Payments

(in Millions of USD; 2010 to 2014)

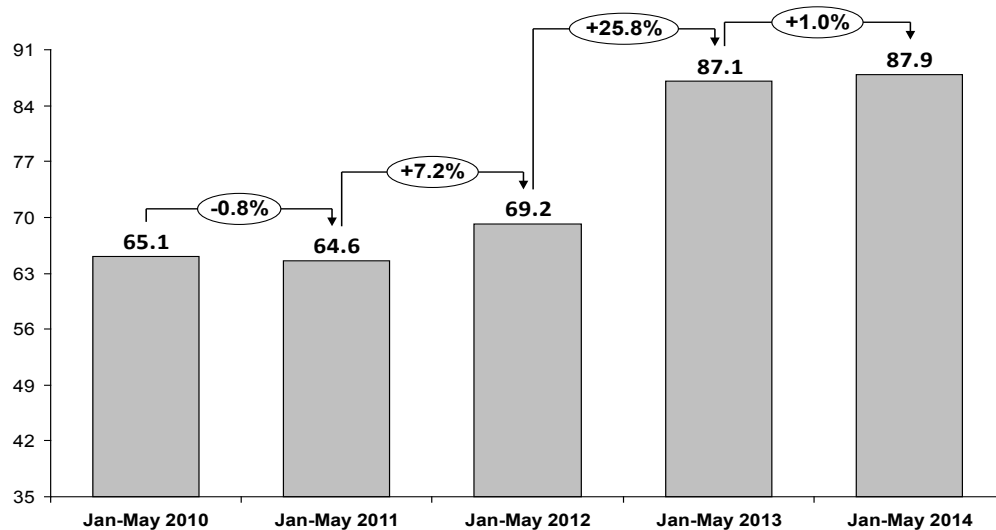


Source: Lebanese Customs & BdL

Trade Deficit Capital Inflows BoP

Evolution in Revenues at Port of Beirut

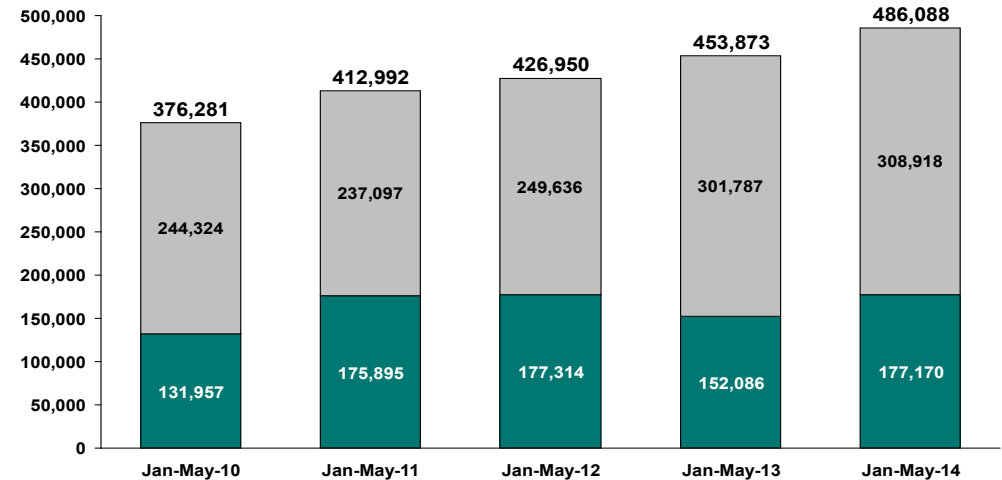
(in Millions of USD; 2010-2014)



Source: Port of Beirut

Evolution in Total TEU Container Activity

(in Millions USD; 2010-2014)



Source: Port of Beirut

Total TEU = TEU to Local Market + Transshipments

TEU to Local Market Transshipments



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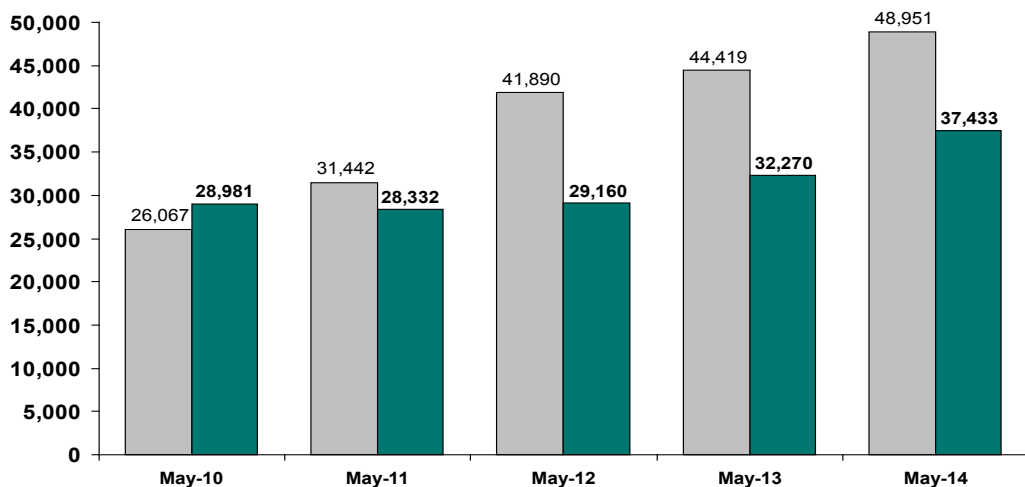
BANKING	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Commercial Banks Indicators:										
Commercial Banking Assets (Millions USD)	4	May	169,209	156,614	8.0%	144,859	8.1%	134,041	8.1%	120,686
<i>Growth in Commercial Banking Assets (%)</i>	4	YTD May	2.7%	3.1%		3.0%		4.0%		4.7%
Private Sector Deposits (Millions USD)	4	May	138,850	130,046	6.8%	118,896	9.4%	110,471	7.6%	99,213
<i>Growth in Private Sector Deposits (%)</i>	4	YTD May	2.0%	4.0%		2.7%		3.0%		3.6%
Loans to the Private Sector (Millions of USD)	4	May	48,951	44,419	10.2%	41,890	6.0%	37,447	11.9%	31,442
<i>Growth in Loans to the P.S (%)</i>	4	YTD May	3.9%	2.2%		4.8%		7.2%		10.8%
BdL Indicators:										
Foreign Assets (Millions of USD), of which:	4	May	44,836	44,411	1.0%	44,020	0.9%	42,626	3.3%	38,517
<i>Growth in Foreign Assets (%)</i>	4	YTD May	4.7%	-1.9%		-2.6%		2.4%		7.8%
Foreign Currency Reserves	4	May	33,264	31,360	6.1%	29,569	6.1%	28,443	4.0%	27,324
<i>Growth in Foreign Currency Reserves (%)</i>	4	YTD May	4.9%	4.6%		-4.0%		-0.5%		6.5%
Gold Reserves	4	May	11,571	13,051	-11.3%	14,451	-9.7%	14,184	1.9%	11,193
<i>Growth in Gold Reserves(%)</i>	4	YTD May	4.2%	-14.8%		0.4%		9.0%		11.2%
Lebanese Pound Deposit Rate (%)	4	May	5.50	5.49	0.2%	5.49	0.0%	5.64	-2.7%	5.93
Lebanese Pound Lending Rate (%)	4	May	7.48	7.35	1.8%	7.34	0.1%	7.67	-4.3%	8.47
USD Deposit Rate (%)	4	May	3.01	2.90	3.8%	2.83	2.5%	2.84	-0.4%	2.84
USD Lending Rate (%)	4	May	7.04	6.97	1.0%	7.12	-2.1%	7.04	1.1%	7.10
3-Month TB Yield (%)	4	May	4.44	4.44	0.0%	4.44	0.0%	3.93	13.0%	4.00
6 Month TB Yield (%)	4	May	4.99	4.99	0.0%	4.99	0.0%	4.5	10.9%	5.23
12 Month TB Yield (%)	4	May	5.35	5.35	0.0%	5.35	0.0%	4.79	11.7%	5.18
36-Month TB Coupon (%)	4	May	6.61	6.61	0.0%	6.61	0.0%	6.03	9.6%	6.30

[4] Banque du Liban



Total Loans to the Private (Resident and Non Resident) and Public Sector

(Millions of USD; 2010-2014)

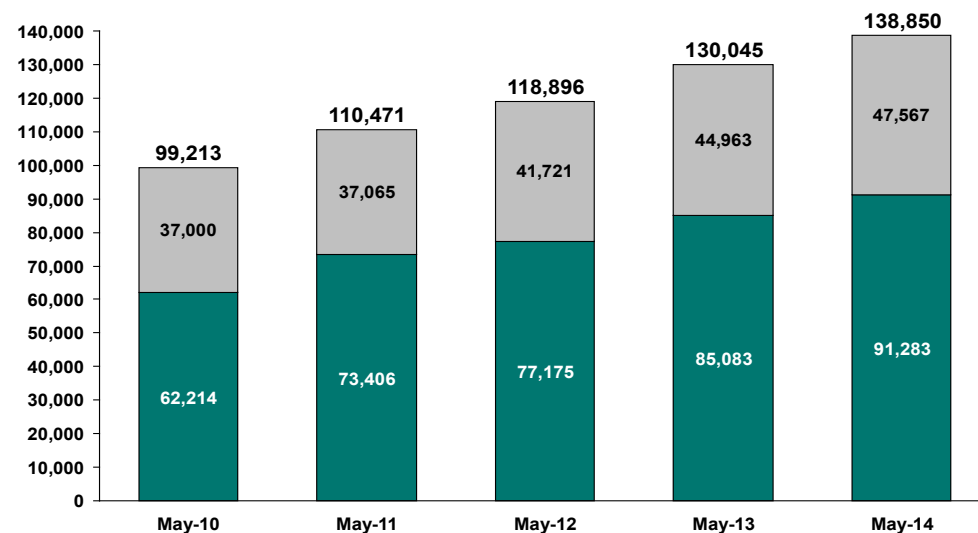


Source: Banque du Liban

■ Total Loans to the Private Sector
■ Total Loans to the Public Sector

Value of Bank Deposits (Lebanese and Foreign Currency)

(in Millions USD; 2010-2014)

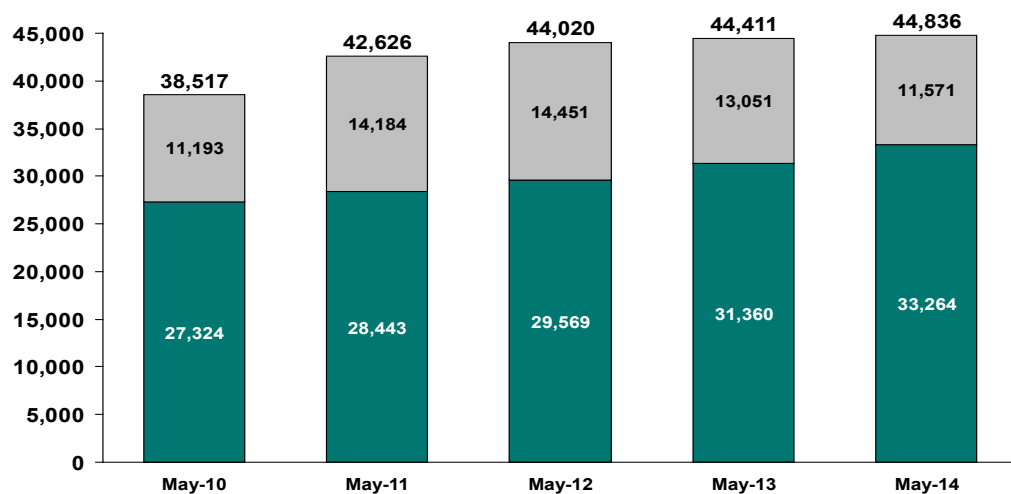


Note: Bank Deposits defined as Resident Private Sector Deposits (excluding Public Sector)
Source: Banque du Liban

■ Lebanese Deposits
■ Foreign Currency Deposits

Value of Foreign Assets held by BdL

(in Millions USD; 2010-2014)

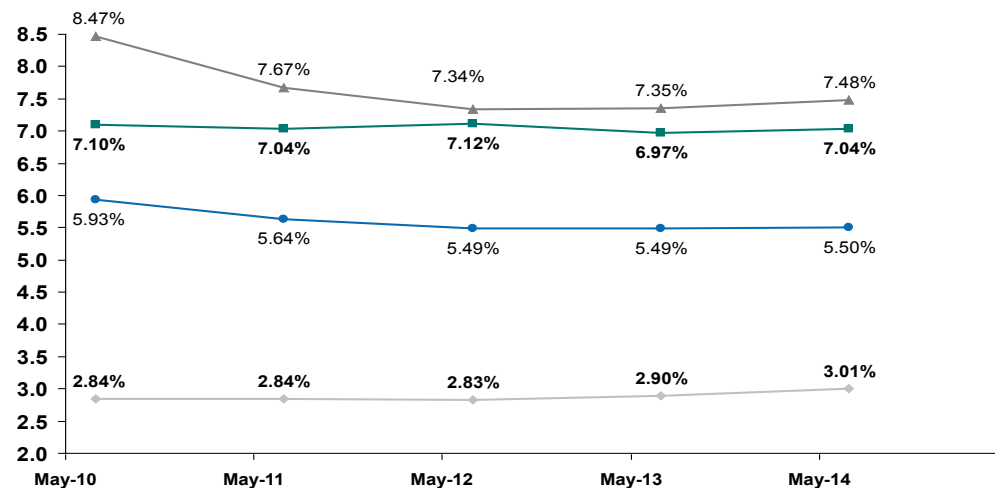


Source: Banque du Liban

■ Gold
■ Foreign Currency

LBP and USD Deposit and Loan Rates

(in Percentage; 2010-2014)



Source: Banque du Liban

● LBP Deposit
▲ LBP Loan
● USD Deposit
■ USD Loan



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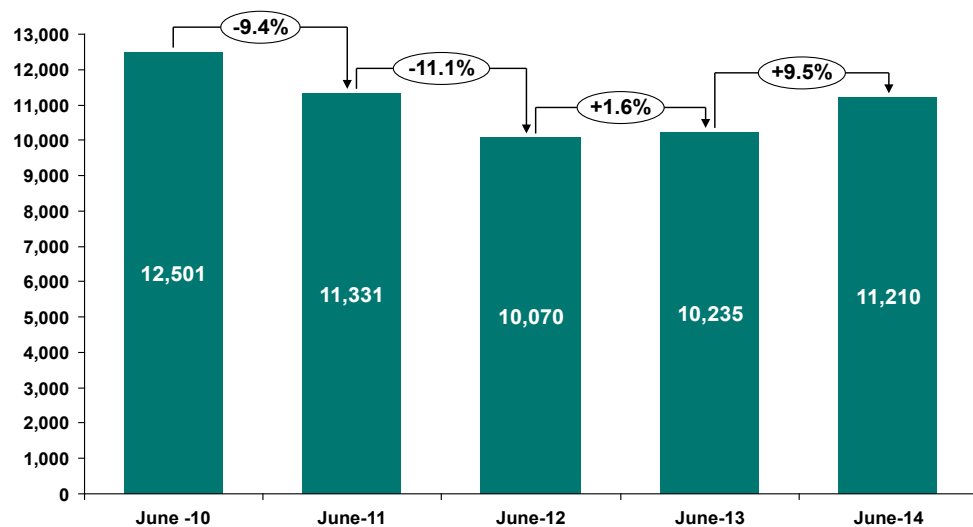
FINANCE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
M3 Money Supply (Million USD)	4	May	114,856	106,769	7.6%	99,956	6.8%	94,107	6.2%	86,044
<i>Growth in M3 Money (%)</i>	4	YTD May	3.3%	2.7%		2.8%		2.1%		4.8%
Value of Cleared Checks (in Millions of USD)	4	Jan-Apr	24,036	23,586	1.9%	22,805	3.4%	23,240	-1.9%	22,573
Number of Cleared Checks (in Millions)	4	Jan-Apr	4.26	4.28	-0.5%	4.16	2.9%	4.13	0.7%	4.58
Value of Kafalat Loans (Millions USD)	17	Jan-May	44.7	42.2	5.9%	56.0	-24.6%	64.4	-13.0%	72.5
Number of Kafalat Loans	17	Jan-May	356	309	15.2%	421	-26.6%	474	-11.2%	605
Market Capitalization (Millions USD)	16	Jan-June	11,210	10,235	4.5%	10,070	1.6%	11,331	-11.1%	12,501
Value of Traded Shares (Millions of USD)	16	Jan-June	227.4	154.5	47.2%	229.3	-32.6%	340.8	-32.7%	1,461
Volume of Trade Shares (Millions of Shares)	16	Jan-June	29.8	21.0	42.1%	29.8	-29.7%	53.2	-43.9%	224.1
EXCHANGE RATE MARKETS	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
YoY USD-LBP Exchange Rate	18	June Close	1,511	1,512.5	-0.1%	1,502	0.7%	1,507.5	-0.4%	1,507.5
YoY EURO-USD Exchange Rate	19	June Close	1.3649	1.301	4.9%	1.2667	2.7%	1.4502	-12.7%	1.2188
YoY GBP-USD Exchange Rate	19	June Close	1.7035	1.5213	12.0%	1.5707	-3.1%	1.6053	-2.2%	1.5067
YoY USD-JPY Exchange Rate	19	June Close	101.42	99.14	2.3%	79.79	24.3%	80.56	-1.0%	88.60

[4] Banque du Liban, [16] Beirut Stock Exchange, [17] Kafalat, [18] BLOM Bank "Lebanon Brief" Reports, [19] Bloomberg.com-Interactive Currency Charts



Value of Market Capitalization

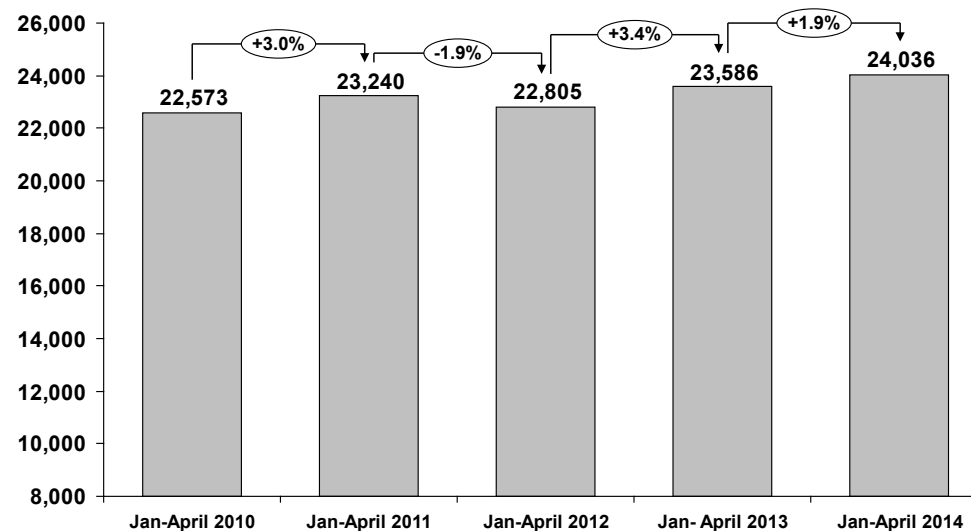
(in Millions USD; 2010-2014)



Source: Beirut Stock Exchange

Evolution of the Value of Cleared Checks

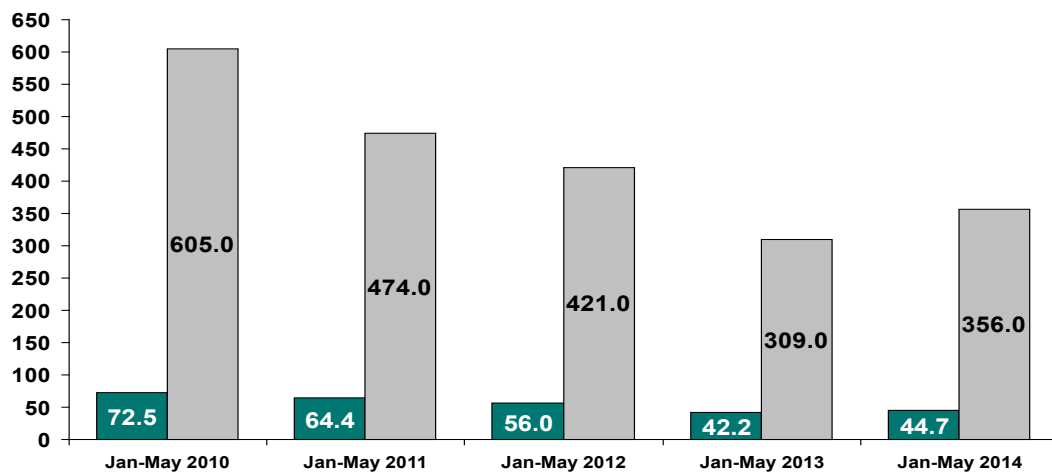
(in Millions USD; 2010-2014)



Source: Banque du Liban

Evolution in Value and Number of Kafalat Loans

(in Millions USD/ Number of Loans; 2010-2014)

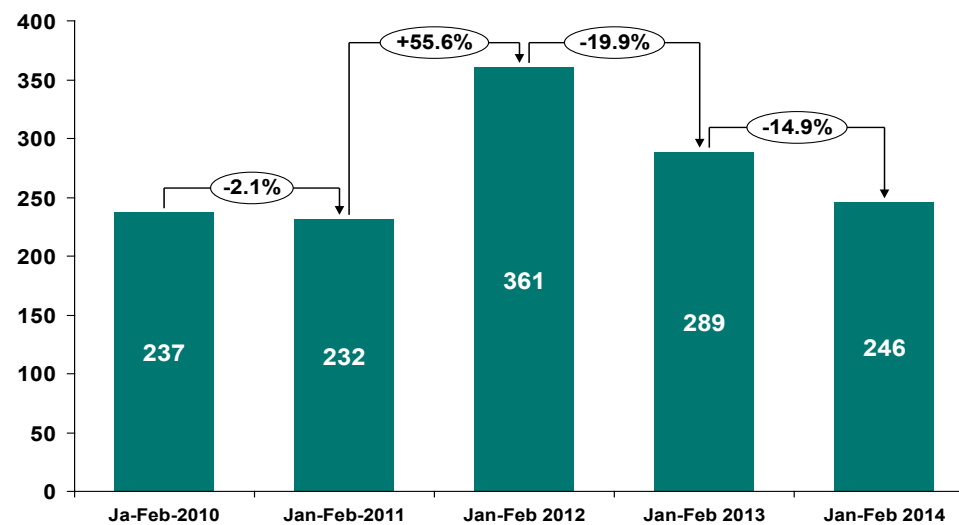


Source: Kafalat S.A.L

■ Value of Kafalat Loans
■ Number of Kafalat Loans

Evolution of EDL Transfers

(in Millions of USD; 2010-2014)



Source: Ministry of Finance



KEY ECONOMIC INDICATORS

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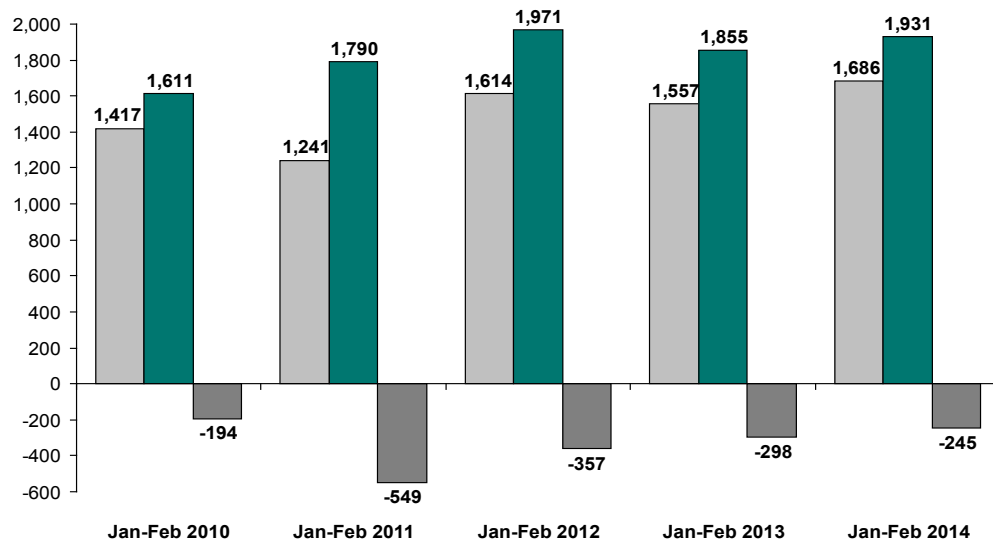
PUBLIC FINANCE [24]	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Total Revenues (Million USD)	20	Jan-Feb	1,686	1,557	8.3%	1,614	25.5%	1,241	13.9%	1,417
Total Expenditures (Million USD)	20	Jan-Feb	1,931	1,855	4.1%	1,971	3.6%	1,790	22.3%	1,611
Fiscal Balance (Million USD)	20	Jan-Feb	(245)	(298)	-17.8%	(357)	-45.8%	(549)	84.2%	(194)
Total Primary Balance (Million USD)	20	Jan-Feb	166	70	136.7%	44	-387.0%	(24)	-86.4%	324
Public Debt (Billions USD)	21	Jan-Apr	64.8	58.6	10.6%	55.0	6.5%	52.6	4.6%	51.5
Budget Revenues (Millions USD), of which:	20	Jan-Feb	1,522	1,461	4.2%	1,542	26.9%	1,151	15.6%	1,334
Tax Revenues, of which:	20	Jan-Feb	1,126	1,133	-0.6%	1,169	9.2%	1,037	15.2%	1,015
Misc Tax Rev	20	Jan-Feb	-	489	-	496	16.0%	422	33.4%	372
Customs Rev	20	Jan-Feb	206	233	-11.5%	231	-0.9%	235	-15.2%	273
VAT Rev	20	Jan-Feb	432	411	5.0%	442	8.0%	381	19.5%	370
Non Tax Rev	20	Jan-Feb	396	329	20.5%	373	187.4%	114	16.8%	319
Budget Expenditures (Millions of USD), of which:	20	Jan-Feb	1,727	1,450	19.1%	1,532	-14.9%	1,704	2.1%	1,500
General Expenditures, of which:	20	Jan-Feb	1,316	1,082	21.6%	1,132	-8.2%	1,179	15.2%	982
EdL	20	Jan-Feb	246	289	-15.0%	361	24.7%	232	52.1%	237
Interest Payments, of which:	20	Jan-Feb	387	345	148.4%	368	-63.1%	497	2.4%	505
Lebanese Lira Interest Payments	20	Jan-Feb	278	269	12.2%	287	-30.5%	385	-27.1%	401
Foreign Currency Interest Payments	20	Jan-Feb	109	77	3.5%	82	-30.1%	113	-28.4%	104
Principal Repayments	20	Jan-Feb	24	23	43.0%	32	-32.0%	28	-22.0%	13
Treasury Revenues (Millions of USD)	20	Jan-Feb	164	96	3.8%	72	-18.8%	89	151.8%	83
Treasury Expenditures (Millions of USD)	20	Jan-Feb	205	405	71.3%	438	7.2%	86	-13.7%	110
Budget Expenditures (Millions of USD), of which:	22	Jan	1,699	1,483	-49.5%	1,540	368.2%	1,240	296.9%	1,087
Personnel Cost, of which:	22	Jan	538	537	14.6%	598	19.6%	366	41.7%	408
Salaries and Wages	22	Jan	360	358	0.2%	416	46.7%	246	46.6%	278
Retirement + End of Service	22	Jan	144	141	0.6%	156	36.9%	103	49.6%	98
Transfers to EdL	22	Jan	263	205	2.1%	355	36.9%	95	59.2%	94
Debt Service, of which:	22	Jan	394	329	28.3%	314	115.8%	378	277.7%	322
Lebanese Lira Interest Payments	22	Jan	251	236	19.8%	202	-13.0%	269	-2.5%	257
Foreign Currency Interest Payments	22	Jan	124	73	6.4%	78	-12.3%	80	-21.4%	64
Capital Expenditures	22	Jan	171	79	69.9%	146	14.5%	69	21.9%	25
Treasury Expenditures (Millions of USD)	22	Jan	85	80	116.5%	228	14.5%	29	484.0%	62
					6.3%		175.9%		267.7%	

[20] Ministry of Finance- Fiscal Performance Sheet [21] Byblos Report Issue 357, [22] Public Finance Monitor



Evolution of Total Revenues, Expenditures and Fiscal Balance

(in Millions USD; 2010-2014)

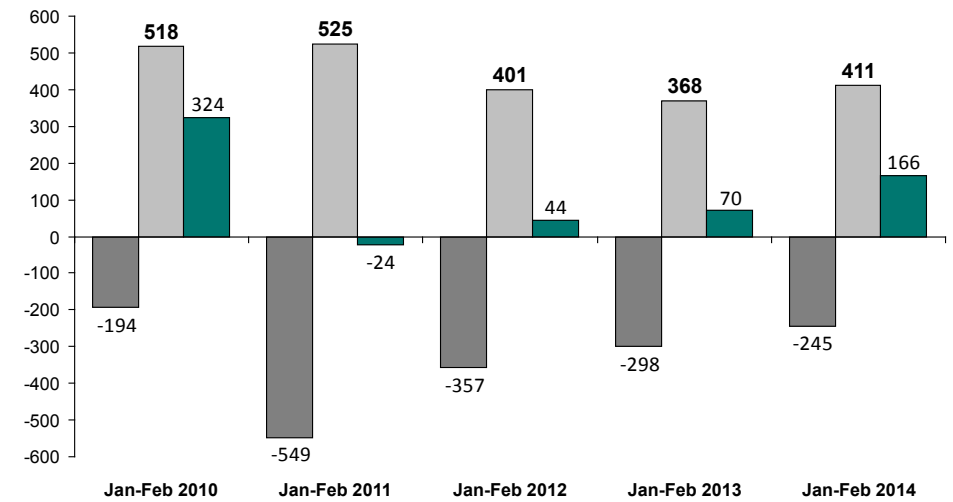


Source: Ministry of Finance

Revenues Expenditures Fiscal Balance

Evolution of the Fiscal Balance, Debt Servicing and Primary Balance

(in Millions USD; 2010-2014)

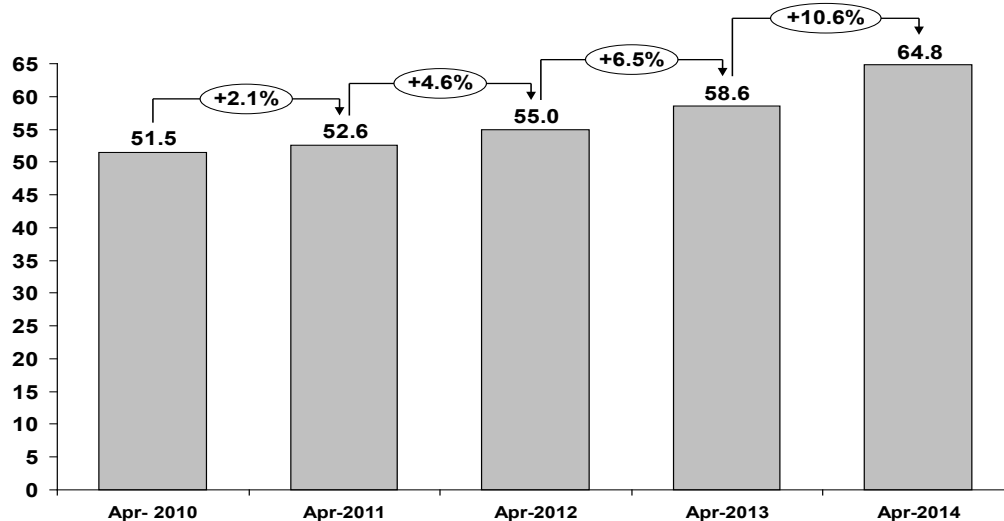


Source: Ministry of Finance

Fiscal Balance Debt Servicing Primary Balance

Evolution of Gross Public Debt

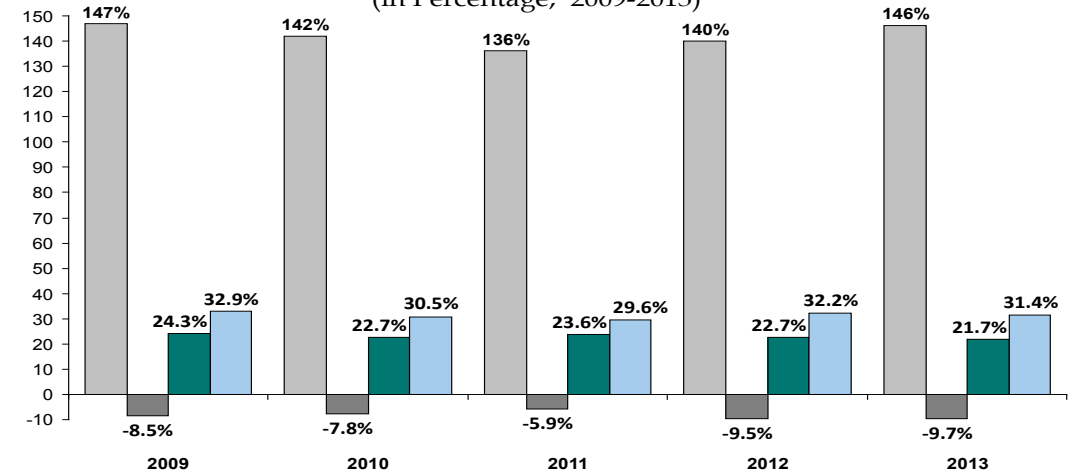
(in Billions of USD; 2010-2014)



Source: Banque du Liban

Evolution of Debt/GDP, Deficit/GDP, Revenues/GDP and Expenditures/GDP

(in Percentage; 2009-2013)



Source: Ministry of Finance

Debt/ GDP Revenues/ GDP
Deficit/ GDP Expenditures/ GDP

