

Lebanon's Access to Foreign Markets

Part II: Trade with Pacific Alliance

As highlighted in the last issue, the Ministry of Economy and Trade is interested in establishing relations with new countries to open new markets and possibilities for Lebanese goods. As such, an economic diplomacy strategy is being initiated that aims to use diplomacy for economic purposes. Our focus this month is on another Trade Bloc within the Latin American region, called the Pacific Alliance. In negotiating bilateral trade strategies with one of the Pacific Alliance members, namely Mexico, a suggestion was made that Lebanon enter into a trade agreement with the entire bloc. That way, Lebanon will benefit from all the countries included at once.

Potential Relations with Pacific Alliance

The Pacific countries- Chile, Colombia, Mexico and Peru- recently formed the Pacific Alliance regional trading bloc. Panama and Costa Rica have begun the process to become the fifth and sixth members of the Pacific Alliance, while numerous other countries are considering the process, including Paraguay and Canada. The organization seeks to advance free trade and economic integration among the member states, as well as a visa-free travel area, and common diplomatic representation. At the economic level, the countries are also projected to have significant growth opportunities as their openness is expected to encourage foreign investment inflows. Lower inflation rates and a more stable economy are also advantages that the Pacific Alliance countries hold.

In 2013, the four founding nations of the Pacific Alliance represented nearly 37% of Latin American GDP with a PPP GDP of more than USD 3 Trillion. The breakdown of country's GDP and GDP/ Capita at PPP prices are shown in the table 1 below.

Country	PPP GDP in Billions of USD			PPP GDP/ Capita USD		
	2011	2012	2013	2011	2012	2013
Pacific Alliance Members						
Peru	299	323	344	9,950	10,596	11,124
Mexico	1,699	1,796	1,843	14,684	15,344	15,563
Colombia	470	498	528	10,208	10,697	11,189
Chile	295	316	335	17,097	18,182	19,067
Total Pacific Alliance Members GDP- 4	2,762	2,934	3,049	12,985	13,704	14,236
Pacific Alliance Candidates						
Panama	50	57	62	13,968	15,468	16,658
Costa Rica	55	59	62	11,928	12,594	12,942
Total Pacific Alliance Candidates GDP- 2	105	116	124	12,948	14,031	14,800
Total PAM & PAC- 6	2,867	3,050	3,173	12,966	13,868	14,518
Total World	79,381	83,258	86,995	14,390	14,797	15,129

Table 1 Source: ITC

As table 1 shows, Mexico has by far the largest GDP of the 4 country members, making up 60% of total GDP in 2013, followed by Colombia, Peru and Chile. In terms of GDP/ Capita, Chile has the highest figure, reaching PPP GDP USD 19,067/ capita, followed by Mexico, Colombia and Peru. When including Panama and Costa Rica into the equation, no major changes are witnessed to the figures highlighted in terms of GDP rankings. Panama and Costa Rica, however, surpass Colombia and Peru in their rankings. This is the result of their significantly smaller populations.

Table 2 shown below looks at the value of imports and exports from each member of the Pacific Alliance as well as the associated states *with the rest of the world*.

Country	Imports from the World in Billions of USD			Exports to the World in Billions of USD		
	2011	2012	2013	2011	2012	2013
Pacific Alliance Members						
Peru	38	42	38	46	46	41
Mexico	351	371	381	350	371	380
Colombia	55	58	59	57	60	59
Chile	75	79	80	81	78	77
Total PAM Trade- 4	518	551	558	534	555	558
Pacific Alliance Candidates						
Panama	22	70	63	15	8	8
Costa Rica	18	18	18	10	11	12
Total PAC Trade - 2	40	88	81	25	19	20
Total PAM & PAC Trade- 6	558	639	639	559	574	578
Total World Trade	18,372	18,424	18,780	18,189	18,101	17,995

Table 2 Source: ITC

Table 2 shows that:

- In terms of Imports, 60% of total imports from the world were achieved by Mexico, 28% by Peru, Colombia and Chile combined and 13% by the Candidate States.
- In terms of Exports, 66% of total Exports to the world were achieved by Mexico, 30% by Peru, Colombia and Chile combined and 4% by the Candidate States.

According to the ITC, the countries of the Pacific Alliance together exported and imported to and from the rest of the world a figure of USD 558 billion each in 2013, almost 64% more imports and 46% more exports than the trades made by countries within the Mercosur trading bloc, the other predominant Latin American trade bloc. Their open economic and free trade policy and importance in the Latin American region would therefore be encouraging for Lebanon to build a relationship with this bloc.

Table 3 below looks at the value and percentage shares of Imports and Exports for each member of the Pacific Alliance Trading Bloc *with Lebanon*.

Country	Imports		Exports	
	(000s of USD)	% Share of Total	(000s of USD)	% Share of Total
<i>Chile</i>	5,878	9%	211	10%
<i>Colombia</i>	12,590	19%	1,495	70%
<i>Peru</i>	5,548	9%	177	8%
<i>Mexico</i>	41,178	63%	243	11%
Total PAM- 4	65,194	100%	2,126	100%
Total Lebanon	21,228,486	0.31%	3,935,957	0.05%

Table 3 Source: ITC

The following points can be deduced:

- Trade with this region is underdeveloped. In 2013, Lebanon imported and exported less than 1% of its total Imports and Exports to and from the Pacific Alliance region.
- Within the trade bloc, Mexico and Colombia are the most important trading partners for Lebanon. Mexico is especially important in terms of imports (63%) while Colombia is important in terms of exports (70%). As such, an FTA with the Pacific Alliance could be good for Lebanon as it would open new commercial and investment opportunities.

Table 4 shows how the inclusion of the Associated States, Panama and Costa Rica, into the equation would impact imports and exports in 2013.

Country	Imports		Exports	
	(000s of USD)	% Share of Total	(000s of USD)	% Share of Total
Pacific Alliance Members				
Chile	5,878	8%	211	7%
Colombia	12,590	18%	1,495	47%
Peru	5,548	8%	177	6%
Mexico	41,178	58%	243	8%
Total PA Members- 4	65,194	92%	2,126	66%
Pacific Alliance Candidates				
Panama	4	0%	922	29%
Costa Rica	5,522	8%	166	5%
Total PAC- 2	5,526	8%	1,088	34%
Total PAM & PAC- 6	70,720	100%	3,214	100%
Total Lebanon	21,228,486	0.33%	3,935,957	0.08%

Table 4 Source: ITC

As such, the following points can be deduced:

- Total Imports from the Pacific Alliance would increase by 8% while Total Exports would increase by 51%.
- In terms of imports, Mexico and Colombia remain Lebanon's largest trading partner from the Pacific Alliance group, with 58% of total Imports from the Pacific Alliance and Associated States originating from Mexico and 18% originating from Colombia.
- Colombia and Panama are Lebanon's largest trading partner from the Pacific Alliance group, with 48% of total Exports from the Pacific Alliance and Associated States being directed to Colombia and 29% to Panama.



Tables 5 and 6 below show the main traded products for each of the current members of the Pacific Alliance.

Imports from Pacific Alliance Members to Lebanon			
Imports from Mexico in 2013	(000s of USD)	% of Total Mexico	% of Total PA
Optical, photo, technical, medical, etc apparatus	6,949	17%	11%
Vehicles other than railway, tramway	6,727	16%	10%
Electrical, electronic equipment	5,716	14%	9%
Machinery, nuclear reactors, boilers, etc	4,435	11%	7%
Edible vegetables and certain roots and tubers	4,079	10%	6%
Total Mexico	41,178	63%	63%
Imports from Colombia in 2013	(000s of USD)	% of Total Colombia	% of Total PA
Live animals	8,807	70%	14%
Coffee, tea, mate and spices	1,516	12%	2%
Vegetable, fruit, nut, etc food preparations	1,260	10%	2%
Articles of leather, animal gut, harness, travel goods	198	2%	0%
Wood and articles of wood, wood charcoal	179	1%	0%
Total Colombia	12,590	19%	19%
Imports from Chile in 2013	(000s of USD)	% of Total Chile	% of Total PA
Edible fruit, nuts, peel of citrus fruit, melons	1,599	27%	2%
Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	1,377	23%	2%
Inorganic chemicals, precious metal compound, isotopes	1,220	21%	2%
Fish, crustaceans, molluscs, aquatic invertebrates nes	483	8%	1%
Fertilizers	288	5%	0%
Total Chile	5,878	9%	9%
Imports from Peru in 2013	(000s of USD)	% of Total Peru	% of Total PA
Edible vegetables and certain roots and tubers	1,559	28%	2%
Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	968	17%	1%
Vegetable, fruit, nut, etc food preparations	802	14%	1%
Articles of apparel, accessories, knit or crochet	736	13%	1%
Edible fruit, nuts, peel of citrus fruit, melons	480	9%	1%
Total Peru	5,548	9%	9%
TOTAL Imports of Pacific Alliance Members	65,194	100%	100%

Table 5 Source: ITC

Lebanese Exports to Pacific Alliance Members			
Exports to Mexico in 2013	(000s of USD)	% of Total Mexico	% of Total PA
Machinery, nuclear reactors, boilers, etc	63	26%	3%
Vegetable, fruit, nut, etc food preparations	47	19%	2%
Articles of apparel, accessories, not knit or crochet	38	16%	2%
Albuminoids, modified starches, glues, enzymes	22	9%	1%
Beverages, spirits and vinegar	22	9%	1%
TOTAL	243	100%	11%
Exports to Colombia in 2013	(000s of USD)	% of Total Colombia	% of Total PA
Manmade staple fibres	507	34%	24%
Special woven or tufted fabric, lace, tapestry etc	129	9%	6%
Vegetable, fruit, nut, etc food preparations	129	9%	6%
Miscellaneous edible preparations	107	7%	5%
Cereal, flour, starch, milk preparations and products	77	5%	4%
TOTAL	1,495	100%	70%
Exports to Chile in 2013	(000s of USD)	% of Total Chile	% of Total PA
Vegetable, fruit, nut, etc food preparations	86	41%	4%
Stone, plaster, cement, asbestos, mica, etc articles	44	21%	2%
Commodities not elsewhere specified	22	10%	1%
Lead and articles thereof	19	9%	1%
Other made textile articles, sets, worn clothing etc	12	6%	1%
TOTAL	211	100%	10%
Exports to Peru in 2013	(000s of USD)	% of Total Peru	% of Total PA
Rubber and articles thereof	76	43%	4%
Stone, plaster, cement, asbestos, mica, etc articles	47	27%	2%
Tools, implements, cutlery, etc of base metal	41	23%	2%
Machinery, nuclear reactors, boilers, etc	7	4%	0%
Electrical, electronic equipment	3	2%	0%
TOTAL	177	100%	8%
TOTAL Top 5 Products Exported to Pacific Alliance Members	2,126	100%	100%

Table 6 Source: ITC

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

- The following sections make up half of Lebanese imports from the Pacific Alliance: 1) Live animals, 2) Optical, technical and medical equipment, 3) Vehicles, 4) Electronic equipment and 5) Machinery, 37% of which originate from Mexico and 14% from Colombia.
- Lebanon imports different products from each country. For example, imports from Colombia are mainly live animals, while imports from Mexico are mainly electro-medical apparatus, electronic equipment and vehicles while those from Chile and Peru are edible vegetables and seeds.

In terms of exports, the following points can be made about table 6 for the year 2013:

- Of the four countries, Colombia dominates as the major importer of Lebanese goods, reigning in around 70% of total Lebanese exports to the Pacific Alliance members. Exports to the other 3 members of the Pacific Alliance - Mexico, Chile and Peru- are relatively negligible, making up around 8% to 11% of exports to the bloc.
- The following sections make up almost half of Lebanese exports to the Pacific Alliance: 1) Manmade staple fibres, 2) Embroidery pieces, 3) Vegetable, fruit and nut food preparations and 4) Miscellaneous edible preparations, most of which are destined towards Colombia.



MINISTRY OF ECONOMY AND TRADE

LEBANESE ECONOMIC HIGHLIGHTS

July 2014

As highlighted in last month's bulletin, the Ministry of Economy and Trade has already set a list of export products in which Lebanon has a special interest with 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

Given the study pursued in this report, another addition may also be added: Fibres and Embroidery Products.

In any case, Lebanon's significant trade potentials with this region, persuades 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 five months of 2014, as it reached 283.6 and recorded a YTD increase of 5.9 in 2014 relative to the 3.9% 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 17.7% YTD in June 2014 relative to the same period in 2013, while the total **Number of Sale Transactions** rose 6.6%.

• 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 964,067 in the first half of 2010 down to 535,234 in the same period in 2014. In a turnaround however, the month of June in 2014 registered a 4.3% increase from the month of June in 2013. Furthermore, the monthly trend in 2014 has been on the increase, where the changes registered between Feb/Mar, Mar/Apr, Apr/May and May/June were 16%, 23%, 9% and 28% respectively. With the unofficial ban on travels to Lebanon recently being lifted by Saudi Arabia and other Gulf governments, signs of positive trends have begun to show in the summer season. Monthly Hotel Occupancy rates, for instance, increased in June 2014 to reach 67% compared to 55% and 58% in 2013 and 2012 respectively.

– Similarly, **Number of Airport Passengers** had also fallen in the first half of 2014. This 1.8% fall relative to the first half of 2013 comes despite over five years of a continuous increase in their number.

• Trade

Trade saw a mix of positive and negative results. On the positive end, the Port of Beirut continued to see a rise in Container Activity as a result of the closure of Syrian ports and land routes following the crisis. 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 surplus position.

– With regards to **Maritime Statistics**, Beirut Port Statistics show a growth in **TEU Container Activity** at the local level, as they rose 2.3% to reach 381,767 TEU in the first half of 2014 relative to the same period in 2013. However, the **Port of Beirut Revenues** registered a slight slowdown in the first half of 2014- reaching -0.6%- indicates continued

growing activity at the Port.

– With regards to **Imports**:

- **In terms of value**, imports witnessed a 4.7% fall by end of June 2014 relative to June 2013, to reach USD 10,280 Million. The fall in imports is the result of a YoY decrease in value of Oil imports (-12.9%), Motor Cars and other Vehicles (-10.9%) and Gold (-31%). Value of Medicaments and alloy products however saw a rise of 6.7% and 46.3% respectively. Removing the effects of value of petroleum imports, which represent just over a fifth of the total value of imports, however leads to a smaller decrease in the value of imports, reaching by -2.3%.

- **In terms of volume**, imports witnessed an 1.3% increase in the first half of 2014 relative to the previous year. This rise is the result of a YoY increase in volume of Alloy steel products, Wheat and Meslin products and Maize products which saw a rise of (57.9%), (0.4%) and (26%) respectively. Volume of petroleum oils, Natural Calcium Phosphates and Glazed ceramic saw a fall of 11.1%, 6.7%, 3.8% respectively. Removing the effects of oil imports, which represents almost a third of the total volume of imports, leads to an even steeper rise in the volume of imports, of 7.6%.

– With regards to **Exports**:

- **In terms of value**, exports witnessed a 28.2% decline in the first half of 2014, reaching USD 1,658 Million relative to the USD 2,310 Million attained a year earlier. This fall in exports is the result of a YoY decrease in value of Gold (-47.4%), Ferrous and Copper waste and scrap (-38.8% and 58.7% respectively) and Electric Generating Set and Converters (-30.5%). Value of printed books and brochures however saw a 65.3% rise.

- **In terms of volume**, total exports fell by 39%. This fall in exports is the result of a YoY decrease in value of Ferrous waste and scrap (-37.4%), Mineral or chemical fertilisers, phosphatic (-31.5%) and Potatoes (-6.4%). Value of citrus fruits, Diphosphorus and waters, including mineral waters and aerated water products and Cane and Sugar beet sucrose however saw a rise of 4.8%, 31.7% and 350% respectively.

– As such, the Year to Date **Value of the Trade Deficit** in the first half of 2014 showed a meagre rise of 1.7% 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 first half of 2014, as it registered a surplus of USD 215.7 Million in 2014 relative to the USD 382 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 9.1% increase in **Capital Inflows** over the said period.

• Banking and Financial

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

- The **Value and Number of Kafalat Loan Guarantees** rose in the first half of 2014 to reach USD 56.5 Million and 438 respectively, that is, a 4.6% and 12.9% respective rise relative to the same period in 2013.
- **Private Sector Deposits** also saw a YTD rise up to June 2014 relative to the same period in 2013, to reach USD 140.3 Billion. This 3% rise was due to a 3.7% 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 half of 2014 rose by 7.3% relative to the 5.5% fall attained in the same period in 2013. This is due to the **Value of Foreign Currency Reserves** and **Gold Reserves** rising by 6.7% and 9.1% respectively relative to the 5.8% rise and 27.5% fall attained in the first half of 2013.
- The total **Value of Checks Cleared** in the banking system, an indicator of overall spending patterns in the economy, rose by 1.5% to reach USD 30,019 Million (LBP and FC combined) by the end of

May 2014, from the USD 29,567 Million observed by the end of May 2013. The **Number of Cleared Checks** however, witnessed a slight decline in figures, reaching 5.40 Million compared to the 5.42 Million attained in the same period a year earlier. This has consequently led to a 2% rise in the average value of cleared checks by the end of May 2014.

Disclaimer:

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

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

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KEY ECONOMIC INDICATORS

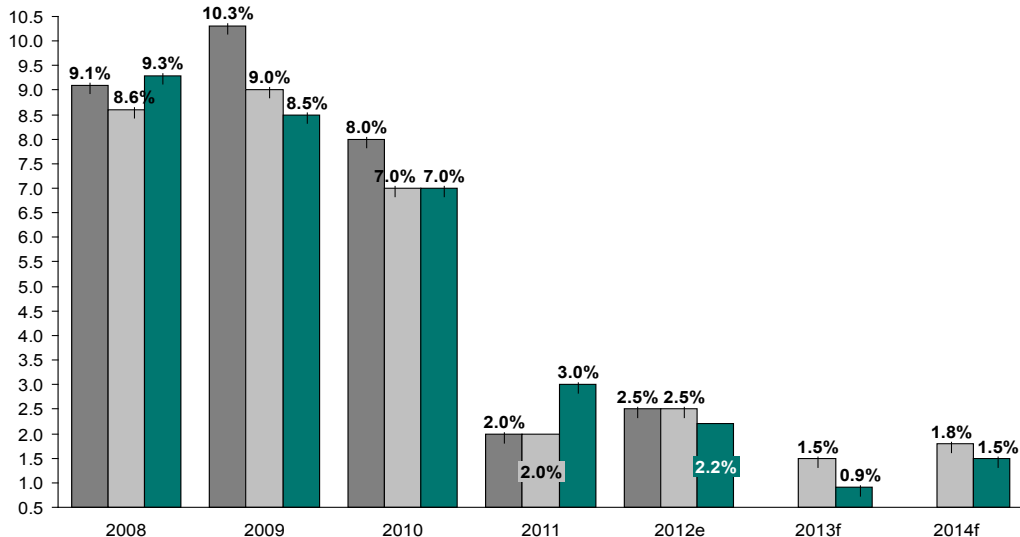
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GENERAL INDICES	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Nominal GDP (Billions USD)										
CAS	1		-	-		42.9		40.1	7.0%	38.0
IMF	2	Jan-Dec	45.5	44.3	2.6%	42.5	4.2%	40.1	6.1%	38.0
World Bank	3		-	-		42.9		40.1	7.0%	37.1
Real Economic Growth Rate (%)										
CAS	1		-	-		2.5%		2.0%		8.0%
IMF	2	Jan-Dec	1.8%	1.5%		2.5%		2.0%		7.0%
World Bank	3		1.5%	0.9%		2.2%		3.0%		7.0%
Coincidence Indicator (1993=100)										
	4	Jan-May	283.6	272.7	4.0%	265.3	2.8%	258.5	2.6%	250.8
Growth in Coincidence Indicator (%)	4	YTD May	5.9%	3.9%		-0.1%		1.2%		4.3%
Inflation Rate (%)										
	1	Jan-June	100.9	98.6	2.3%	90.7	8.8%	89.2	1.7%	84.0
Electricity Production (Millions Kwh)										
	4	Jan-May	5,225	4,515	15.7%	4,750	-4.9%	5,042	-5.8%	4,971
Number of New Cars registrations										
	5	Jan-June	18,388	17,110	7.5%	16,850	1.5%	15,211	10.8%	15,892
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-May	2,261,072	2,106,254	7.4%	2,074,803	1.5%	2,076,409	-0.1%	2,092,267
Construction Permits area (000s of Sq m)										
	8	Jan-May	6,069	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-June	4,484	3,809	17.7%	4,149	-8.2%	3,850	7.8%	4,714
Total Number of Property Sales, of which:										
Sales to Locals	9	Jan-June	34,038	31,943	6.6%	34,388	-7.1%	37,386	-8.0%	45,939
Sales to Foreigners	9	Jan-June	33,528	31,349	7.0%	33,738	-7.1%	36,789	-8.3%	45,054
	9	Jan-June	510	594	-14.1%	650	-8.6%	597	8.9%	885

[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)

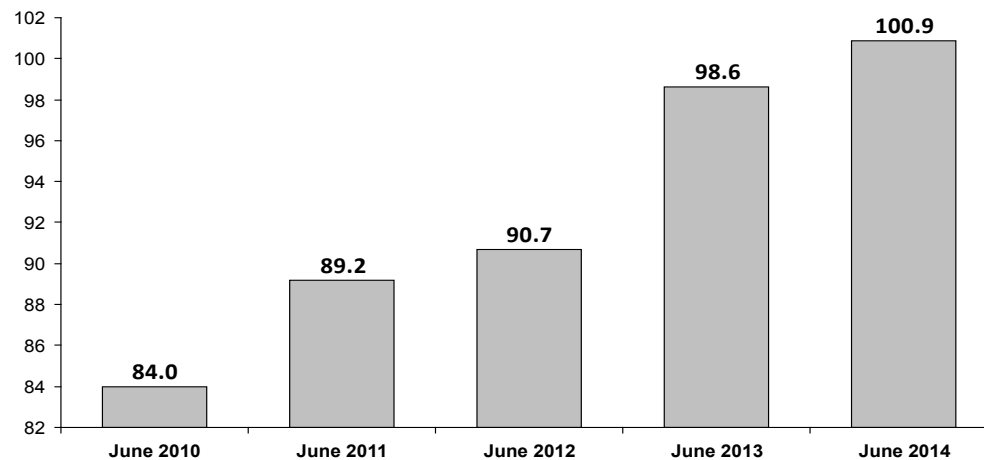


Source: CAS, IMF and World Bank

Note: No CAS GDP Growth Projection for 2013 and 2014

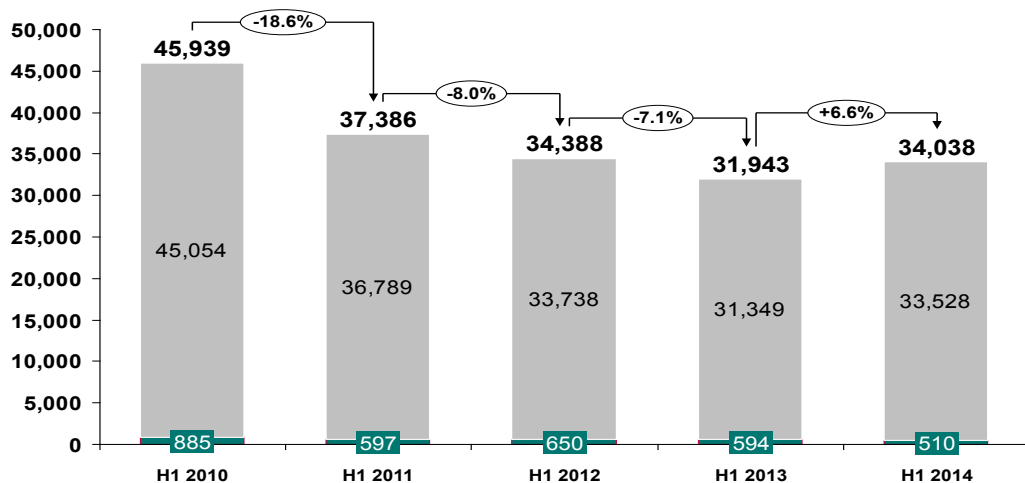
■ CAS ■ IMF ■ World Bank

Evolution in Consumer Price Index (Dec 2013=100)



Source: Central Administration of Statistics. Index was recalculated by MoET in accordance with new base scale and base weight.

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

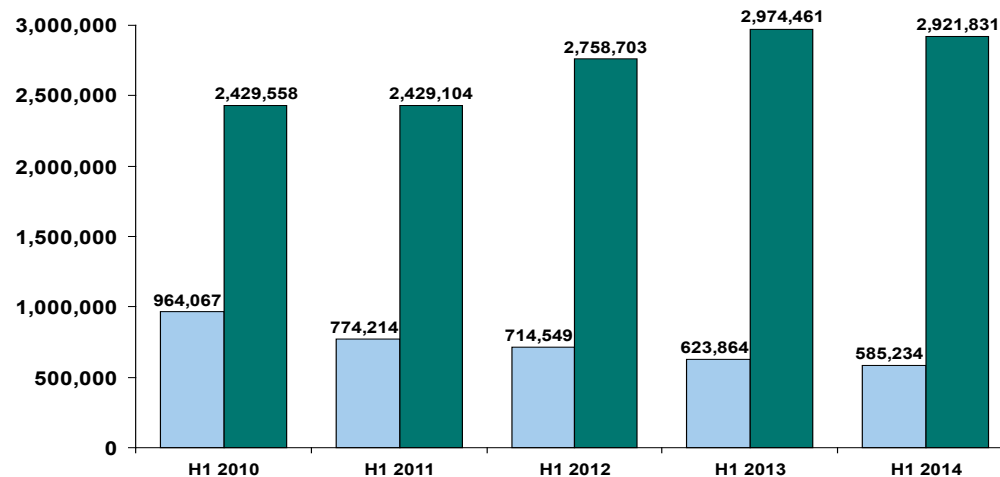


Note: Property Sales include both Local and Foreign Sales

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-June	1,658	2,316	-28.4%	2,173	6.6%	2,118	2.6%	2,113
Exports Volume (Millions of Tons)	10	Jan-June	1.00	1.57	-36.4%	1.15	36.0%	1.50	-23.1%	1.47
Imports Value (Millions of USD), of which:	10	Jan-June	(10,280)	(10,796)	-4.8%	(10,882)	-0.8%	(9,228)	17.9%	(8,579)
<i>Mineral Fuels and Oils</i>	10	Jan-June	2,326	2,657	-12.5%	3,213	-17.3%	1,698	89.2%	1,573
<i>Imports Value, excl Oil Products</i>	10	Jan-June	(7,954)	(8,139)	-2.3%	(7,669)	6.1%	(7,530)	1.9%	(7,006)
Imports Volume (Millions of Tons), of which:	10	Jan-June	7.53	7.44	1.2%	8.09	-8.0%	6.63	22.0%	7.10
<i>Mineral Fuels and Oils</i>	10	Jan-June	2.63	2.88	-8.6%	3.59	-19.9%	2.24	60.6%	2.58
<i>Imports Volume, excl Oil Products</i>	10	Jan-June	4.90	4.56	7.5%	4.49	1.6%	4.39	2.4%	4.52
Trade Deficit (Millions of USD)	10	Jan-June	(8,622)	(8,480)	1.7%	(8,709)	-2.6%	(7,110)	22.5%	(6,466)
Trade Deficit, excl Oil Products	10	Jan-June	(6,296)	(5,823)	8.1%	(5,496)	6.0%	(5,412)	1.6%	(4,893)
Industrial Exports (excluding Gold Ingots)	6	Jan-Apr	1,016	1,164	-12.7%	1,031	12.9%	1,026	0.4%	1,036
Industrial Machinery	6	Jan-Apr	91	109	-16.3%	89	22.1%	77	15.7%	77
Capital Inflows (Millions of USD), of which:		Jan-June	8,838	8,098	9.1%	7,688	5.3%	6,631	15.9%	7,780
Balance of Payments (Millions of USD)	4	Jan-June	216	(382)	-156.5%	(1,021)	-62.6%	(479)	113.2%	1,314
Value of Transit Goods (Millions of USD)	10	Jan-June	240.1	231.9	3.5%	171.0	35.6%	198.9	-14.0%	191.4
Port Activity (000s Tons of Goods)	11	Jan-June	3,531	4,092	-13.7%	3,486	17.4%	3,245	7.4%	3,289
Port Revenues (Millions of USD)	11	Jan-June	105.3	105.9	-0.6%	85.1	24.5%	79.2	7.4%	80.6
Total TEU (Twenty Foot Equivalent Unit) of which:		Jan-June	609,589	558,162	9.2%	514,768	8.4%	501,049	2.7%	472,307
<i>TEU to Local Market</i>	11	Jan-June	381,767	373,245	2.3%	305,531	22.2%	289,554	5.5%	298,899
<i>Transshipment</i>	11	Jan-June	227,822	184,917	23.2%	209,237	-11.6%	211,495	-1.1%	173,408
TOURISM	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Number of Tourists	12	Jan-June	585,234	623,864	-6.2%	714,549	-12.7%	774,214	-7.7%	964,067
Number of Tourists	12	June	142,163	136,256	4.3%	157,361	-13.4%	177,916	-11.6%	231,212
Hotel Occupancy Rates	13	Jan-June	49%	58%	-15.5%	65%	-10.5%	54%	20.1%	72%
Hotel Occupancy Rates	13	June	67%	55%	21.8%	58%	-5.2%	62%	-6.5%	77%
Evolution in Tourism Spending	14	Jan-June	-	-	-6%	-	-18%	-	20%	-
Number of Airport Passengers	15	Jan-June	2,921,831	2,974,461	-1.8%	2,758,703	7.8%	2,429,104	21.2%	2,429,558

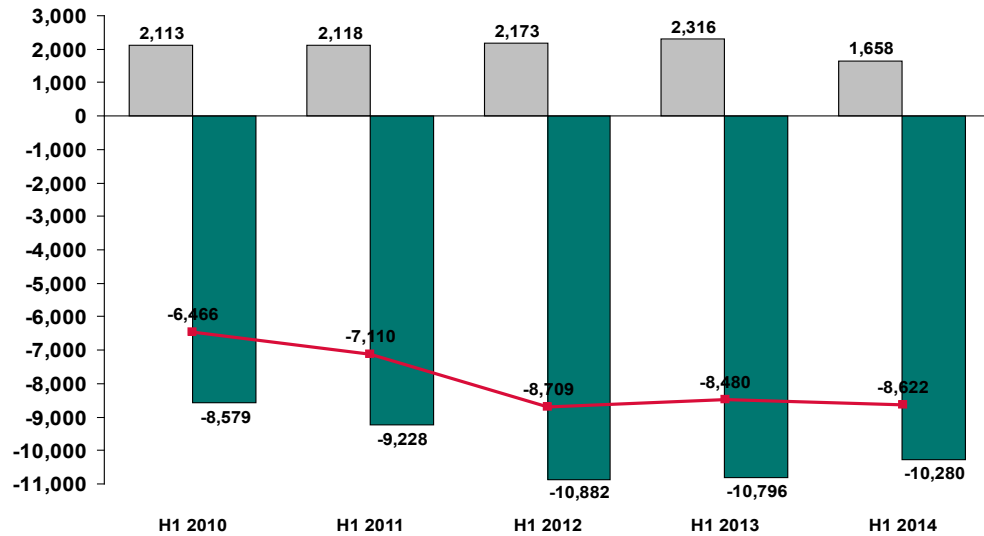
[10] Lebanese Customs at Ministry of Finance, [6] Ministry of Industry, [4] Banque du Liban, [11] Port of Beirut

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



Evolution of Imports, Exports and Trade Deficit

(in Millions of USD; 2010 to 2014)

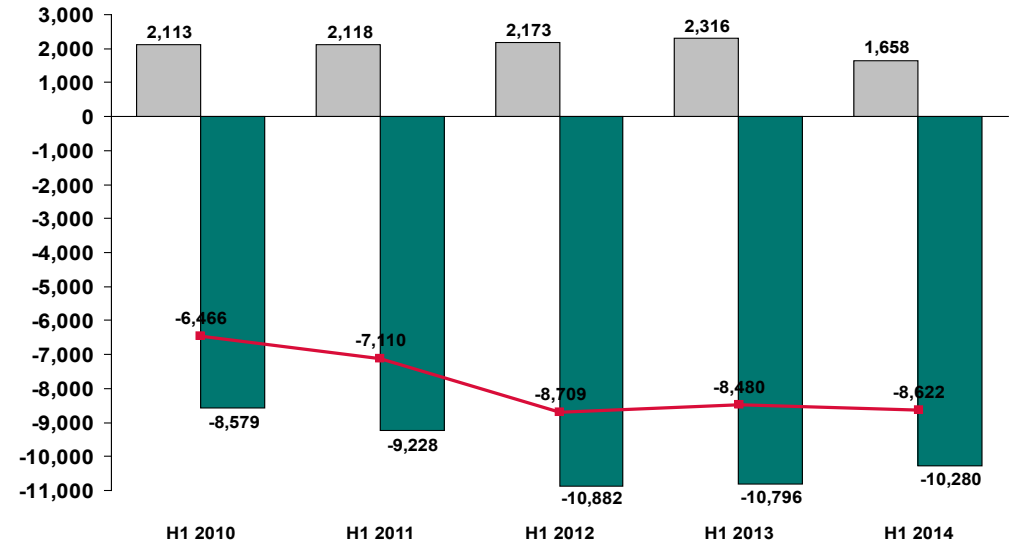


Source: Lebanese Customs

Exports Imports (including Oil) Trade Deficit

Evolution of Imports, Exports and Trade Deficit

(in Millions of USD; 2010 to 2014)

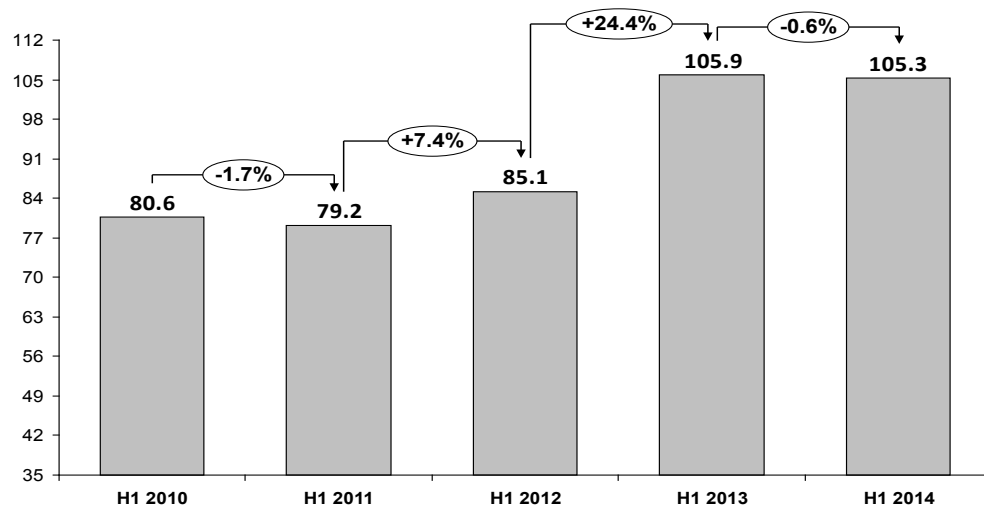


Source: Lebanese Customs

Exports Imports (including Oil) Trade Deficit

Evolution in Revenues at Port of Beirut

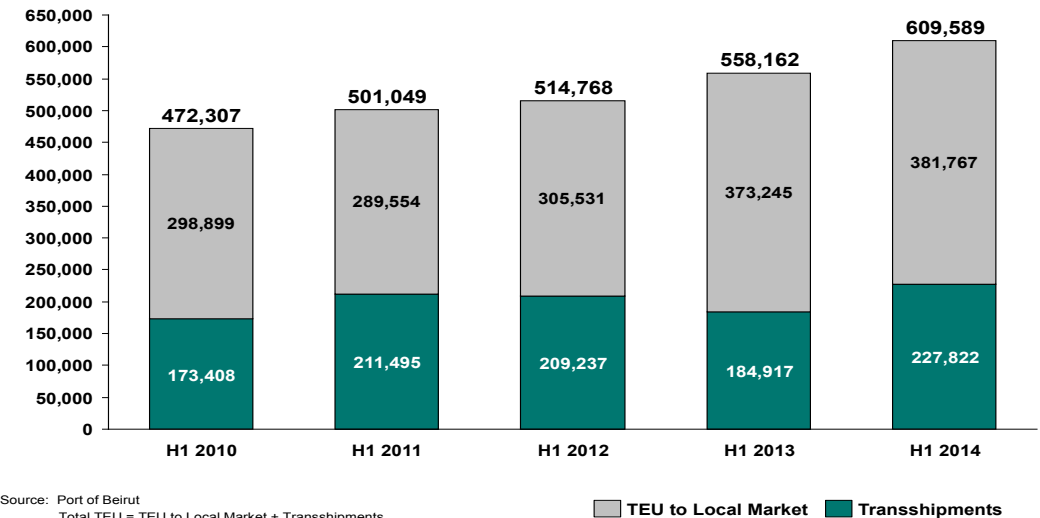
(in Millions of USD; 2010-2014)



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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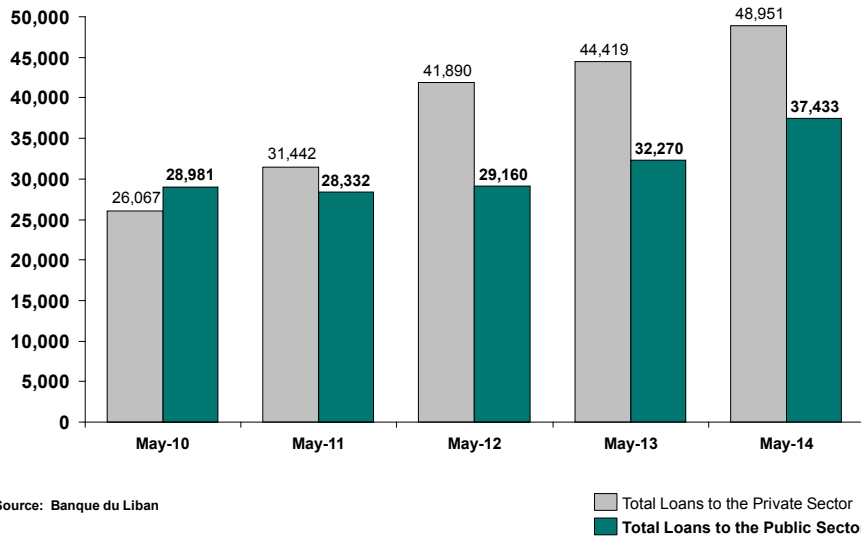
BANKING	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Commercial Banks Indicators:										
Commercial Banking Assets (Millions USD)	4	June	170,454	157,945	7.9%	145,897	8.3%	135,430	7.7%	121,680
<i>Growth in Commercial Banking Assets (%)</i>	4	YTD June	3.4%	4.0%		3.8%		5.0%		5.6%
Private Sector Deposits (Millions USD)	4	June	140,348	131,266	6.9%	119,883	9.5%	111,482	7.5%	100,122
<i>Growth in Private Sector Deposits (%)</i>	4	YTD June	3.0%	5.0%		3.6%		4.0%		4.5%
Loans to the Private Sector (Millions of USD)	4	May	48,976	44,419	10.3%	41,890	6.0%	37,447	11.9%	31,442
<i>Growth in Loans to the P.S (%)</i>	4	YTD May	4.0%	2.2%		4.8%		7.2%		10.8%
BdL Indicators:										
Foreign Assets (Millions of USD), of which:	4	June	45,961	42,812	7.4%	43,747	-2.1%	42,264	3.5%	38,885
<i>Growth in Foreign Assets (%)</i>	4	YTD June	7.3%	-5.5%		-3.2%		1.6%		8.9%
Foreign Currency Reserves	4	June	33,848	31,716	6.7%	29,260	8.4%	28,335	3.3%	27,415
<i>Growth in Foreign Currency Reserves (%)</i>	4	YTD June	6.7%	5.8%		-5.0%		-0.9%		6.8%
Gold Reserves	4	June	12,113	11,096	9.2%	14,487	-23.4%	13,929	4.0%	11,470
<i>Growth in Gold Reserves(%)</i>	4	YTD June	9.1%	-27.5%		0.6%		7.1%		14.0%
Lebanese Pound Deposit Rate (%)	4	June	4.49	5.39	-16.7%	5.45	-1.1%	5.62	-3.0%	5.83
Lebanese Pound Lending Rate (%)	4	June	7.45	7.87	-5.3%	7.44	5.8%	7.59	-2.0%	8.37
USD Deposit Rate (%)	4	June	2.98	2.86	4.2%	2.78	2.9%	2.81	-1.1%	2.75
USD Lending Rate (%)	4	June	6.97	6.97	0.0%	7.15	-2.5%	6.98	2.4%	7.03
3-Month TB Yield (%)	4	June	4.44	4.44	0.0%	4.44	0.0%	3.93	13.0%	3.94
6 Month TB Yield (%)	4	June	4.99	4.99	0.0%	4.99	0.0%	4.50	10.9%	4.43
12 Month TB Yield (%)	4	June	5.35	5.35	0.0%	5.35	0.0%	4.81	11.2%	4.88
36-Month TB Coupon (%)	4	June	6.61	6.61	0.0%	6.61	0.0%	6.03	9.6%	5.97

[4] Banque du Liban



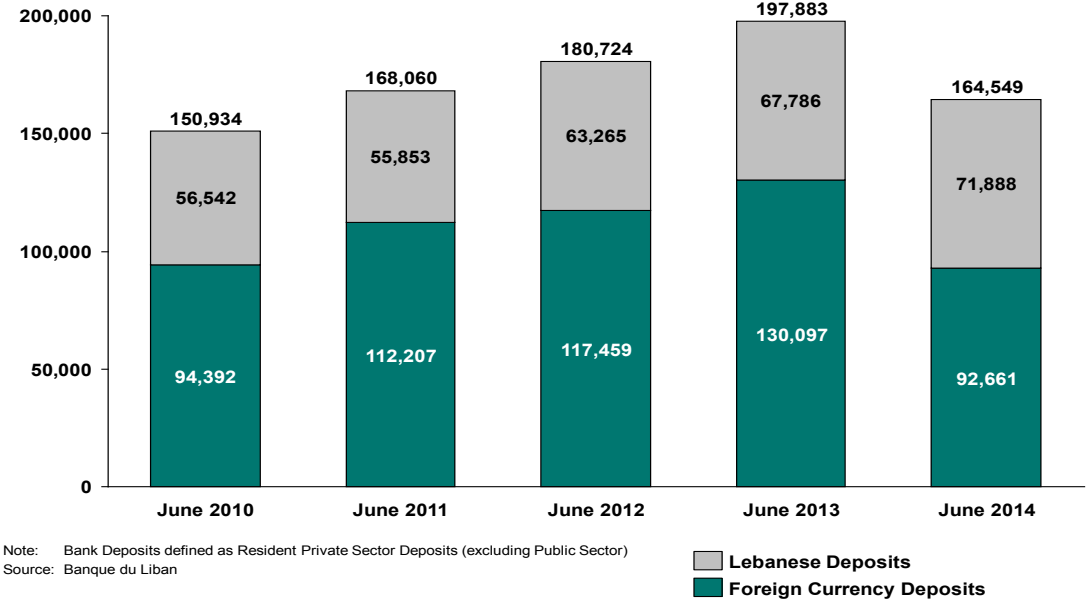
Total Loans to the Private (Resident and Non Resident) and Public Sector

(Millions of USD; 2010-2014)



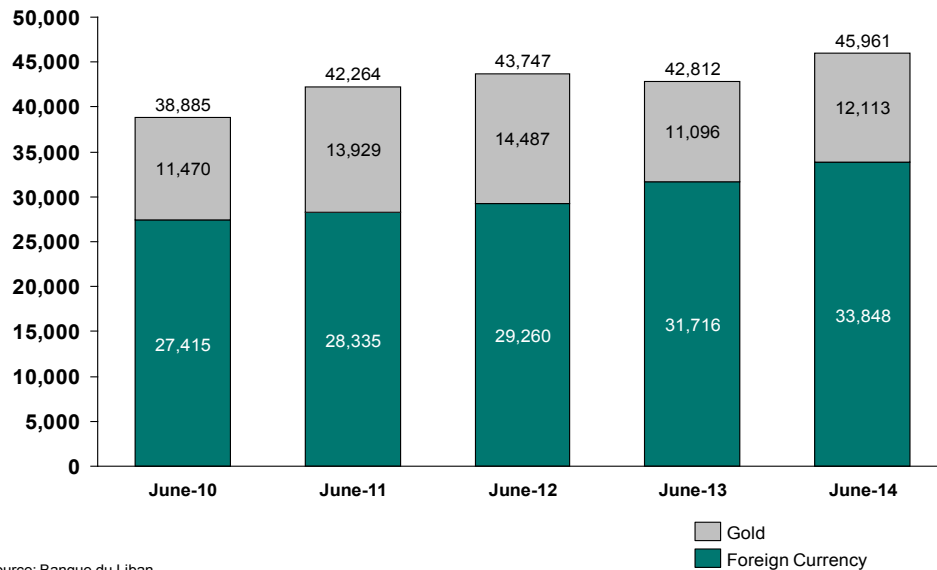
Value of Bank Deposits (Lebanese and Foreign Currency)

(in Millions USD; 2010-2014)



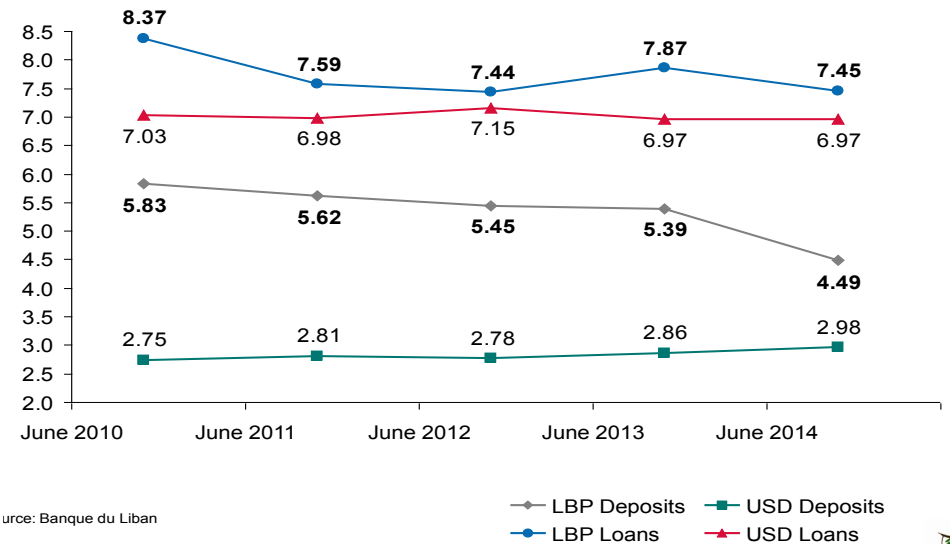
Value of Foreign Assets held by BdL

(in Millions USD; 2010-2014)



LBP and USD Deposit and Loan Rates

(in Percentage; 2010-2014)



KEY ECONOMIC INDICATORS

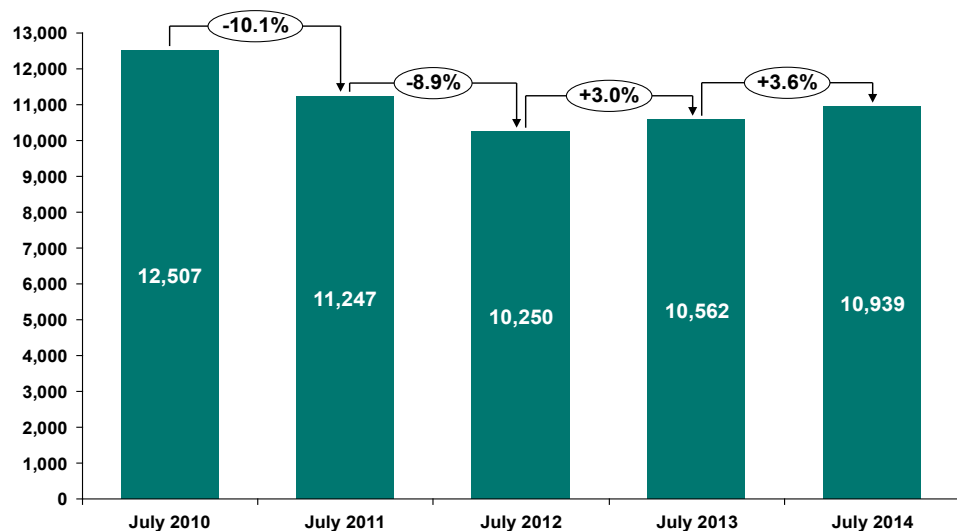
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FINANCE	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
M3 Money Supply (Million USD)	4	June	114,968	107,309	7.1%	100,360	6.9%	94,233	6.5%	86,738
<i>Growth in M3 Money (%)</i>	4	YTD June	3.4%	3.2%		3.2%		2.3%		5.7%
Value of Cleared Checks (in Millions of USD)	4	Jan-May	30,019	29,567	1.5%	28,739	2.9%	28,879	-0.5%	28,310
Number of Cleared Checks (in Millions)	4	Jan-May	5.40	5.42	-0.4%	5.29	2.4%	5.23	1.3%	5.65
Value of Kafalat Loans (Millions USD)	17	Jan-July	65.0	67.7	-4.0%	83.0	-18.4%	93.3	-11.0%	100.9
Number of Kafalat Loans	17	Jan-July	506	481	5.2%	609	-21.0%	691	-11.9%	852
Market Capitalization (Millions USD)	16	Jan-July	10,939	10,562	3.6%	10,250	3.0%	11,247	-8.9%	12,507
Value of Traded Shares (Millions of USD)	16	Jan-July	247.0	184.7	33.7%	291.5	-36.6%	374.4	-22.1%	1,578.7
Volume of Trade Shares (Millions of Shares)	16	Jan-July	33.5	28.0	19.5%	39.3	-28.8%	56.4	-30.2%	238.6
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	July Close	1,513	1,512.5	0.0%	1,502	0.7%	1,507.5	-0.4%	1,507.5
YoY EURO-USD Exchange Rate	19	July Close	1.339	1.3302	0.7%	1.2260	8.5%	1.4334	-14.5%	1.3079
YoY GBP-USD Exchange Rate	19	July Close	1.6886	1.5207	11.0%	1.5710	-3.2%	1.6374	-4.1%	1.5613
YoY USD-JPY Exchange Rate	19	July Close	102.80	97.88	5.0%	78.18	25.2%	77.67	0.7%	86.79



Value of Market Capitalization

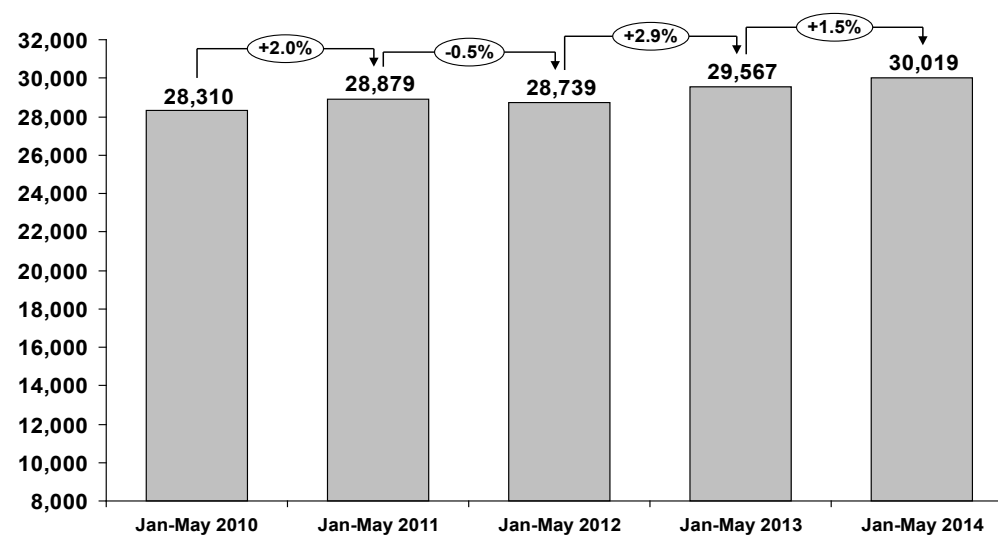
(in Millions USD; 2010-2014)



Source: Beirut Stock Exchange

Evolution of the Value of Cleared Checks

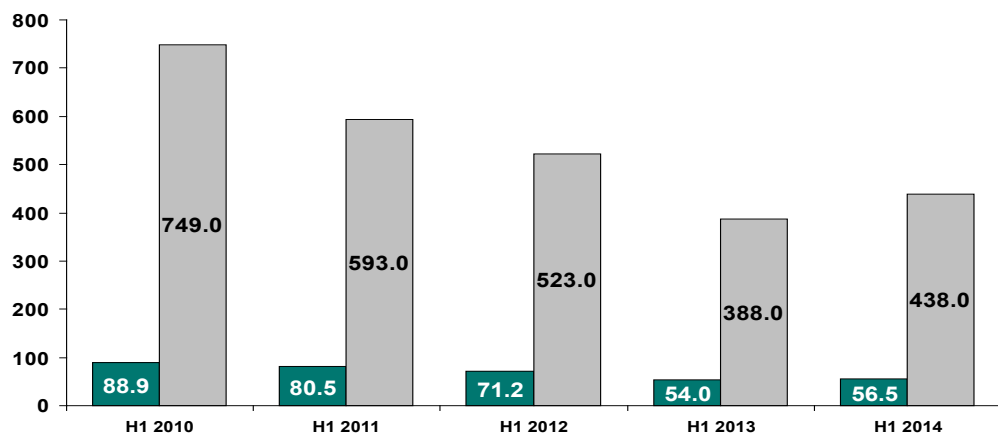
(in Millions USD; 2010-2014)



Source: Banque du Liban

Evolution in Value and Number of Kafalat Loans

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

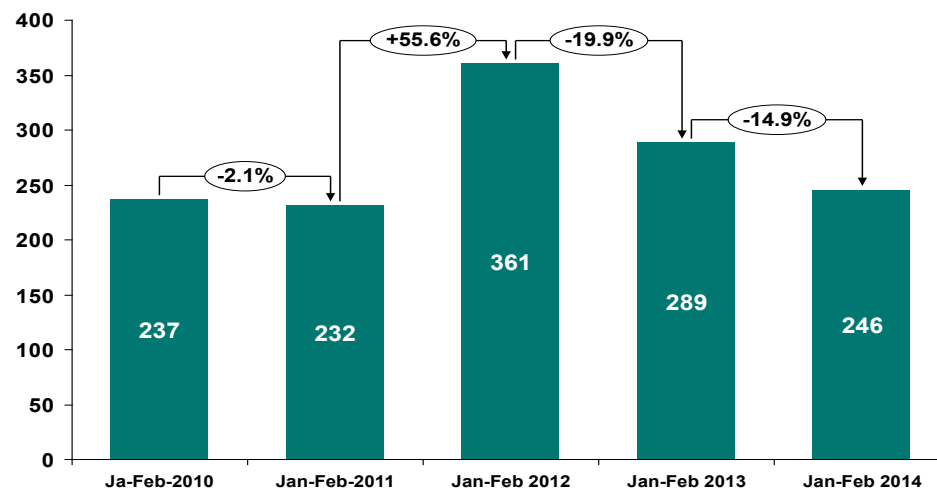


Source: Kafalat S.A.L

■ 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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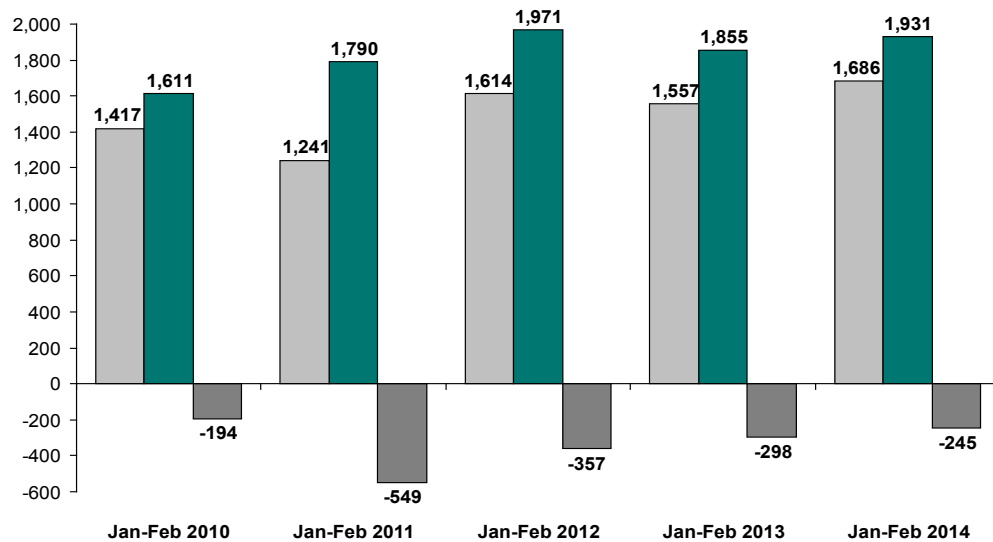
PUBLIC FINANCE [24]	Footnote	Period	2014	2013	2014/2013 %Δ	2012	2013/2012 %Δ	2011	2012/2011 %Δ	2010
Total Revenues (Million USD)	20	Jan-Feb	1,686	1,557	8.3%	1,614	25.5%	1,241	13.9%	1,417
Total Expenditures (Million USD)	20	Jan-Feb	1,931	1,855	4.1%	1,971	3.6%	1,790	22.3%	1,611
Fiscal Balance (Million 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-June	65.1	59.2	10.6%	55.1	6.5%	52.7	4.6%	51.1
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	Feb	2,753	2,753	-49.5%	2,640	368.2%	2,584	296.9%	2,276
Personnel Cost, of which:	22	Feb	1,015	1,015	4.1%	1,011	2.3%	859	16.0%	738
Salaries and Wages	22	Feb	667	667	0.3%	658	17.8%	610	37.0%	505
Retirement + End of Service	22	Feb	292	292	3.3%	307	5.9%	201	30.3%	201
Transfers to EdL	22	Feb	370	370	-1.0%	544	46.8%	349	52.7%	358
Debt Service, of which:	22	Feb	619	619	-15.1%	604	24.9%	792	52.0%	781
Lebanese Lira Interest Payments	22	Feb	419	419	11.7%	432	-30.1%	580	-22.7%	604
Foreign Currency Interest Payments	22	Feb	165	165	3.5%	123	-30.2%	170	-28.5%	158
Capital Expenditures	22	Feb	235	235	43.5%	208	-1.9%	159	-22.2%	169
Treasury Expenditures (Millions of USD)	22	Feb	157	157	50.6%	330	-1.9%	117	23.1%	152
					2.6%		30.8%		117.1%	

[20] Ministry of Finance- Fiscal Performance Sheet [21] Audi Weekly Report Week 28, [22] Public Finance Monitor



Evolution of Total Revenues, Expenditures and Fiscal Balance

(in Millions USD; 2010-2014)

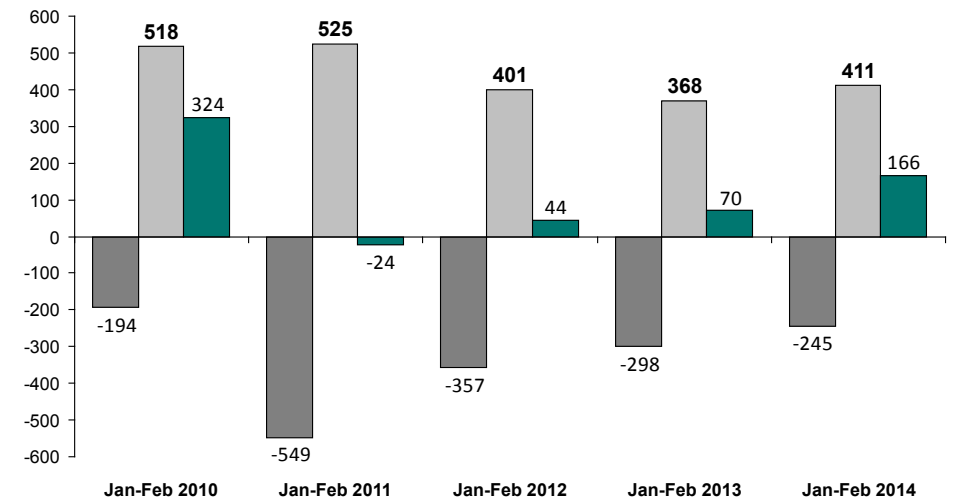


Source: Ministry of Finance

Revenues Expenditures Fiscal Balance

Evolution of the Fiscal Balance, Debt Servicing and Primary Balance

(in Millions USD; 2010-2014)

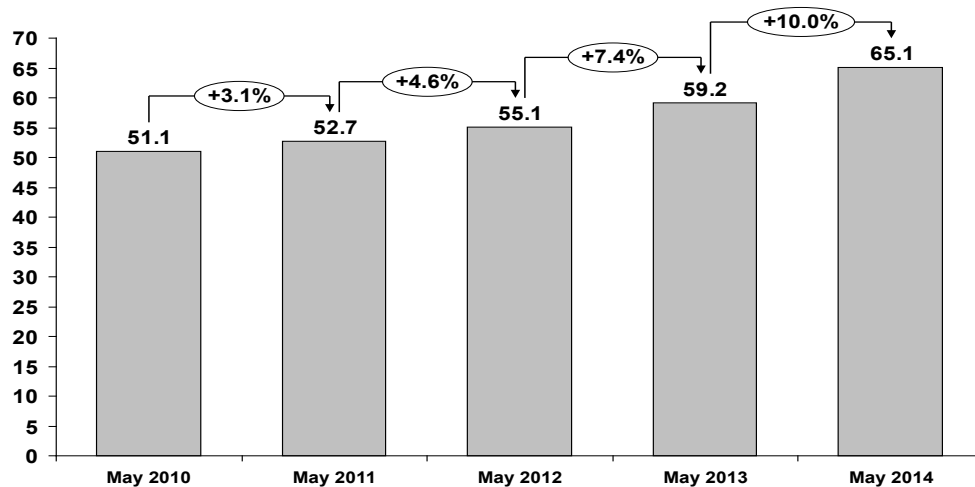


Source: Ministry of Finance

Fiscal Balance Debt Servicing Primary Balance

Evolution of Gross Public Debt

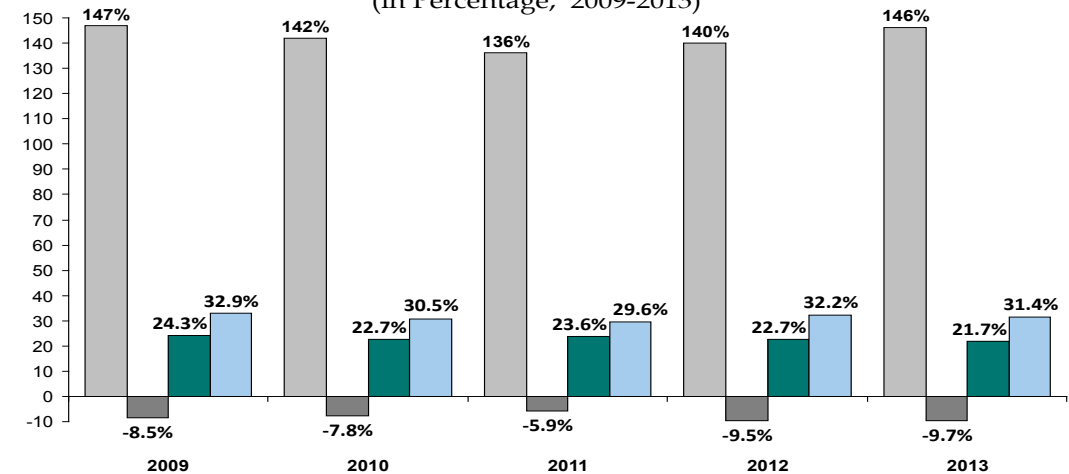
(in Billions of USD; 2010-2014)



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

