

Lebanon's Access to Foreign Markets

Part V: Trade with China

Lebanon is working on strengthening its economic and commercial relations with China. With a population of over 1.3 Billion people, a combined GDP of over USD 16.2 Trillion and a trade surplus of over USD 261 Million in 2013, as well as an economy that is known for its resources, cheap labor, and huge local consumer market, expanding trade potentials with China could therefore be beneficial to the Lebanese economy. As such, the Ministry of Economy and Trade's next Economic Diplomacy analysis will focus on examining the potential for enabling economic and trade cooperation with China.

With a trade aggregate of USD 4.2 Trillion in 2013, China's economy is the world's largest exporter of goods as well as the world's second largest importer of goods, occupying 12% in both global imports and exports. With regards to its international trade profile, it is a world leader in the gross value of agricultural output, including produce such as rice, wheat, potatoes, corn, peanuts, tea, millet, barley, apples, cotton, oilseed, pork and fish. It is also a world leader in gross value of industrial output in items such as mining and ore processing, iron, steel, aluminum, and other metals, coal; machine building; armaments; textiles and apparel; petroleum; cement; chemicals; fertilizers; consumer products (including footwear, toys, and electronics); food processing; transportation equipment, including automobiles, rail cars and locomotives, ships, aircraft; telecommunications equipment, commercial space launch vehicles and satellites.

At the global level, top Chinese exports in 2013 included electrical and electronic equipment (23%), Machinery, nuclear reactors, boilers (19%), textiles (4%) and furniture, lighting, signs and prefabricated buildings (3%). Furthermore, the top 5 countries that China exported to in 2013 include Hong Kong (17%), USA (17%), Japan (7%), South Korea (4%) and Germany (3%).

With regards to imports at the global level in the same year, China mainly imported electrical and electronic equipment (23%), mineral fuels, oils and distillation products (16%), machinery, nuclear reactors, boilers (9%), Ores and slag (8%) and Optical, photo, technical and medical equipment (6%). Furthermore, the top 5 countries that China imported from include South Korea (9%), Japan (8%), China (8%), Taipei (8%) and USA (8%).

In terms of China's trade with Lebanon, trade volume between the two countries has risen considerably in the past decade as trade with China has expanded over fivefold since 2001. With USD 413.4 Million in aggregate trade in 2001- of which USD 410 Million was imported from China to Lebanon and USD 2.5 Million was exported from Lebanon to China, aggregate trade grew to reach USD 2,312 Million in 2013, of which USD 2,283 Million was imported from China to Lebanon and USD 28.9 Million was exported from Lebanon to China. In fact, China became the leading source of goods imported by Lebanon. Table 1 and 2 below shows the 2013 percentage shares of Imports and Exports respectively for trade between Lebanon and China.

2013 Imports		
Country	(000s of USD)	% Share of Total
China	2,282,597	10.8%
Total Lebanese Imports	21,228,486	100%

Source: Lebanese Customs

2013 Exports		
Country	(000s of USD)	% Share of Total
China	28,958	0.7%
Total Lebanese Exports	3,935,957	100%

Source: Lebanese Customs

As the imports table shows, Chinese imports represent nearly 11% of total imports to Lebanon. On the other hand, the percentage of exports to China is relatively negligible. The aim of economic diplomacy is to therefore improve this large disparity in the balance of trade. This can be achieved by examining the main products being traded between Lebanon and China and determining the need to developing existing markets and identifying prospective opportunities.

As such, table 3 below shows the Top Imported Products from China to Lebanon in 2013:

Top Imports from China to Lebanon in 2013			
Country	Product	(000s of USD)	% Share of Total
China	Electrical, electronic equipment	395,555	17%
	<i>Telephone sets, including telephones for cellular networks or for other wireless network</i>	180,405	46%
	<i>Monitors and projectors</i>	31,569	8%
	<i>Electrical transformers, static converters</i>	22,211	6%
	Machinery, nuclear reactors, boilers, etc	355,564	16%
	<i>Automatic data processing machines; optical reader, etc</i>	86,609	24%
	<i>Ship's derricks; cranes; straddle carriers, & works trucks fitted with a crane</i>	68,375	19%
	<i>Air conditioning machines, with motor-driven elements</i>	36,411	10%
	Iron and steel	282,575	12%
	<i>Bars & rods, other alloy steel; hollow drill bars, etc.</i>	215,838	76%
<i>Bars & rods, hot-rolled, in irregularly wound coils, of other alloy steel</i>	34,181	12%	
Total Imports to China		2,282,597	100%

Source: Lebanese Customs

In terms of imports, the following points can be made:

- The main imported product from China is Electronic equipment, which makes up 17% of total imports. In turn, equipment for line telephony, television receivers and electric transformers are the main types of electronic equipment imported with a 46%, 8% and 6% respective percentage.
- Lebanon also imports a) Machinery and b) Iron and steel, comprising a respective 16% and 12% of total imports.

Furthermore, table 4 below shows the Top Exported Products from Lebanon to China in 2013:

Top Exports from Lebanon to China in 2013			
Country	Product	(000s of USD)	% Share of Total
China	Copper and articles thereof	20,625	71%
	<i>Copper waste and scrap</i>	20,632	100%
	Plastics and articles thereof	2,446	8%
	<i>Waste, parings and scrap, of plastics</i>	2,446	100%
	Aluminium and articles thereof.	2,425	8%
	<i>Aluminum waste and scrap</i>	2,425	100%
	Machinery, nuclear reactors, boilers, etc	1,258	4%
	<i>Machinery for wrkg rbr/plas/ for the mfr of prod from these material</i>	1,045	83%
<i>Automatic data processing machines, optical reader, etc</i>	181	14%	
Total Exports to China		28,958	100%

Source: Lebanese Customs

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

- In terms of top products, Copper waste scrap makes up over 70% of Lebanese Exports to China.
- Other types of exports include a) Aluminum waste scrap and b) Plastics.

As table 4 shows, most exports to China are metal scraps. In line with the Ministry of Economy and Trade's vision of expanding exports of agro-foods, Lebanon would therefore also look into export products in which Lebanon has a special interest with most economies, including:

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

In 2013, exports of vegetable products, fruit products, prepared foods, oil products and Lebanese wine to China stood at USD 385,000 in value and 68 Tons in volume. Although these exports were negligible, if appropriately marketed, they could prove successful once tapped into one of the world's largest consumer markets. In addition to the food products listed, suggested industries with significant business opportunities include the pharmaceuticals, detergents, paper, cosmetics, clothing, electrical transformers and specialized machines.

Although growing economic ties between Lebanon and China have led to the emergence of agreements, such as investment protection agreement and the economic, trade and technological cooperation, China, up until today, has mainly provided assistance to Lebanon in the form of equipment, such as computers, solar heating systems, a mobile telecommunication network, military and educational cooperation, partnerships in the spheres of Chinese medicine and infrastructure as well as humanitarian aid. However, China is looking to deepen its assistance in sectors such as infrastructure projects, port scanners and subcontracting projects as well as focusing on the development of preferential treatment agreements.

With that being said, the significant trade potentials with China are an encouragement for the Ministry of Economy and Trade to continue making progress in negotiating Economic and Trade agreements and to put such developments at the forefront the Ministry's priorities.

MONTHLY ECONOMIC TRENDS:

• GDP Growth and Economic Forecasts:

— Although growth in the **Coincident Indicator** — a compound index of a number of economic indicators published by BDL that acts as an estimate of economic performance— registered a negative growth in its figure in the first nine months of 2014, it also improved to reach 264.3 and recorded a lower YTD fall of 1.3% relative to the 5.8% decrease 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 10.5% YTD by end of September 2014 relative to the same period in 2013, while the total **Number of Sale Transactions** rose 3.9%.

• Tourism:

— For the first time in four years, the **Number of Tourists** witnessed an increase in figures from the low attained in September 2013. The number of tourists continuously fell from a high of 1,694,662 in the first nine months of 2010 down to 977,380 in the same period in 2013, before shooting up to 1,018,541 by end of September 2014.

Furthermore, Tourism in the month of September reached 121,435, the figure being the highest number of tourists attained in the month of September since 2012. In fact, the month of September in 2014 registered a 40.7% increase compared to the month of September in 2013. This turnaround continues to confirm that the lifting of the unofficial ban on travels to Lebanon by the governments of Saudi Arabia and other Gulf states has had a positive effect on tourism.

— Furthermore, **Number of Airport Passengers** saw a rise in the first nine months of 2014, rising by 4.1% relative to the first nine months of 2013.

• Trade

Trade continued to witness more negative results by the end of September 2014. Port of Beirut saw mixed results by the end of September 2014. Although the trade deficit continued to increase, the rise in capital inflows was able to offset the trade deficit and keep the Balance of Payments in a better position than the previous year.

— With regards to **Maritime Statistics**, Beirut Port Statistics showed mixed results as some port indicators saw a year on year improvement in figures whilst others showed a reversal of fortune. **TEU Container Activity** at the local level, for instance, saw a slight improvement in its

figures, as they increased by 0.3% compared to the same period in the previous year. On the other hand, **Port of Beirut Revenues** and **Port Activity** registered a fall in the first nine months of 2014- reaching -2.0% and -12.7% respectively- demonstrating the slowdown in activity at the Port of Beirut.

— With regards to Trade Statistics, Customs figures show that:

— With regards to **Imports**:

- **In terms of value**, imports witnessed a 1.1% fall by end of September 2014 relative to September 2013, to reach USD 15,729 Million. The fall in the value of imports is the result of a YoY decrease in value of Gold (-22.7%) and Motor cars and other motor vehicles (-7.5%). However, imports of Oil, Medicaments and Alloy Products rose by 5.9%, 4.4% and 21.8% respectively. Removing the effects of value of petroleum imports, which represent just over a fifth of the total value of imports leads to an even larger increase in the value of imports, reaching of 3.0%.

- **In terms of volume**, imports witnessed a 1.4% decrease in the first nine months of 2014 relative to the previous year. The fall in the volume of imports is the result of a YoY decrease in the volume of Glazed ceramics (-71.8%) and all other products other than the top 6 products (-13.6%). Petroleum oils, Alloy products, Calcium Phosphates, Petroleum Coke and Wheat Products all rose by 9.1%, 31.5%, 58.9%, 12.9% and 11.5% respectively. Removing the effects of oil imports, which represents almost a third of the total volume of imports however, leads to a larger fall in the volume of imports, amounting to 5.5%.

— With regards to **Exports**:

- **In terms of value**, exports witnessed a 20.8% decline in the first nine months of 2014, reaching USD 2,501 Million relative to the USD 3,158 Million attained a year earlier. This fall in value of exports is the result of a YoY decrease in value of Gold (-38.7%), Ferrous waste and scrap (-33.2%), Copper waste and scrap (-55.4%) and Electric Generating Set and Converters (-25.0%). Value of printed books and brochures however saw a 52.8% rise.

- **In terms of volume**, total exports fell by 26.6%. This fall in volume of exports is mainly the result of a YoY decrease in

volume of Ferrous waste and scrap (-32.4%), Mineral or chemical fertilisers (-2.6%) and Cement (-82.0%). Volume of Diphosphorus chemicals or phosphatic acid, Citrus fruits and Potatoes however, saw an increase in volume of 118.8%, 11.8% and 3.2% respectively.

— As such, the Year to Date **value of the Trade Deficit** in the first nine months of 2014 showed a rise of 3.8% compared to the same period in 2013, when oil products are included in the equation. Removing oil products leads to a smaller year on year increase in the deficit, amounting to 3.0%.

— The **Balance of Payments** continued to see a net improvement in the first nine months of 2014, as it registered a deficit of USD 302 Million in 2014 relative to the USD 676 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 11.8% increase in **Capital Inflows** over the said period.

• Banking and Financial

On the whole, Commercial Banking figures grew during the first nine months of the 2014, but for some indicators, at a slower pace than in 2013.

- **Loans to the private sector** continued to witness a rise in the first nine months of the year, growing by 6.0% since the start of 2014. This represents a slight improvement relative to the same period in 2013, where the growth in loans to the private sector reached 5.6% in the first nine months of the year. Although growth in the **Number of Kafalat loans** increased by only 0.8% in the first ten months of 2014, since **their value** during this period fell by 4.9%, reaching USD 93.7 Million, this indicates that the average size of each loan being distributed was smaller.
- **Private Sector Deposits** also saw a YTD rise up to September 2014 relative to the same period in 2013, to reach USD 142 Billion. This 4.3% growth was due to a 4.4% increase in resident private sector deposits and 3.6% rise in non-

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 nine months of 2014 rose by 1.5% relative to the 2.1% fall attained in the same period in 2013. This is due to the **Value of Foreign Currency Reserves** and **Gold Reserves** rising by 2.0% and 0.2% respectively relative to the 6.9% rise and 19.5% fall attained in the first nine months of 2013.
- The total **Value of Checks Cleared** in the banking system, an indicator of overall spending patterns in the economy, rose by 3.8% to reach USD 55,866 Million (LBP and FC combined) by the end of September 2014, from the USD 53,816 Million observed by the end of September 2013. The **Number of Cleared Checks** however, witnessed a slight decline in figures, reaching 9.84 Million compared to the 9.89 Million attained in the same period a year earlier. This has consequently led to a 4.3% rise in the average value of cleared checks between September 2013 and September 2014.

• Fiscal Performance

Fiscal Performance figures saw no updates since the last bulletin issue. On the other hand, **Gross Public Debt** figures reached USD 66 Billion by the end of September 2014, a 5.8% increase since September 2013 and 3.9% since the beginning of the year. These figures fair better than in the previous year, when the YoY increase in Gross Public Debt figures attained 11.3% between September 2013 and September 2012 while the YTD increase reached 8.2%.

Disclaimer:

The most recent month for October 2014 Issue is highlighted for each of the following indicators:

- Coincidence Indicator Statistics: September 2014
- Real Estate Statistics: September 2014
- Tourism Statistics: September 2014
- Trade Statistics: September 2014
- Banking and Financial Statistics: September 2014
- Public Debt Statistics: September 2014

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KEY ECONOMIC INDICATORS

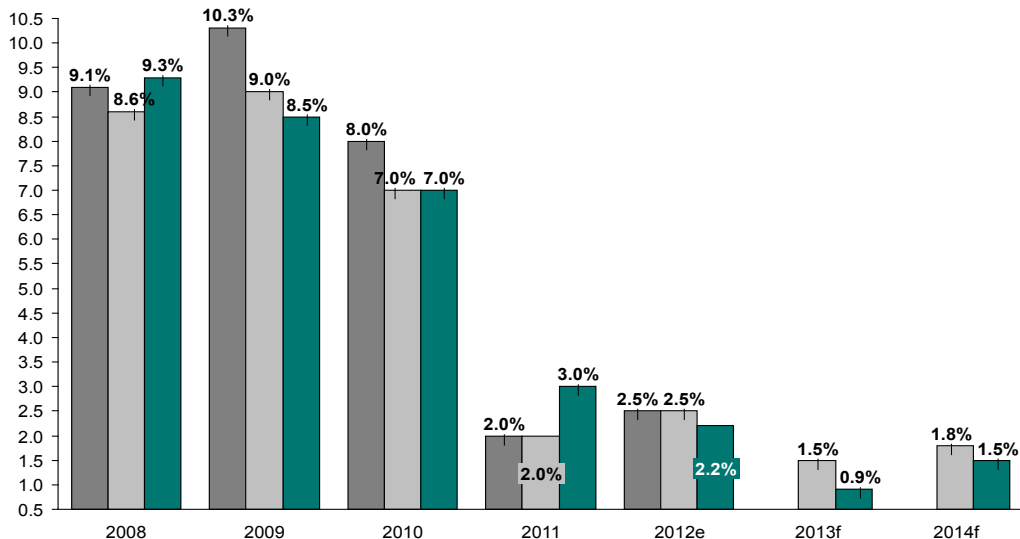
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GENERAL INDICES	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Nominal GDP (Billions USD)										
CAS	1		-	-		42.9		40.1	7.0%	38.0
IMF	2	Jan-Dec	47.5	45.0	5.6%	42.5	5.8%	40.1	6.1%	38.0
World Bank	3		-	-		42.9		40.1	7.0%	37.1
Real Economic Growth Rate (%)										
CAS	1		-	-		2.5%		2.0%		8.0%
IMF	2	Jan-Dec	1.8%f	1.5%f		2.5%		2.0%		7.0%
World Bank	3		1.5%f	0.9%f		2.2%		3.0%		7.0%
Coincidence Indicator (1993=100)	4	Jan-Sept	264.3	247.2	6.9%	243.5	1.5%	248.1	-1.9%	251.9
Growth in Coincidence Indicator (%)	4	YTD Sept	-1.3%	-5.8%		-8.3%		-2.9%		4.7%
Inflation Rate (%)	1	Jan-Sept	100.9	99.2	1.7%	98.9	0.3%	89.7	10.3%	85.4
Electricity Production (Millions Kwh)	4	Jan-June	5,226	5,516	-5.3%	5,590	-1.3%	6,112	-8.5%	6,011
Number of New Cars registrations	5	Jan-Oct	32,084	29,724	7.9%	29,198	1.8%	27,473	6.3%	28,404
Number of New Industrial Licenses	6	Jan-June	258	251	2.8%	170	47.6%	206	-17.5%	-
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-Sept	4,220,389	4,305,515	-2.0%	3,923,130	9.7%	4,164,060	-5.8%	3,868,439
Construction Permits area (000s of Sq m)	8	Jan-Sept	10,531	9,701	8.6%	10,819	-10.3%	12,469	-13.2%	13,158
Total Number of New Permits	8	Jan-Sept	12,830	12,800	0.2%	13,579	-5.7%	13,826	-1.8%	12,676
Total Value of Real Estate Sales (Millions of USD)	9	Jan-Sept	6,668	6,035	10.5%	6,320	-4.5%	6,032	4.8%	6,962
Total Number of Property Sales, of which:	9	Jan-Sept	51,830	49,876	3.9%	52,621	-5.2%	57,976	-9.2%	69,501
Sales to Locals	9	Jan-Sept	51,040	48,973	4.2%	51,640	-5.2%	57,008	-9.4%	68,100
Sales to Foreigners	9	Jan-Sept	790	903	-12.5%	981	-8.0%	968	1.3%	1,401

[1] Lebanese Central Administration of Statistics (CAS) [2] IMF World Economic Outlook, Oct 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)

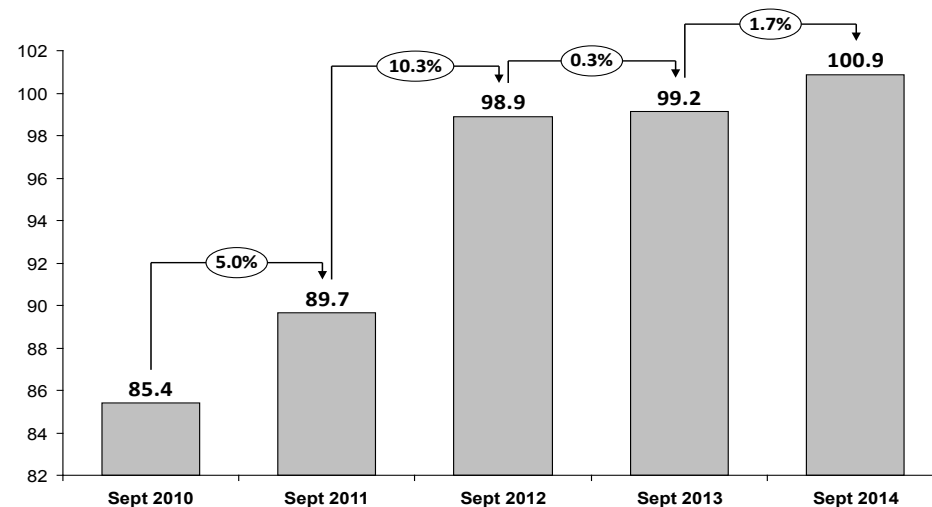


Source: CAS, IMF and World Bank

Note: No CAS GDP Growth Projection for 2013 and 2014

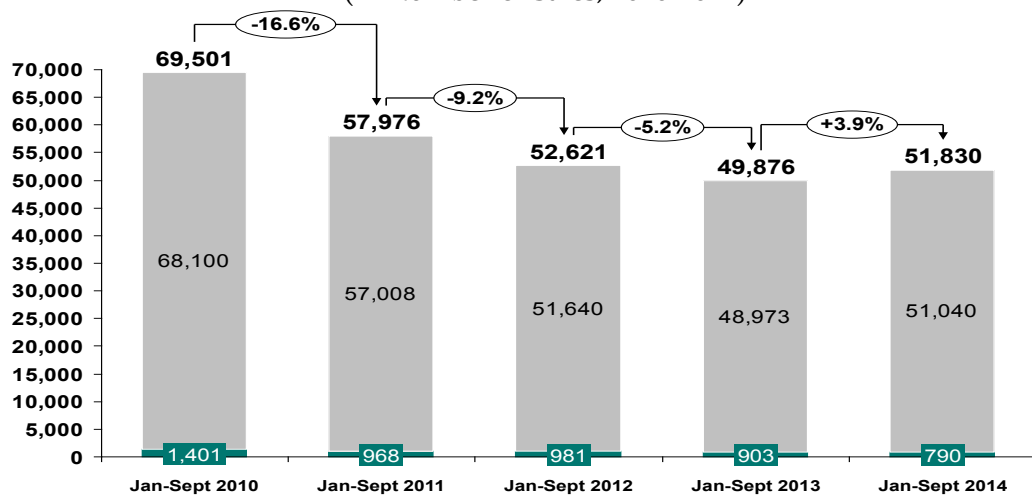
■ CAS ■ IMF ■ World Bank

Evolution in Coincidence Indicator (1993= 100)



Source: Banque du Liban

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

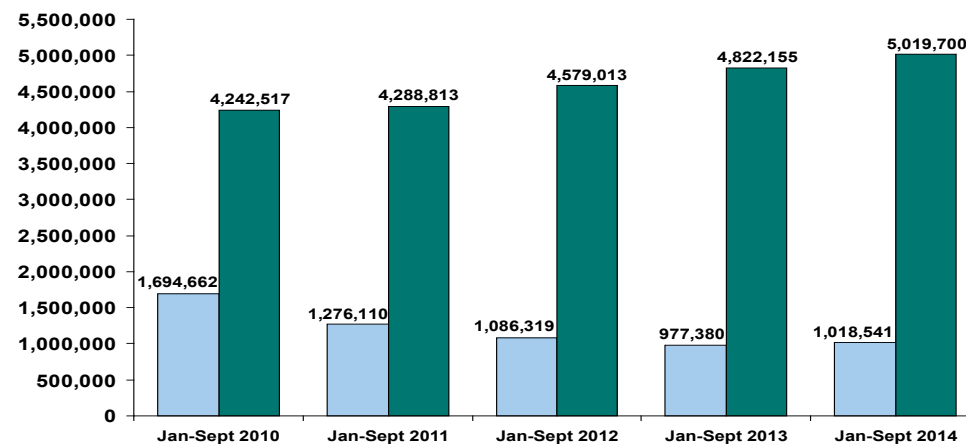


Note: Property Sales include both Local and Foreign Sales

Source: Real Estate Directorate at the Ministry of Finance

■ Local Sales
■ Foreign Sales

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



Source: Ministry of Tourism

■ Tourism
■ Airport Passengers



KEY ECONOMIC INDICATORS

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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-Sept	2,502	3,163	-20.9%	3,300	-4.2%	3,230	2.2%	3,014
Exports Volume (Millions of Tons)	10	Jan-Sept	1.62	2.21	-26.6%	1.84	19.8%	2.12	-13.0%	2.23
Imports Value (Millions of USD), of which:	10	Jan-Sept	(15,728)	(15,904)	-1.1%	(16,032)	-0.8%	(14,406)	11.3%	(13,188)
<i>Mineral Fuels and Oils</i>	10	Jan-Sept	(3,570)	(3,370)	5.9%	(4,210)	-19.9%	(2,416)	74.2%	(2,314)
<i>Imports Value, excl Oil Products</i>	10	Jan-Sept	(12,158)	(12,534)	-3.0%	(11,822)	6.0%	(11,990)	-1.4%	(10,874)
Imports Volume (Millions of Tons), of which:	10	Jan-Sept	11.83	11.99	-1.4%	11.78	1.8%	10.36	13.7%	11.00
<i>Mineral Fuels and Oils</i>	10	Jan-Sept	3.71	3.40	9.1%	4.34	-21.6%	2.63	64.8%	3.47
<i>Imports Volume, excl Oil Products</i>	10	Jan-Sept	8.12	8.59	-5.5%	7.44	15.4%	7.72	-3.6%	7.53
Trade Deficit (Millions of USD)	10	Jan-Sept	(13,226)	(12,741)	3.8%	(12,732)	0.1%	(11,176)	13.9%	(10,174)
Trade Deficit, excl Oil Products	10	Jan-Sept	(9,656)	(9,371)	3.0%	(8,522)	10.0%	(8,760)	-2.7%	(7,860)
Industrial Exports (excluding Gold Ingots)	6	Jan-June	1,581	1,807	-12.5%	1,891	-4.4%	-	-	-
Industrial Machinery	6	Jan-June	140	166	-15.7%	145	14.4%	-	-	-
Capital Inflows (Millions of USD), of which:		Jan-Sept	12,924	11,561	11.8%	10,800	7.0%	9,637	12.1%	13,115
Balance of Payments (Millions of USD)	4	Jan-Sept	(302)	(676)	-55.3%	(1,932)	-65.0%	(1,539)	25.5%	2,941
Value of Transit Goods (Millions of USD)	10	Jan-Sept	339.7	341.3	-0.4%	248.1	37.6%	307.6	-19.3%	295.5
Port Activity (000s Tons of Goods)	11	Jan-Sept	5,557	6,179	-12.7%	5,448	16.6%	5,025	9.2%	4,914
Port Revenues (Millions of USD)	11	Jan-Sept	161.2	164.6	-2.1%	128.7	28.0%	119.2	8.0%	125.7
Total TEU (Twenty Foot Equivalent Unit) of which:	11	Jan-Sept	924,760	851,542	8.6%	795,823	7.0%	768,382	3.6%	727,800
<i>TEU to Local Market</i>	11	Jan-Sept	578,512	576,731	0.3%	477,279	20.8%	439,220	8.7%	458,094
<i>Transshipment</i>	11	Jan-Sept	346,248	274,811	26.0%	318,544	-13.7%	329,162	-3.2%	269,706
TOURISM	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Number of Tourists	12	Jan-Sept	1,018,541	977,380	4.2%	1,086,319	-10.0%	1,276,110	-14.9%	1,694,662
Number of Tourists	12	Sept	121,435	86,301	40.7%	100,300	-14.0%	149,355	-32.8%	202,529
Hotel Occupancy Rates	13	Jan-Sept	50%	52%	-3.8%	58%	-10.3%	55%	5.7%	68%
Hotel Occupancy Rates	13	Sept	56%	34%	64.7%	46%	-26.1%	76%	-39.5%	53%
Evolution in Tourism Spending	14	Jan-Sept	-	-	%-1	-	-11%	-	1%	-
Number of Airport Passengers	15	Jan-Sept	5,019,700	4,822,155	4.1%	4,579,013	5.3%	4,288,813	6.8%	4,242,517

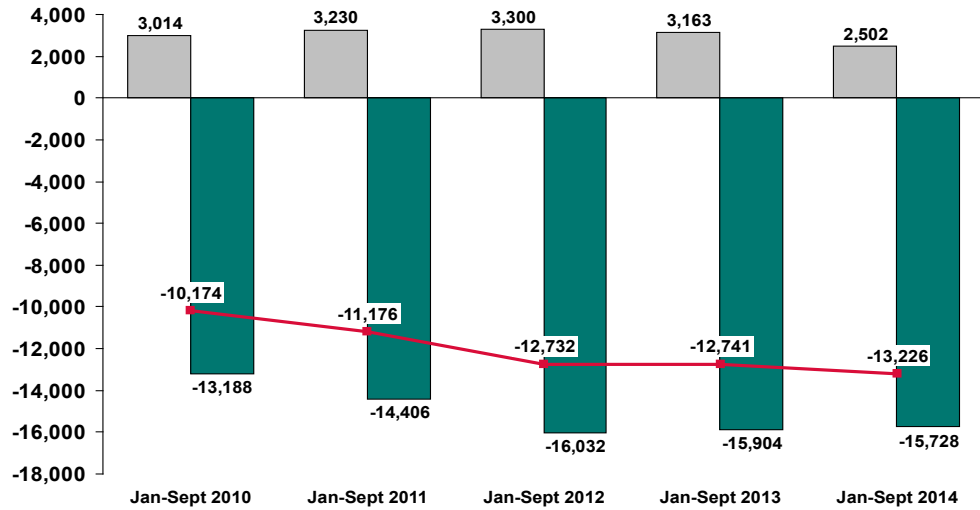
[10] Lebanese Customs at Ministry of Finance, [6] Ministry of Industry, [4] Banque du Liban, [11] Port of Beirut

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



Evolution of Imports, Exports and Trade Deficit

(in Millions of USD; 2010 to 2014)

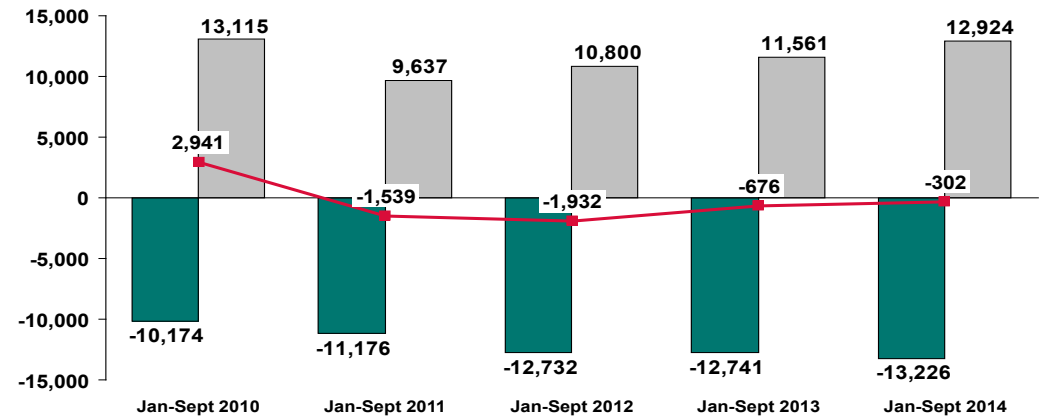


Source: Lebanese Customs

Exports Imports (including Oil) Trade Deficit

Evolution in Trade Deficit, Capital Inflows and Balance of Payments

(in Millions of USD; 2010 to 2014)

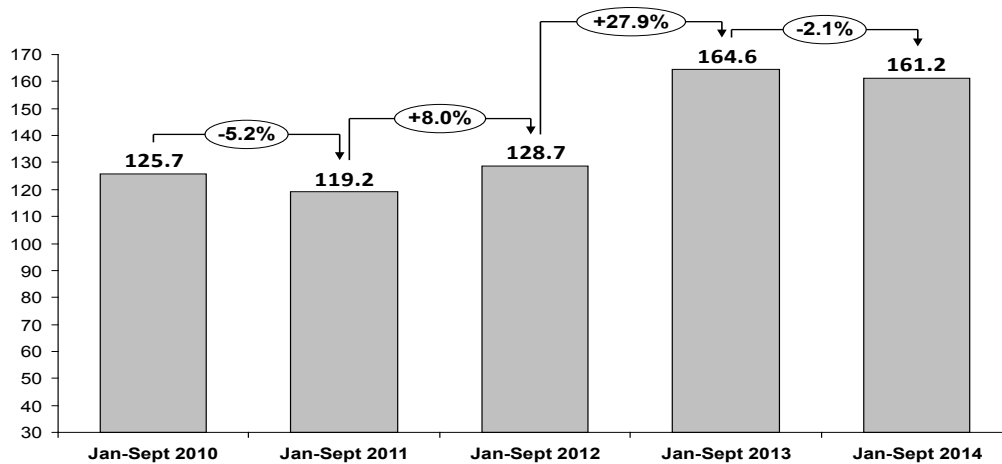


Source: Lebanese Customs & BdL

Trade Deficit Capital Inflows BoP

Evolution in Revenues at Port of Beirut

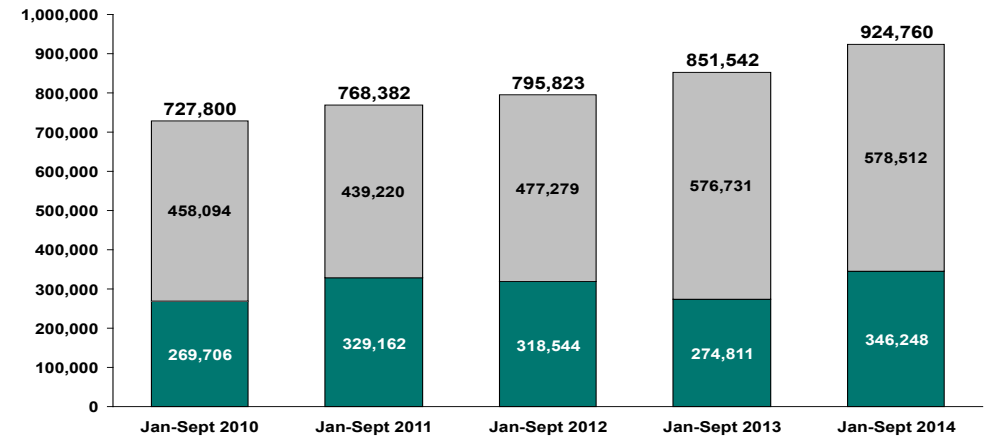
(in Millions of USD; 2010-2014)



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



KEY ECONOMIC INDICATORS

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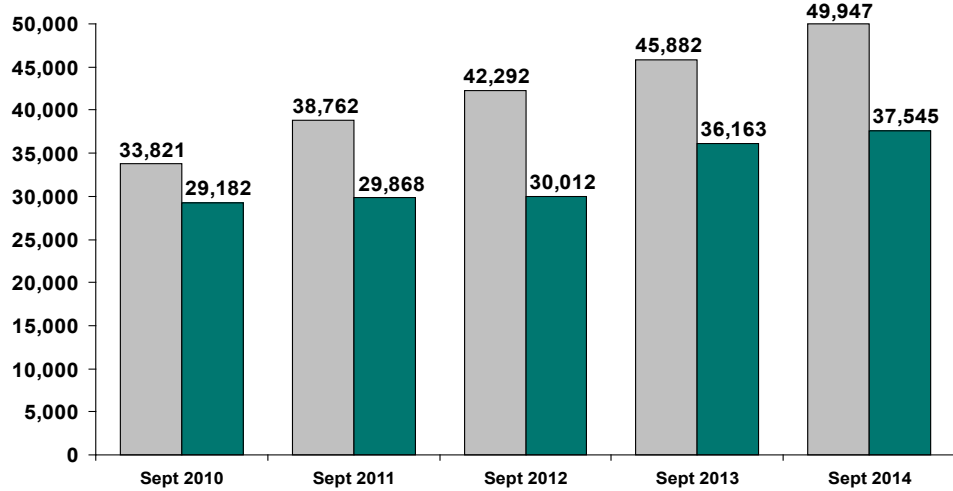
BANKING	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Commercial Banks Indicators:										
Commercial Banking Assets (Millions USD)	4	Sept	171,343	159,256	7.6%	148,360	7.3%	138,423	7.2%	126,743
<i>Growth in Commercial Banking Assets (%)</i>	4	YTD Sept	4.0%	4.9%		5.5%		7.4%		10.0%
Private Sector Deposits (Millions USD)	4	Sept	142,023	131,359	8.1%	121,752	7.9%	113,392	7.4%	103,854
<i>Growth in Private Sector Deposits (%)</i>	4	YTD Sept	4.4%	5.1%		5.2%		5.8%		8.4%
Loans to the Private Sector (Millions of USD)	4	Sept	49,947	45,882	8.9%	42,292	8.5%	38,762	9.1%	33,821
<i>Growth in Loans to the Pr.S (%)</i>	4	Jan-Sept	6.0%	5.6%		5.8%		11.0%		19.2%
Loans to the Public Sector (Millions of USD)	4	Sept	37,545	36,163	3.8%	30,012	20.5%	29,868	0.5%	29,182
<i>Growth in Loans to the P.S (%)</i>	4	YTD Sept	-0.3%	16.2%		2.7%		1.9%		0.4%
BdL Indicators:										
Foreign Assets (Millions of USD), of which:	4	Sept	43,467	44,351	-2.0%	46,409	-4.4%	45,688	1.6%	40,578
<i>Growth in Foreign Assets (%)</i>	4	YTD Sept	1.5%	-2.1%		2.6%		9.8%		13.6%
Foreign Currency Reserves	4	Sept	32,337	32,030	1.0%	29,985	6.8%	30,617	-2.1%	28,461
<i>Growth in Foreign Currency Reserves (%)</i>	4	YTD Sept	2.0%	6.9%		-2.7%		7.1%		10.9%
Gold Reserves	4	Sept	11,130	12,322	-9.7%	16,424	-25.0%	15,071	9.0%	12,117
<i>Growth in Gold Reserves(%)</i>	4	YTD Sept	0.2%	-19.5%		14.0%		15.8%		20.4%
Lebanese Pound Deposit Rate (%)	4	Sept	5.51	5.37	2.6%	5.43	-1.1%	5.58	-2.7%	5.70
Lebanese Pound Lending Rate (%)	4	Sept	7.08	7.36	-3.8%	7.30	0.8%	7.37	-0.9%	8.11
USD Deposit Rate (%)	4	Sept	3.04	2.91	4.5%	2.83	2.8%	2.84	-0.4%	2.78
USD Lending Rate (%)	4	Sept	6.94	6.95	-0.1%	7.16	-2.9%	6.92	3.5%	7.24
3-Month TB Yield (%)	4	Sept	4.44	4.44	0.0%	4.44	0.0%	3.93	13.0%	3.93
6 Month TB Yield (%)	4	Sept	4.99	4.99	0.0%	4.99	0.0%	4.50	10.9%	4.52
12 Month TB Yield (%)	4	Sept	5.35	5.35	0.0%	5.35	0.0%	4.81	11.2%	4.81
36-Month TB Coupon (%)	4	Sept	6.61	6.61	0.0%	6.61	0.0%	6.03	9.6%	6.03

[4] Banque du Liban



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

(Millions of USD; 2010-2014)

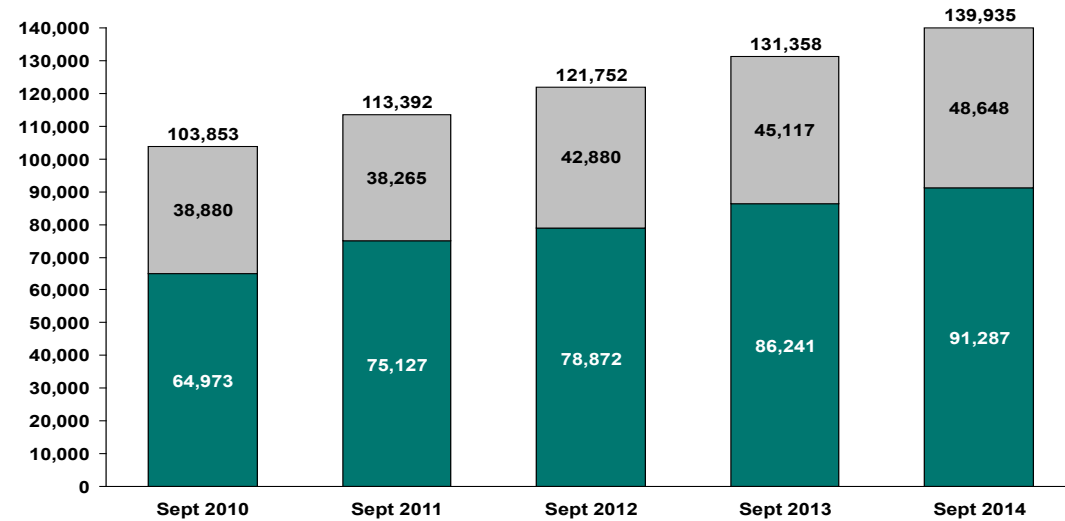


Source: Banque du Liban

Legend:
█ 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)

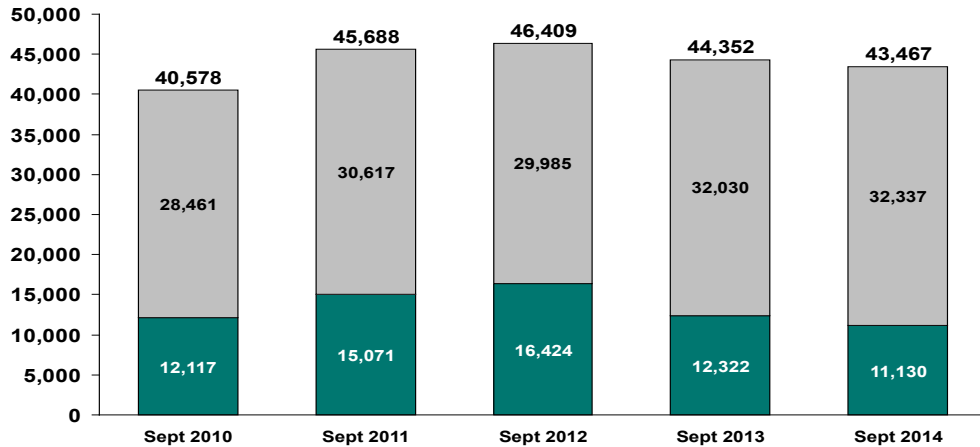


Note: Bank Deposits defined as Resident Private Sector Deposits (excluding Public Sector)
 Source: Banque du Liban

Legend:
█ Lebanese Deposits
█ Foreign Currency Deposits

Value of Foreign Assets held by BdL

(in Millions USD; 2010-2014)

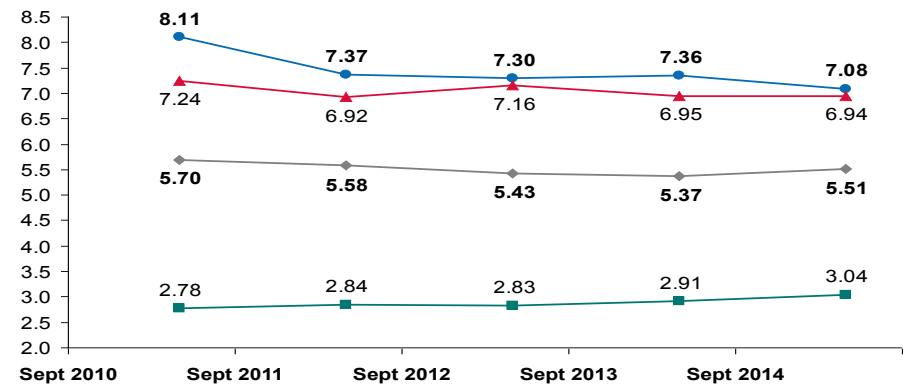


Source: Banque du Liban

Legend:
█ Gold
█ Foreign Currency

LBP and USD Deposit and Loan Rates

(in Percentage; 2010-2014)



Source: Banque du Liban

Legend:
—●— LBP Deposits
—■— USD Deposits
—●— LBP Loans
—▲— USD Loans



KEY ECONOMIC INDICATORS

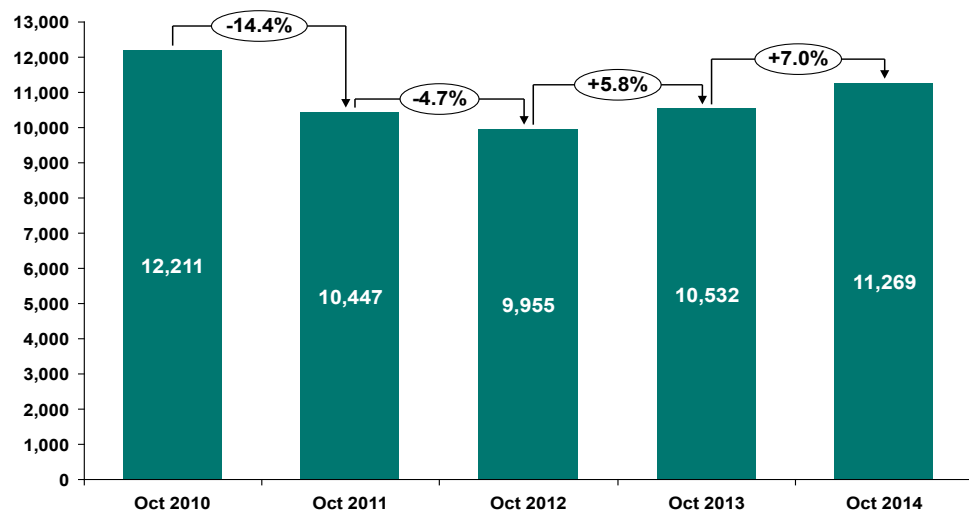
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FINANCE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
M3 Money Supply (Million USD)	4	Sept	116,066	108,493	7.0%	101,496	6.9%	95,627	6.1%	90,057
<i>Growth in M3 Money (%)</i>	4	YTD Sept	4.4%	4.3%		4.4%		3.8%		9.7%
Value of Kafalat Loans (Millions USD)	17	Jan-Oct	93.7	98.5	-4.9%	119.0	-17.2%	135.0	-11.8%	141.4
Number of Kafalat Loans	17	Jan-Oct	732	726	0.8%	881	-17.6%	1060	-16.9%	1,189
Value of Cleared Checks (Millions of USD)	4	Jan-Sept	55,866	53,816	3.8%	52,952	1.6%	53,344	-0.7%	50,909
Number of Cleared Checks (in Millions)	4	Jan-Sept	9.84	9.89	-0.5%	9.72	1.7%	9.71	0.1%	10.08
Market Capitalization (Millions USD)	16	Jan-Oct	11,269	10,532	7.0%	9,955	5.8%	10,447	-4.7%	12,211
Value of Traded Shares (Millions of USD)	16	Jan-Oct	566.8	236.8	139.3%	358.1	-33.9%	462.9	-22.6%	1,721.6
Volume of Trade Shares (Millions of Shares)	16	Jan-Oct	82.5	33.2	148.7%	46.8	-29.1%	66.1	-29.1%	252.5
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	Oct Close	1,512	1,507	0.3%	1,502	0.3%	1,507.5	-0.4%	1,507.5
YoY EURO-USD Exchange Rate	19	Oct Close	1.2613	1.3745	-8.2%	1.2960	6.1%	1.3858	-6.5%	1.3930
YoY GBP-USD Exchange Rate	19	Oct Close	1.6002	1.6047	-0.3%	1.6129	-0.5%	1.6087	0.3%	1.5946
YoY USD-JPY Exchange Rate	19	Oct Close	109.21	98.19	11.2%	79.77	79.8%	78.17	2.0%	81.03



Value of Market Capitalization

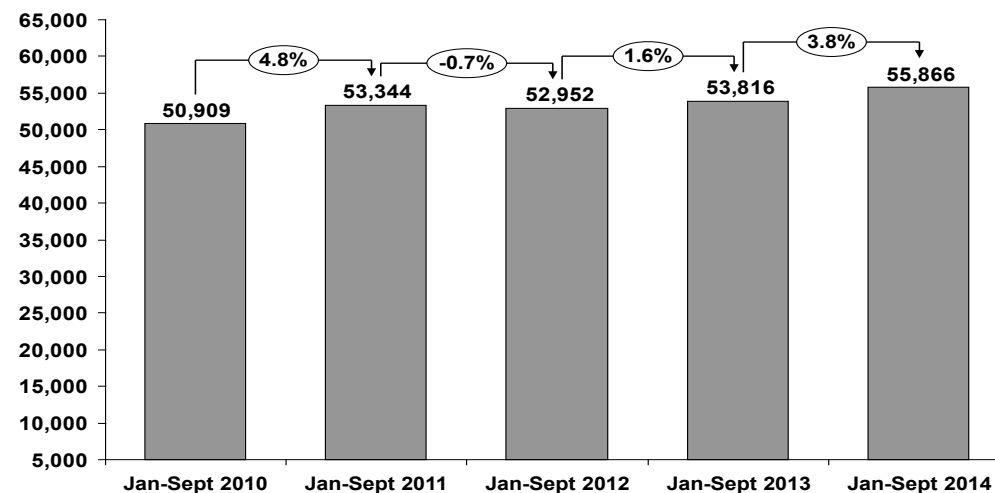
(in Millions USD; 2010-2014)



Source: Beirut Stock Exchange

Evolution of the Value of Cleared Checks

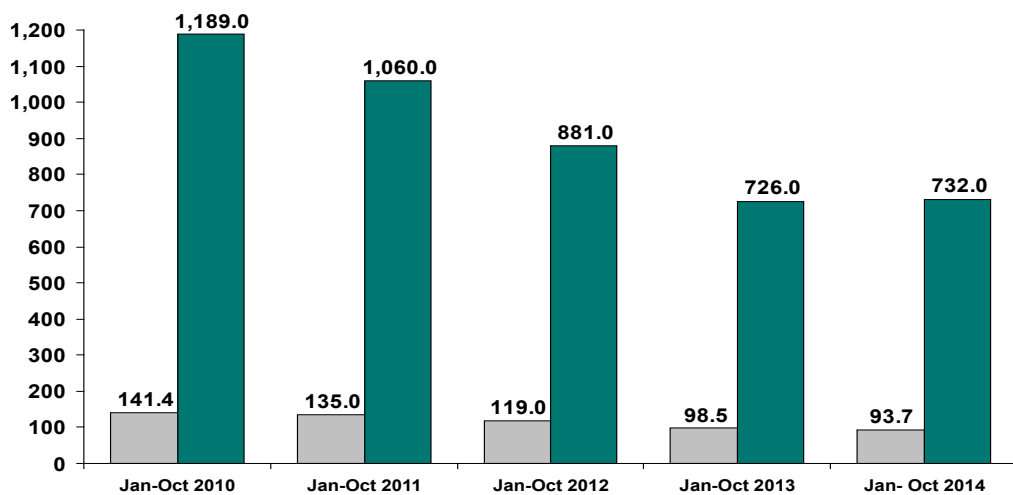
(in Millions USD; 2010-2014)



Source: Banque du Liban

Evolution in Value and Number of Kafalat Loans

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

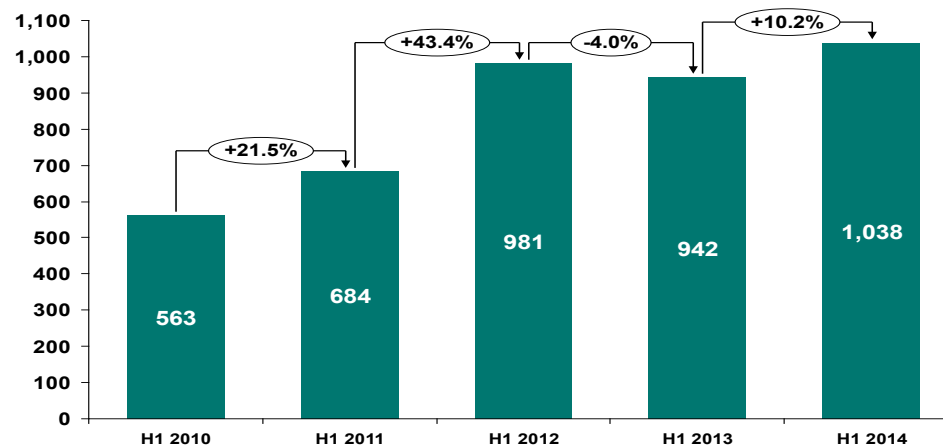


■ Value of Kafalat Loans ■ Number of Kafalat Loans

Source: Kafalat S.A.L

Evolution of EDL Transfers

(in Millions of USD; 2010-2014)



Source: Ministry of Finance



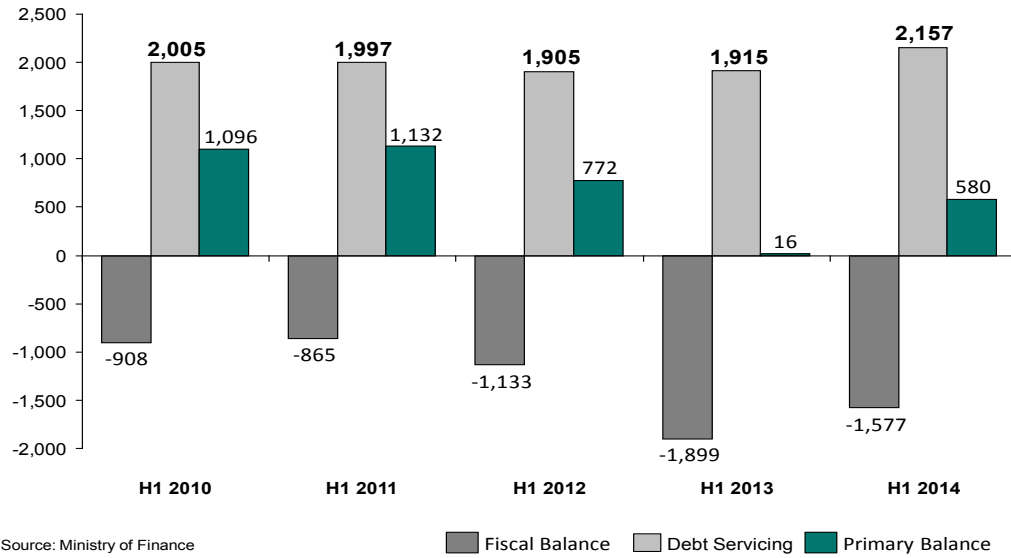
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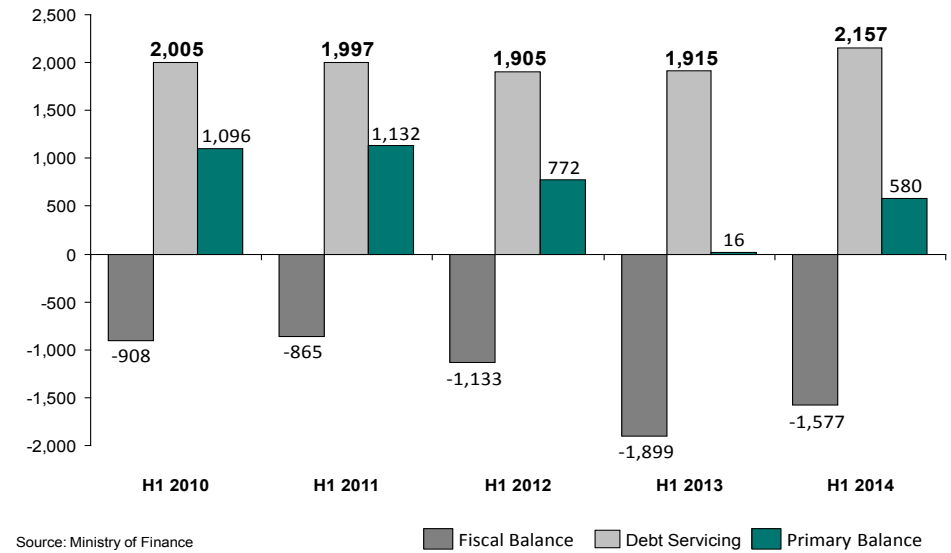
PUBLIC FINANCE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Total Revenues (Million USD)	20	Jan-June	5,238	4,854	7.9%	5,069	-4.2%	4,767	6.3%	4,343
Total Expenditures (Million USD)	20	Jan-June	6,815	6,753	0.9%	6,202	8.9%	5,632	10.1%	5,251
Fiscal Balance (Million USD)	20	Jan-June	(1,577)	(1,899)	-16.9%	(1,133)	67.6%	(865)	30.9%	(909)
Total Primary Balance (Million USD)	20	Jan-June	580	16	3418%	772	-97.9%	1,132	-31.8%	1,096
Public Debt (Billions USD)	21	Jan-Sept	66.0	62.4	5.8%	56.1	11.3%	54.4	3.1%	50.9
Budget Revenues (Millions USD), of which:	20	Jan-June	4,901	4,585	6.9%	4,864	-5.7%	4,534	7.3%	4,119
Tax Revenues, of which:	20	Jan-June	3,805	3,599	5.7%	3,745	-3.9%	3,428	9.2%	3,518
Misc Tax Rev	20	Jan-June	-	1,818	-	1,908	-4.7%	1,696	12.5%	1,573
Customs Rev	20	Jan-June	638	707	-9.7%	725	-2.6%	708	2.4%	913
VAT Rev	20	Jan-June	1,087	1,075	1.2%	1,112	-3.3%	1,024	8.5%	1,033
Non Tax Rev	20	Jan-June	1,096	986	11.2%	1,119	-11.9%	1,106	1.2%	601
Budget Expenditures (Millions of USD), of which:	20	Jan-June	5,735	5,317	7.8%	5,121	3.8%	5,278	-3.0%	4,835
General Expenditures, of which:	20	Jan-June	3,578	3,402	5.2%	3,216	5.8%	3,281	-2.0%	2,831
EdL	20	Jan-June	1,038	942	10.2%	981	-4.0%	684	43.4%	563
Interest Payments, of which:	20	Jan-June	2,076	1,838	12.9%	1,815	1.2%	1,901	-4.5%	1,912
Lebanese Lira Interest Payments	20	Jan-June	1,267	1,093	15.9%	1,138	-3.9%	1,188	-4.2%	1,186
Foreign Currency Interest Payments	20	Jan-June	809	745	8.6%	677	9.9%	714	-5.1%	726
Principal Repayments	20	Jan-June	81	77	4.7%	90	-14.2%	96	-6.1%	93
Treasury Revenues (Millions of USD)	20	Jan-June	337	269	25.1%	205	31.4%	233	-12.0%	223
Treasury Expenditures (Millions of USD)	20	Jan-June	1,080	1,435	-24.8%	1,081	32.8%	354	205.4%	416
Budget Expenditures (Millions of USD), of which:	22	Jan-May	7,780	8,012	-2.9%	7,129	12.4%	6,787	5.0%	6,176
Personnel Cost, of which:	22	Jan-May	2,707	2,645	2.3%	2,451	7.9%	2,316	5.8%	2,009
Salaries and Wages	22	Jan-May	1,795	1,767	1.6%	1,599	10.5%	1,574	1.6%	1,377
Retirement + End of Service	22	Jan-May	787	730	7.8%	720	1.4%	619	16.3%	520
Transfers to EdL	22	Jan-May	1,067	1,312	-18.7%	1,409	-6.9%	947	48.8%	806
Debt Service, of which:	22	Jan-May	2,767	2,505	10.5%	2,461	1.8%	2,546	-3.3%	2,530
Lebanese Lira Interest Payments	22	Jan-May	1,608	1,432	12.3%	1,432	0.0%	1,466	-2.3%	1,530
Foreign Currency Interest Payments	22	Jan-May	1,055	968	9.0%	906	6.8%	953	-4.9%	932
Capital Expenditures	22	Jan-May	369	425	-13.2%	291	46.0%	269	8.2%	229
Treasury Expenditures (Millions of USD)	22	Jan-May	731	745	-1.9%	763	-2.4%	410	86.1%	514



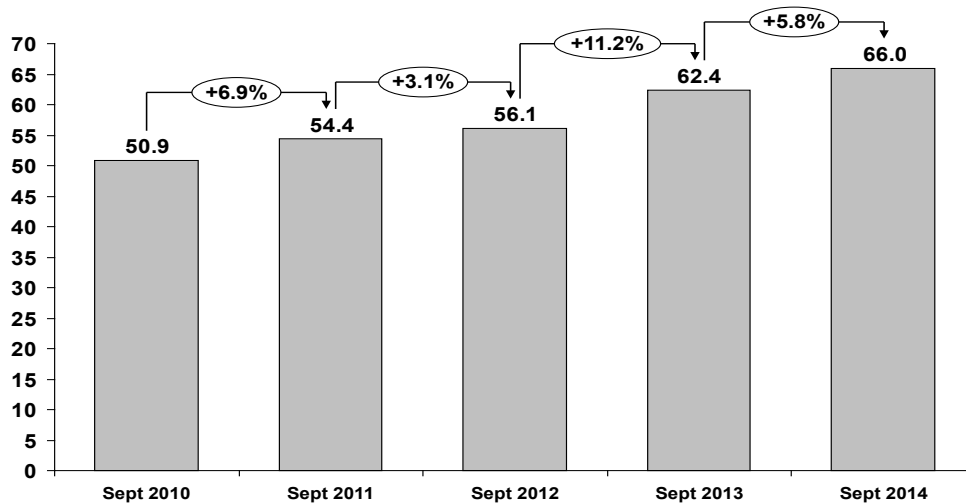
Evolution of the Fiscal Balance, Debt Servicing and Primary Balance (in Millions USD; 2010-2014)



Evolution of the Fiscal Balance, Debt Servicing and Primary Balance (in Millions USD; 2010-2014)



Evolution of Gross Public Debt (in Billions of USD; 2010-2014)



Evolution of Debt/GDP, Deficit/GDP, Revenues/GDP and Expenditures/GDP (in Percentage; 2009-2013)

