



غرفة التجارة والصناعة والزراعة
Chamber of Commerce Industry
and Agriculture
of Beirut and Mount-Lebanon في بيروت وجبل لبنان

Economic Report 2020

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Introduction

The year 2020 was a harsh year for the Lebanese economically, socially, healthily, as well as politically. A lot has occurred starting with the announcement of debt default for the first time in history on March 9, the collapse of the Lebanese Eurobond prices to unprecedented low levels then the outbreak of the Corona epidemic and closures, up to the explosion of the Port of Beirut on August 4 and its huge human and material losses. Also it is worth mentioning the deterioration of the monetary situation, the noticeable disparity between the official exchange rate and the parallel market exchange rate, and the failure to form a government capable of curbing the economic deterioration.

The ceasing of the flow of foreign capital led to the depletion of Banque du Liban's foreign exchange reserves and to the widening of the gap between the official exchange rate and the black market exchange rate. The monetary bloc witnessed a noticeable increase in liquidity in Lebanese pounds amid cash creation operations and in light of the liberation of some bank deposits in the national currency.

Negotiations to rationalize support began amid the depletion of the Banque du Liban's foreign exchange reserves during the year 2020. The foreign assets of the Banque du Liban recorded a remarkable decrease, in total, amounting to 7.6 billion dollars, which is the difference between the increase in the value of gold by about 3.4 billion dollars and the decrease in foreign currencies by 11 billion dollars.

These factors prompted a worsening of the expected rate of contraction of the Lebanese economy. The Lebanese economy thus recorded a record contraction of nearly 25 percent as a result of the decline in the gross domestic product to 40.2 billion dollars in the year 2020 compared to 52.5 billion in the year 2019 according to the International Monetary Fund report for the year 2020.

Alongside the record high level the contraction of the Lebanese economy reached, the inflation rate in Lebanon reached very high levels, approaching 84.90 percent, and the consumer price index recorded an increase of 145.8 percent, compared with 4 and 7 percents in 2018 and 2019, respectively.

In late 2019, the failure of the financial policies adopted since the early nineties appeared, and this was evidenced by the accumulated fiscal deficit, the increasing public debt, and the monetary policy pursued by the Central Bank, which relies on borrowing foreign currencies from local banks at unusually high interest rates.

This resulted in restricting economic activity and weakening the financial position of the banks, which ultimately put pressure on the exchange rate of the Lebanese pound, which began to actually decline in September 2019, that is, before the outbreak of the uprising.

Years ago, some indicators clearly showed the increasing pressure on the lira. The Banque du Liban's foreign currency reserves continued to decline despite the consistent policy of borrowing from banks that it adopted at high interest rates. The balance of payments has also recorded a deficit since 2011, which indicates that foreign currency reserves were constantly outflowing rather than inflowing.

This crisis led to the fragility of the financial conditions of the banks. This coincided with another development, which is a significant decrease in the assets and liquidity in foreign currencies of the banks indicating that they are transferring their funds from correspondent banks abroad to lend to the Banque du Liban. This made banks vulnerable to the deterioration of public finances and exposed to risks resulting from the financial engineering

implemented by the Banque du Liban. Banks have also reduced the loans granted to the private sector in order to deposit their money in Banque du Liban in order to obtain greater profits.

In details, the real economic growth rate declined by about 25 percent, and the inflation rate reached 84.9 percent. As a result of the decline in public expenditures at a rate higher than the rate of decline in public revenues, the budget deficit rate decreased by 53.6 percent.

While the value of the deficit from the GDP amounted to about 6.7 percent in 2020, the proportion of public debt to the GDP increased to 238 percent. The primary surplus achieved in 2011, which amounted to \$1.7 billion, turned into a deficit of \$648 million in 2020.

The general budget of banks in 2020 decreased by 13.3 percent, and the total deposits in banks decreased by 11.7 percent. On the other hand, the value of loans to the private sector decreased by 27.9 percent.

I: The Macro Economy

1.Economic Indicators

1.1 Gross Domestic Product

According to the International Monetary Fund's report for the year 2020, the Lebanese economy recorded a record contraction of nearly 25 percent, as the gross domestic product fell to 40.2 billion dollars in the year 2020 compared to 53.6 billion in 2019 when the economy recorded a contraction rate of nearly 7.2 percent.

The ratio of the total public debt to the GDP at current prices amounted to 237.8 percent, which is a record ratio due to the economic downturn, the low growth rate, and increase in the public debt by 4.3 percent.

Table 1 Gross Domestic Product (billion \$)

	2013	2014	2015	2016	2017	2018	2019	2020*
GDP at current prices	46.9	48.1	50.1	51.4	53.3	55.3	53.6	40.2
Real growth or contraction (%)	3.8	2.5	0.6	1.6	0.8	-1.7	-7.2	-25
Total Public Debt (Billion Dollars)	63.5	66.6	70.3	74.9	79.5	85.1	91.6	96.0
Gross Public Debt/GDP (%)	135.4%	138.5%	140.9%	146.3%	149.7%	154.7%	161.0%	238.8%

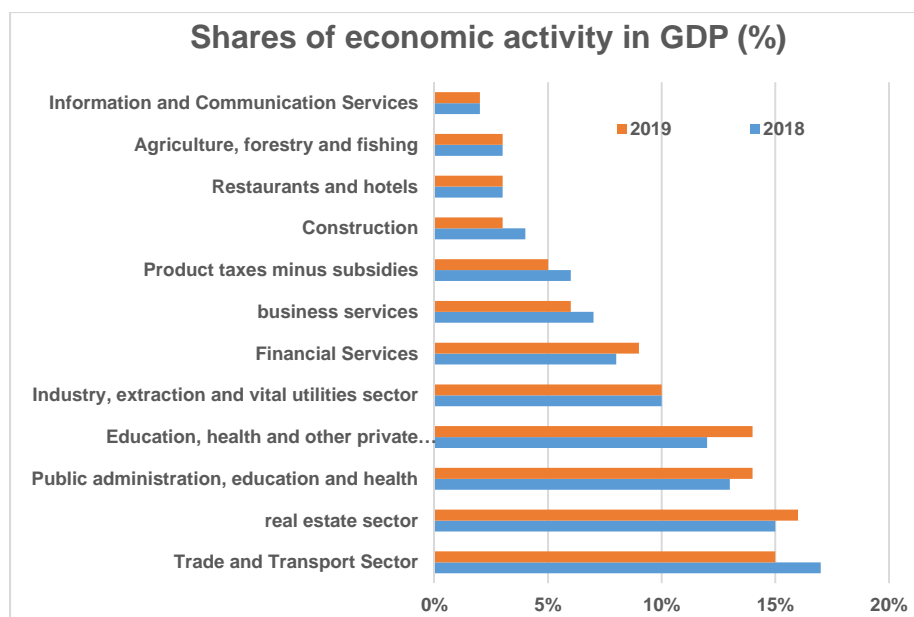
IMF estimates

The distribution of real GDP by economic sectors in 2018 and 2019 is as follows:

Table 2 Shares of economic activity in GDP

Shares of economic activity in GDP	2018	2019
Trade and Transport Sector	17%	15%
Real estate sector	15%	16%
Public administration, education and health	13%	14%
Education, health and other private services sector	12%	14%
Industry, extraction and vital utilities sector	10%	10%
Financial Services	8%	9%
Business services	7%	6%
Product taxes minus subsidies	6%	5%
Construction	4%	3%
Restaurants and hotels	3%	3%
Agriculture, forestry and fishing	3%	3%
Information and Communication Services	2%	2%
Total	100%	100%

Based on the estimates of the Central Statistics



1.2 Economic Growth

According to preliminary estimates, and according to the International Monetary Fund, the real economic growth rate has declined and recorded a contraction of about 25 percent in 2020.

1.3 Financial Flows

The value of financial flows recorded a negative value of -2.8 billion dollars in 2020 compared to 11.2 billion dollars in 2019, a decrease of about 125 percent, after these flows approached 17.3 billion dollars in 2016. These financial flows include external transfers, in addition to the increase in the value of non-resident private sector deposits, and foreign investment.

Table 3 Trade balance, financial flows, and balance of payments in billions \$

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Trade balance	-13.7	-16	-17.6	-18.1	-18.1	-15.6	-16.1	-16.7	-17	-15.5	-7.8
Financial flows	17	14	16.1	17	16.7	12.2	17.3	16.5	12.2	11.2	-2.8
Balance of Payments	3.3	-2	-1.5	-1.1	-1.4	-3.4	1.2	-0.2	-4.8	-4.3	-10.6

Based on the statistics of the Banque du Liban and Lebanese customs

1.4 Arab and Foreign Investments in Lebanon

The political reality in the Arab region has been affected by social and security turmoil, as well as by geopolitical tensions in the Middle East. This led to a decline in the expected economic expectations, as well as an increase in the level of political and security risks. These political risks, in turn, affected the course of the economic reform that is intended to be implemented to achieve the path of sustainable growth, as well as the fight against corruption.

Since 2010, several Arab countries have witnessed security turmoil and political changes. This raised the degree of political risks, the possibility of breaching contracts and restricting transfers, and the economic sanctions on some countries.

The spread of the Covid-19 pandemic is also expected to slow the flow of capital, due to the partial or total closure of production plants and to halt the expansion of projects or the announcement of new projects. The extractive industries in the world were negatively affected as a result of the negative demand shocks for oil due to the low levels of production and the decline in travel and tourism.

The forecast for global GDP growth, according to World Bank estimates, was reduced to 2.6 percent in 2020 with the possibility of economic stagnation emerging. UNCTAD indicated that foreign direct investment in the world is expected to decline by 30-40% until 2021.

According to the foreign direct investment FDI markets, the value of Arab investments in Lebanon during the period 2003-2018 were approximately 12.02 billion dollars, or 3.3 percent of the total inter-Arab investments, which amounted to 361.7 billion dollars. While the Lebanese investments in the Arab countries during this period were approximately 8.7 billion dollars.

The value of foreign direct investments coming into Lebanon, according to FDI markets estimates, in the years 2003-2019 is about \$51.1 billion which is 4 percent of the total of these investments in the Arab region.

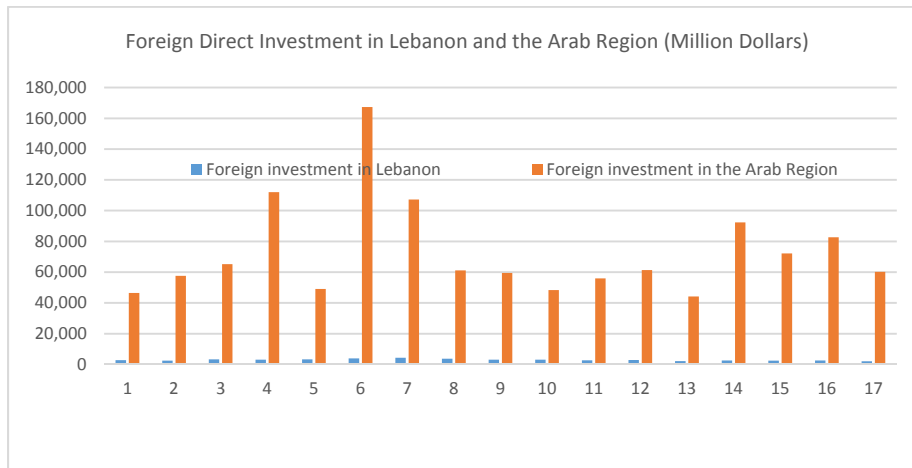
Table 4 Arab Investments in Lebanon and vice versa

Value (Million \$)	Lebanese investments in Arab countries	Arab investments in Lebanon
United Arab Emirates	1,267.4	7,766.0
Kuawit	60.5	2,052.4
Saudi	190.7	1,900.8
Qatar	107.2	126.0
Al-Bahrain	47.8	101.1
Oman	78.5	20.4
Egypt	2,330.0	20.0
Jordan	253.0	15.1
Iraq	3,743.8	15.1
Syria	298.2	0.0
Sudan	228.1	0.0
Algeria	55.0	0.0
Tunisia	11.0	0.0
Morocco	10.8	0.0
Libya	9.5	0.0
Total	8,691.5	12,016.9

Table 5 Foreign Direct Investment in Lebanon and the Arab Region (Million Dollars)

	Foreign Direct Investment in Lebanon and the Arab Region (Million Dollars)		
	Foreign investment in Lebanon	Foreign investment in the Arab Region	%
2003	2,860	46,534	6
2004	2,484	57,628	4
2005	3,322	65,224	5
2006	3,132	112,005	3
2007	3,376	49,103	7
2008	4,002	167,305	2
2009	4,379	107,206	4
2010	3,708	61,125	6
2011	3,137	59,477	5
2012	3,111	48,374	6
2013	2,661	55,993	5
2014	2,863	61,332	5
2015	2,159	44,251	5
2016	2,569	92,398	3
2017	2,522	72,136	3
2018	2,654	82,661	3
2019	2,128	60,208	4

Based on FDI Markets estimates

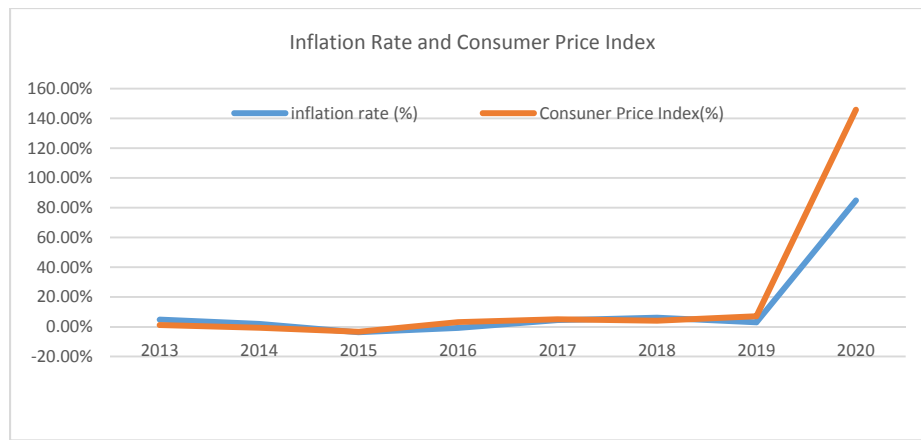


1.5 Consumer Price Index

According to the Central Administration of Statistics, the consumer price index, , recorded an increase of 145.84 percent at the end of the year 2020 compared to the end of 2019. The annual inflation rate reached 84.90 percent in 2020 compared to 2.90 percent in 2019.

Table 6 Inflation rate and consumer price index

	2013	2014	2015	2016	2017	2018	2019	2020
Inflation rate (%)	4.80%	1.90%	-3.75%	-0.82%	4.48%	6.07%	2.90%	84.90%
Consumer Price Index (%)	1.10%	-0.70%	-3.40%	3.10%	5.00%	3.98%	6.96%	145.84%



The most important expenditure division that experienced the highest increase at the end of the year 2020 compared to the end of 2019 are: furniture and home furnishings by 655.14 percent, restaurants and hotels by 608.97 percent, clothes and shoes by 559.77 percent, food products by 402.25 percent, spirits and tobacco by 392.46%, recreation entertainment and culture by 227.08 percent, and transportation by 206.14 percent.

Table 7 Inflation across different expenditure divisions

Expenditure Division	Inflation 2013	Weights 2013	Inflation 2014	Inflation 2015	Inflation 2016	Inflation 2017	Inflation 2018	Inflation 2019	Inflation 2020
Food and non-alcoholic beverages	2.90%	20	1.30%	-0.60%	0.40%	3.70%	6.18%	9.77%	402.25%
Alcoholic beverages, tobacco	12.10%	1.4	10.70%	0.50%	0.90%	7.60%	1.43%	26.75%	392.46%
Clothing and footwear	-7.90%	5.2	19.20%	0.20%	10.40%	17.40%	9.66%	17.36%	559.77%
Housing water, electricity, gas and other fuels	0.00%	28.4	3.00%	-6.20%	5.80%	4.10%	4.24%	1.29%	18.51%
Furnishings, households equipment and routine household maintenance	1.90%	3.8	1.50%	0.50%	1.00%	4.70%	5.03%	17.96%	655.14%
Health	2.00%	7.7	0.00%	-7.20%	-0.90%	4.60%	2.51%	0.05%	17.39%
Transportation	-2.50%	13.1	-8.50%	-7.70%	2.90%	5.90%	1.14%	14.15%	206.14%
Communication	0.00%	4.5	-23.60%	-0.80%	-0.10%	0.80%	0.83%	1.53%	86.68%
Recreation, amusement, and culture	4.30%	2.4	2.10%	-1.60%	4.50%	5.10%	5.36%	11.53%	227.08%
Education	7.00%	6.6	4.50%	1.50%	3.50%	3.00%	5.40%	3.96%	10.27%
Restaurant and Hotels	5.40%	2.8	3.30%	1.40%	2.50%	4.00%	2.48%	2.56%	608.97%
Miscellaneous goods and services	2.50%	4.1	1.70%	1.20%	1.90%	3.10%	2.28%	7.40%	267.48%
Consumer Price Index	1.10%	100	-0.70%	-3.40%	3.10%	5.00%	3.98%	6.96%	145.84%

2. Cash and Banks

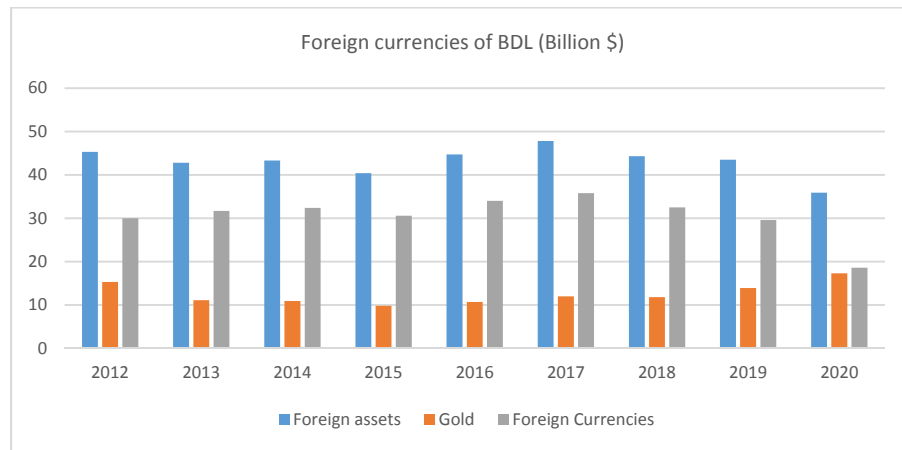
2.1 Cash Reserves

The value of BDL's foreign assets decreased in 2020 by 17.5% compared to 2019 as a result of the difference between the increase in the value of gold by 24.5% and the decrease in foreign currencies by 37.2 percent.

Table 8 Foreign currencies of BDL (Billion \$)

Value (Billion \$)	2012	2013	2014	2015	2016	2017	2018	2019	2020
Foreign assets	45.3	42.8	43.3	40.4	44.7	47.8	44.3	43.5	35.9
Gold	15.3	11.1	10.9	9.8	10.7	12	11.8	13.9	17.3
Foreign Currencies	30	31.7	32.4	30.6	34	35.8	32.5	29.6	18.6

Based on Central Bank Statistics



2.2 Monetary Supply

The monetary supply in the year 2020 witnessed a change compared to the year 2019 according to the following percentages:

- The monetary supply, in lebanese pounds, in its narrow sense (m1), increased by 141.6 percent
- The monetary supply in lebanese pounds, in its broad sense (m2), increased by 6.4 percent
- The money supply in lebanese pounds and foreign currencies (m3) decreased by 1.4 percent
- The monetary supply, in its broadest sense (M4), decreased by 1.2 percent.
- The percentage of foreign currencies in the M3 money block decreased to 66 percent, compared to 68.5 percent at the end of 2019.

Table 9 The monetary supply

Billion Lebanese Pounds	Cash in circulation	Demand Deposits	M1	Other Deposits in Lebanese Pounds	M2	Foreign Currencies Deposits	Debt Securities Issued	M3	individual bonds	M4	Foreign Currencies in M3
2012	3,213	3,890	7,104	57,974	65,077	91,402	318	156,797	7,882	164,679	58.3%
2013	3,408	4,213	7,620	61,129	68,749	98,499	323	167,571	9,236	176,807	58.8%
2014	3,647	4,654	8,301	65,099	73,400	103,724	273	177,397	10,429	187,826	58.5%
2015	4,014	5,029	9,042	69,578	78,620	107,475	265	186,360	11,009	197,369	57.7%
2016	4,592	5,567	10,159	72,269	82,428	117,499	266	200,192	10,797	210,989	58.7%
2017	4,889	5,766	10,624	68,458	79,166	129,477	277	208,965	10,741	219,706	62.0%
2018	5,008	6,653	11,661	65,167	76,828	135,892	272	212,993	6,361	224,437	63.8%
2019	9,818	6,802	16,620	46,864	63,484	138,910	437	202,831	11,246	214,077	68.5%
2020	29,242	10,914	40,156	27,354	67,510	132,022	519	200,051	11,526	211,577	66.0%

Based on central bank statistics

2.3 The Banking Sector

The consolidated budget of commercial banks at the end of the year 2020 decreased to \$188 billion (13%), compared to the end of 2019, when this budget amounted to \$216.7 billion.

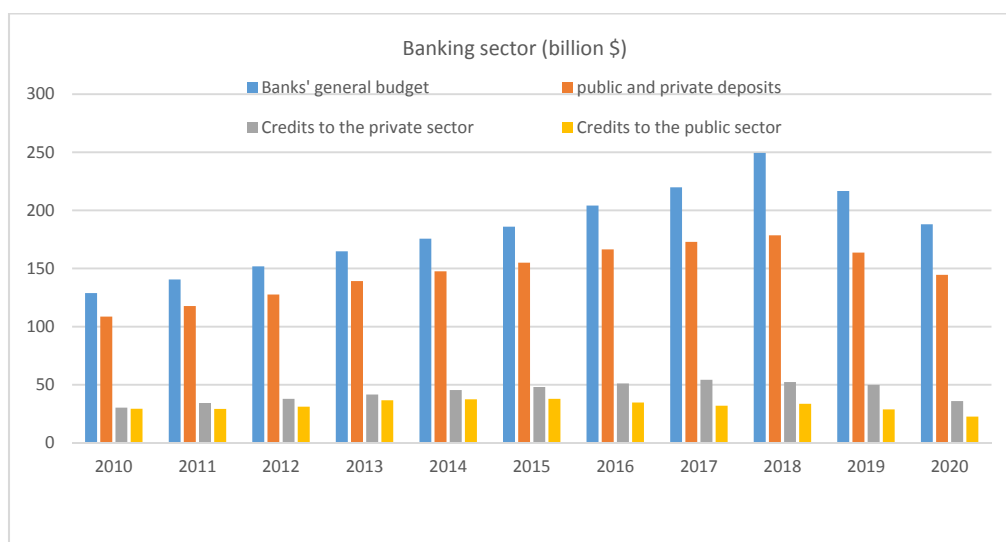
The bank deposits in Banque du Liban at the end of 2020 decreased to 103.1 billion dollars, compared to 107.6 billion dollars at the end of 2019, a decrease of 4.2%. The total value of deposits in the banking sector amounted to 144.6 billion dollars compared to 163.7 billion dollars at the end of 2019, a decrease of 11.7 percent.

Moreover, deposits of the resident private sector decreased by 11.8 percent where deposits in dollars decreased by 5.3 percent and in Lebanese pounds by 29.1 percent. The dollarization rate in these deposits increased to 77.8 percent compared to 72.4 percent at the end of 2019.

Deposits of the non-resident private sector also declined by 15.7 percent where deposits in dollars decreased by 14.4 percent and in Lebanese pounds by 28.1 percent. The dollarization rate in these deposits increased to 91.8 percent compared to 90.3 percent at the end of 2019.

Table 10 Banking sector (billion \$)

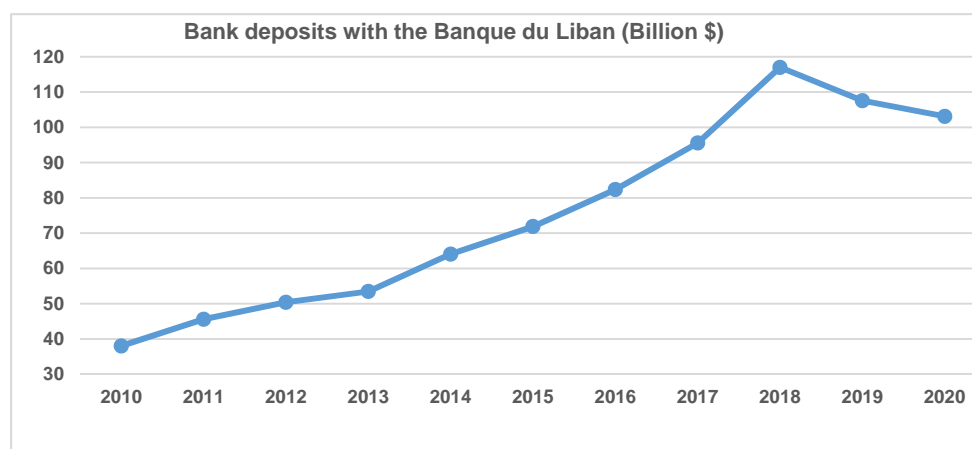
Value (billion dollars)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Banks' general budget	128.9	140.6	151.9	164.8	175.7	186.0	204.2	219.8	249.5	216.7	188.0
Public and private deposits	108.6	117.7	127.6	139.2	147.6	155.0	166.4	172.9	178.6	163.7	144.6
Credits to the private sector	30.3	34.2	37.8	41.5	45.4	48.0	51.0	54.2	52.3	49.8	35.9
Percentage of Total Deposits(%)	27.9%	29.1%	29.6%	29.8%	30.8%	31.0%	30.6%	31.3%	29.3%	30.4%	24.8%
Credits to the public sector	29.3	29.2	31.1	36.6	37.4	37.8	34.7	31.9	33.6	28.7	22.5
Percentage of Total Deposits(%)	27.0%	24.8%	24.4%	26.3%	25.3%	24.4%	20.9%	18.4%	18.8%	17.5%	15.6%



Based on the statistics of the Banque du Liban and the Association of Banks

Table 11 Bank deposits with the Banque du Liban (billion \$)

End of the year	Billion Lira	Billion \$
2010	57,366	38.0
2011	68,788	45.6
2012	76,018	50.4
2013	80,638	53.5
2014	96,610	64.1
2015	108,401	71.9
2016	124,217	82.4
2017	144,098	95.6
2018	176,418	117.0
2019	162,197	107.6
2020	155,504	103.1



The value of loans to the resident private sector approached 35.9 billion dollars compared to 49.8 billion dollars at the end of 2019, a decrease of 27.9 percent, and this credit constituted 24.8 percent of the total deposits.

The value of loans granted to the public sector decreased 21.6 percent to \$22.5 billion at the end of 2019 compared to \$28.7 billion at the end of 2019, and loans to the public sector accounted for 15.6 percent of deposits.

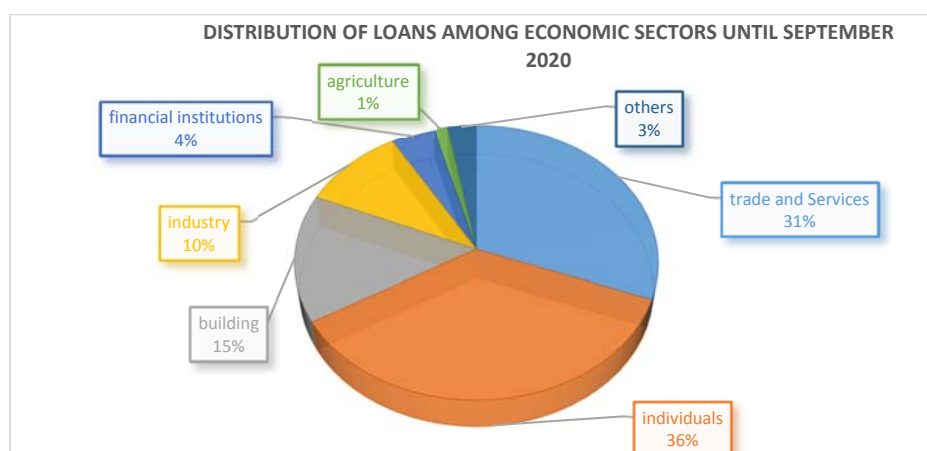
The loans were distributed over the economic sectors until September 2020 as follows:

- Trade and services 35%
- Individuals 30%
- Construction and contracting 16%
- Industry 11%
- Financial intermediation 4%
- Agriculture 1%
- And others 3%

Table 12 Distribution of loans among economic sectors until September 2020

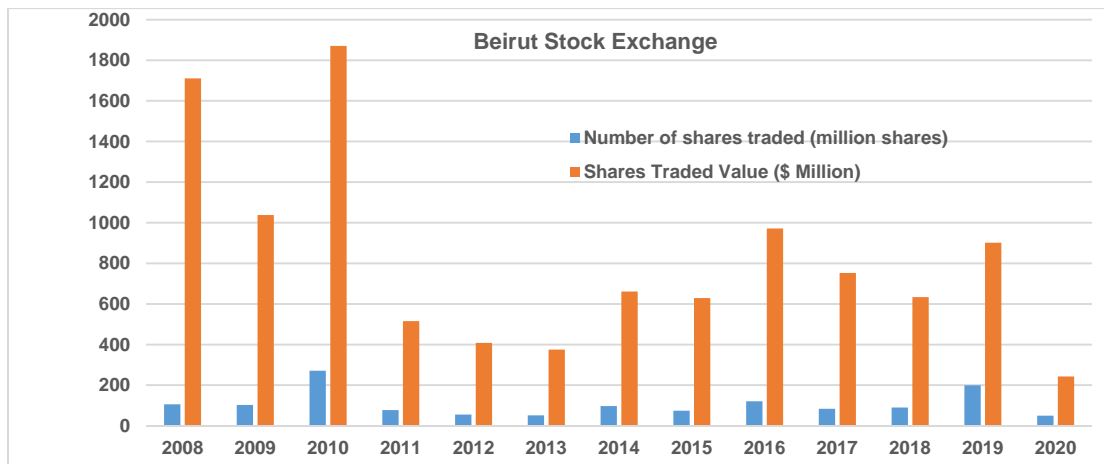
Value billion Lebanese	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Sep 2020
Trade and Services	21,046	23,257	25,414	27,501	29,373	30,287	31,346	34,110	35,704	29,622	21,010
Individuals	13,723	16,868	19,368	22,207	24,911	26,447	29,662	32,332	31,876	28,142	24,419
Building	9,494	10,751	12,267	13,840	14,471	15,470	17,414	17,267	16,813	14,898	10,214
Industry	6,564	7,445	8,438	9,007	9,320	9,533	9,517	10,304	11,498	9,672	6,882
Financial institutions	4,927	5,226	5,127	4,315	5,171	4,934	5,169	5,452	4,681	3,725	2,915
Agriculture	554	644	683	824	994	1,021	1,146	1,184	1,190	1,136	892
Others	2,036	2,055	2,210	2,082	2,214	2,245	2,527	2,846	3,054	2,584	1,938
Total	58,344	66,246	73,507	79,776	86,454	89,937	96,781	103,495	104,816	89,779	68,270
Individuals	13,723	16,868	19,368	21,324	24,911	26,447	29,662	32,332	31,876	28,142	24,419
Of which are home loans	6,800	9,018	10,957	12,866	14,893	15,984	17,981	19,637	19,427	18,345	16,151
Home loans/individuals	%50	%53	%57	%60	%60	%60	%61	%61	%61	%65	%66

Based on the statistics of the Banque du Liban and the Association of Banks



2.4 Financial Markets

Stock prices continued to decline in the year 2020, as the stock price index decreased by 8.9% compared to a decline of 16.9% in 2019 with the intensification of the economic and political crisis.



According to the sectoral distribution of the stock exchange's performance, the banking sector's shares were the most influential on prices during the year 2020 as they recorded contractions of 70.7%.

At the end of 2020, Solidere, with its A and B shares, acquired 88.2% of the total value of traded shares on the Beirut Stock Exchange while the banking sector accounted for 9.1%, the industrial sector accounted for 2.6%, and the commercial sector accounted for 0.1%.

The trading movement on the Beirut Stock Exchange witnessed a decrease in the number of shares in 2020 by 75% compared to 2019, and a decrease in the value of traded shares by 73%, while the capital value decreased by 4.8%. The number of shares traded on the Beirut Stock Exchange amounted to 49.9 million shares in 2020 compared to 199.6 million shares in 2019, the value of traded shares amounted to \$242.5 million compared to \$901.6 million in 2019, and the market capitalization value was about \$7.18 billion compared to \$7.54 billion.

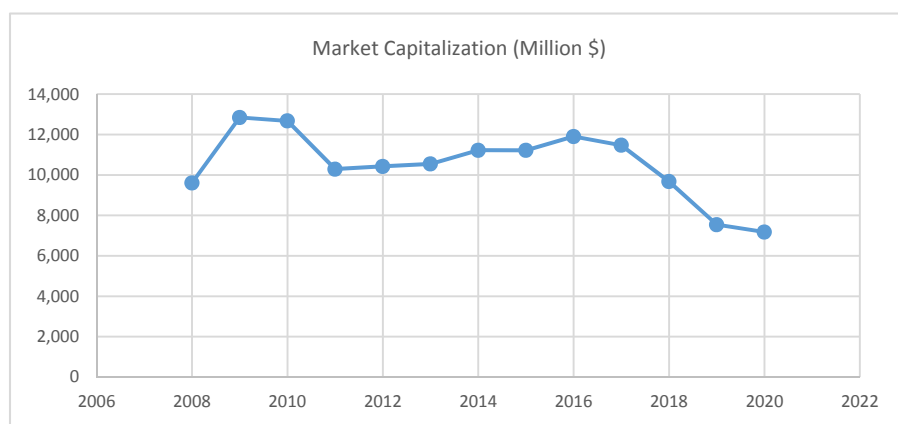


Table 13 Beirut stock exchange

Year	Number of shares traded (Million shares)	Shares traded Value (Million \$)	Market Capitalization (Million \$)
2008	105.5	1,710.4	9,609
2009	102.6	1,038.1	12,843
2010	271.1	1,870.6	12,676
2011	77.5	515.4	10,286
2012	55.3	408.5	10,421
2013	51.4	375.3	10,545
2014	96.8	661.4	11,222
2015	74.6	629.0	11,220
2016	120.5	971.6	11,903
2017	83.9	752.5	11,472
2018	90.0	633.6	9,675
2019	199.6	901.6	7,540
2020	49.9	242.5	7,176

Based on Beirut Stock Exchange statistics

The value of traded shares in 2020 constituted about 3.4 percent of the total market capitalization, which was 12 percent in 2019, 6.5 percent in 2018, and 6.6 percent in 2017.

3. Public Finance

3.1 Public Budget

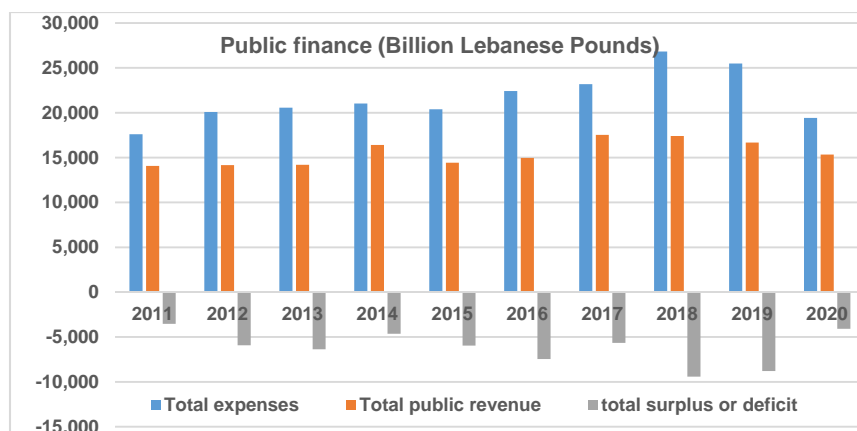
According to the statistics of the Ministry of Finance and by calculating the budget and treasury operations together, the total public expenditures amounted to 19,425 billion pounds in 2020 compared to 25,477 billion pounds in 2019, and the total public revenues amounted to 15,342 billion pounds, compared to 16,680 billion pounds, thus the total deficit was 4083 billion Lebanese pounds compared to 8797 billion pounds.

Financial Situation (value in billion pounds)

Table 14 Public finance (Billion Lebanese Pounds)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total expenses	17,600	20,081	20,563	21,032	20,393	22,412	23,186	26,821	25,477	19,425
Total public revenue	14,070	14,164	14,201	16,400	14,435	14,959	17,524	17,405	16,680	15,342
Total surplus or deficit	-3,530	-5,917	-6,362	-4,632	-5,958	-7,453	-5,662	-9,416	-8,797	-4,083
Percentage surplus or deficit	-20.1%	-29.5%	-30.9%	-22.0%	-29.2%	-33.3%	-24.4%	-35.1%	-34.5%	-21.0%
Debt service	5,655	5,457	5,714	6,314	6,722	7,185	7,521	8,156	8,068	2,917
Debt service/public expenses%	32.1%	27.2%	27.8%	30.0%	33.0%	32.1%	32.4%	30.4%	31.7%	15.0%
Debt Service/public revenues %	40.2%	38.5%	40.2%	38.5%	46.6%	48.0%	42.9%	46.9%	48.4%	19.0%
Payment of the external Debt	379	295	287	288	328	299	293	301	298	189
Primary surplus or deficit	2,504	-165	-361	1,970	1,092	31	2,152	-958	-431	-977

Based on ministry of finance statistics



The value of public expenditures decreased by 24% in 2020 compared to 2019, and the value of public revenues decreased by 8%. The percentage of debt service from total public expenditures decreased from 33% in 2015 to 15%, and percentage of debt service from total public revenues decreased from 48.4% in 2019 to 19% in 2020. It is worth noting that spending on electricity decreased from 2269 billion pounds in 2019 to 1393 billion lira in 2020.

As for the primary surplus or deficit in the budget and treasury operations in 2020, it is calculated according to the following:

Public revenues - (public expenses - debt servicing - repayment of debt assets)

$-977 = 15342 - (19425 - 2917 - 189)$

It was a deficit of 977 billion pounds in 2020, compared to a deficit of 431 billion pounds in 2019.

Tax Revenue

The value of tax revenues in 2020 amounted to about 10,474 billion pounds compared to 12535 billion pounds in 2019, a decrease of 16.4%, and it constituted 76.5% of public revenues compared to 78.9% in 2019.

Non-tax revenues amounted to about 3,212 billion pounds in 2020 compared to 3,356 billion pounds in 2019, a decrease of 4.3%, and they constituted 23.5% of public revenues, compared to 21.1% in 2019. The value of communications revenues increased from 1,428 billion pounds in 2019 to 1,520 billion pounds 2020 thus an increase of 6.4%.

Table 15 The structure of the distribution of public revenues

Billion Pounds	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public revenues	13,473	13,385	14,742	13,635	13,989	16,247	16,189	15,890	13,686
Tax Returns	10,187	10,116	10,388	10,330	10,597	12,381	12,766	12,535	10,474
Custom Revenues	2,251	2,158	2,042	2,064	2,117	2,163	2,025	1,800	1,290
Total value Added	3,276	3,296	3,302	3,159	3,234	3,476	3,841	3,258	1,864
Other Tax returns	4,660	4,662	5,044	5,108	5,247	6,742	6,900	7,477	7,320
Non-Tax returns	3,286	3,269	4,354	3,305	3,392	3,866	3,423	3,356	3,212
*Communications Revenue		2,156	3,034	1,860	1,907	1,936	1,614	1,428	1,520

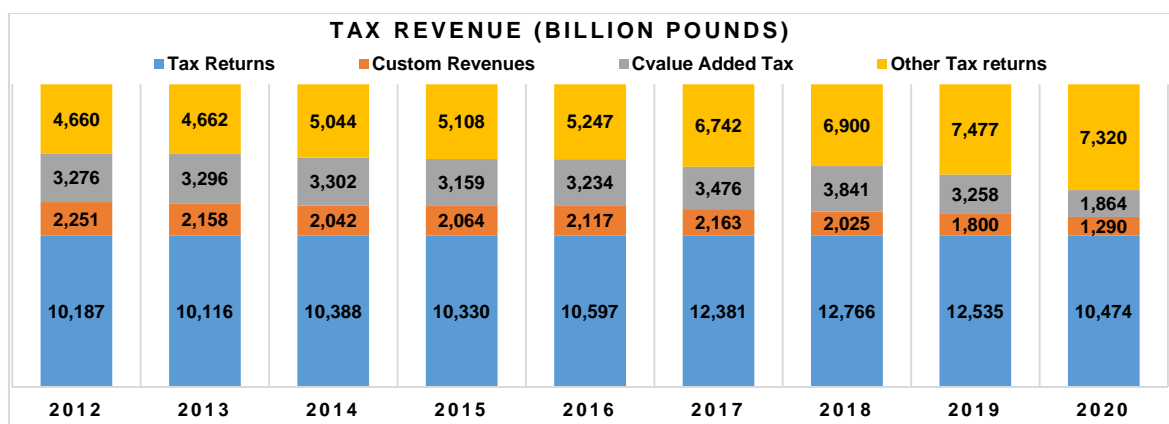
* Actual amount transferred to the treasury

The added value decreased 46 percent, and customs duties decreased by 28 percent. The reason was smuggling, a decrease in the level of customs control, and a decrease in import by 41 percent. The customs duty rate increased from 6.2 percent in 2019 to 7.6 percent in 2020 because the decline in the import value was higher than the decline in the value of customs duties.

Table 16 Custom values

Value Billion Pounds	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Added Value	3,300	3,276	3,296	3,302	3,159	3,234	3,476	3,841	3,258	1,864
Custom fees	2,179	2,251	2,158	2,042	2,064	2,117	2,163	2,025	1,800	1,290
Imports	30,576	33,232	33,206	32,327	28,041	28,831	29,530	30,129	29,012	17,055
Custom Fees Rate	7.10%	6.80%	6.50%	6.30%	7.40%	7.30%	7.30%	6.70%	6.20%	7.60%

Based on Ministry of finance statistics



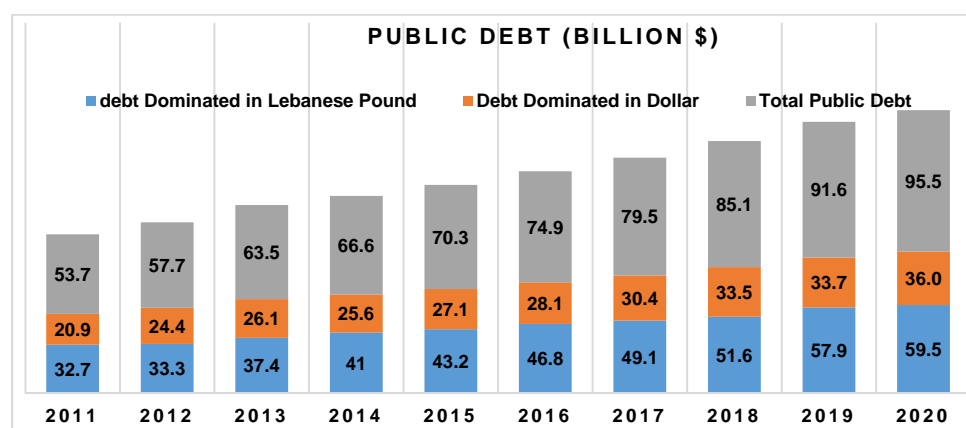
3.2 Public Debt

The total public debt at the end of the year 2020 was around \$95.5 billion, compared to \$91.6 billion at the end of the year 2012, an increase of 4.3%. The debt in Lebanese pounds constituted 62% of the total public debt, while the proportion of public debt denominated in foreign currencies was 38%. The debt denominated in Lebanese pounds increased by 2.8% while debt denominated in dollars increased by 6.8%.

Table 17 Public Debt (billion \$)

Value in Billion \$	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Debt Dominated	32.7	33.3	37.4	41	43.2	46.8	49.1	51.6	57.9	59.5
Percentage	61%	58%	59%	62%	61%	62%	62%	61%	63%	62%
Public Debt Dominated in Dollars	20.9	24.4	26.1	25.6	27.1	28.1	30.4	33.5	33.7	36
Percentage	39%	42%	41%	38%	39%	38%	38%	39%	37%	38%
Total Debt	53.7	57.7	63.5	66.6	70.3	74.9	79.5	85.1	91.6	95.5

Based on statistics of ministry of finance



The financing of public debt issued in Lebanese pounds through treasury bonds was based on commercial banks by 26% and the Central Bank by 62% compared to 35% and 50%, respectively, in 2018. As for the

public debt issued in foreign currencies, it was based on Eurobonds by 94% in the year 2020, on multilateral institutions by 4%, and on governments by 2%.

Table 18 Treasury Bonds (Billion Lebanese Pounds)

Treasury Bonds (Billion Lebanese Pounds)	2018	%	2019	%	2020	%
Commercial Banks	27,126	35%	24,972	29%	22,819	26%
Banque Du Liban	39,006	50%	50,717	58%	55,079	62%
Financial Institutions	481	5%	455	5%	457	4%
Public Institutions	9,956	13%	9,968	11%	10,393	12%
Individual	1,007	1%	823	1%	676	1%
Total	77,576	100%	86,935	100%	89,424	100%

4. External Sector

4.1 Balance of Payments

The net external assets of the banking and financial sector (balance of payments) recorded in 2020 a record deficit of \$10.6 billion compared to a deficit of \$5.9 billion in 2019.

The net foreign assets deficit of Banque du Liban amounted to \$3.9 billion and that of banks amounted to \$1.9 billion. The largest deficit of the total net external assets was recorded in July amounting to 3 billion dollars.

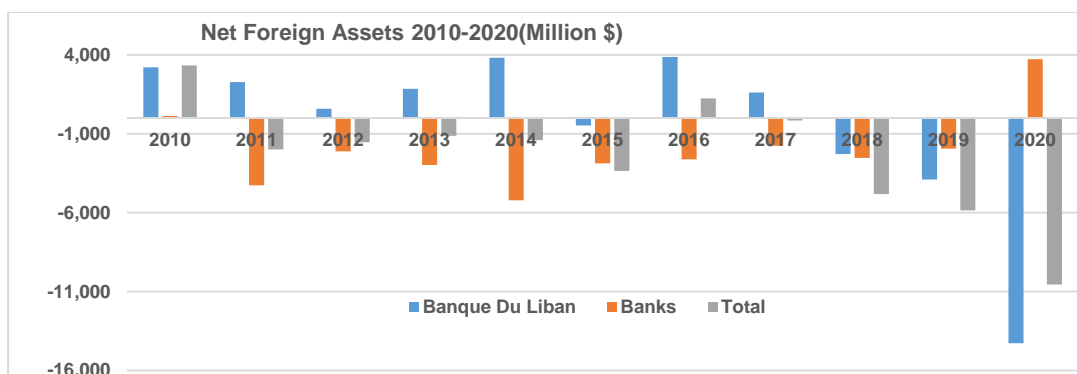
Table 19 Net Foreign Assets 2020 (million \$)

Net Foreign Assets 2020 (million \$)			
Month	Banque Du Liban	Banks	Total
January	-612.80	454.90	-157.90
February	-989.20	641.70	-347.40
March	-551.10	-5.70	-556.80
April	-812.40	571.80	-240.60
May	-908.10	20.40	-887.70
June	-555.80	260.10	-295.80
July	-2779.90	-266.50	-3046.40
August	-2221.20	253.20	-1968.00
September	-2531.90	424.20	-2107.70
October	-489.60	109.60	-380.00
November	-629.90	415.50	-214.40
December	-1192.10	844.00	-348.10
Total	-14274.00	3723.20	-10550.80

Table 20 Evolution of net foreign assets value (million dollars)

Value Million \$	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Banque du Liban	3,201	2,271	581	1,846	3,815	-473	3,866	1,609	-2,290	-3,905	-14,274
Banks	123	-4,267	-2,118	-2,974	-5,223	-2,881	-2,628	-1,766	-2,533	-1,947	3,723
Total	3,325	-1,996	-1,537	-1,128	-1,408	-3,354	1,238	-157	-4,823	-5,852	-10,551

Based on Banque Du Liban Statistics



4.2 Current Account

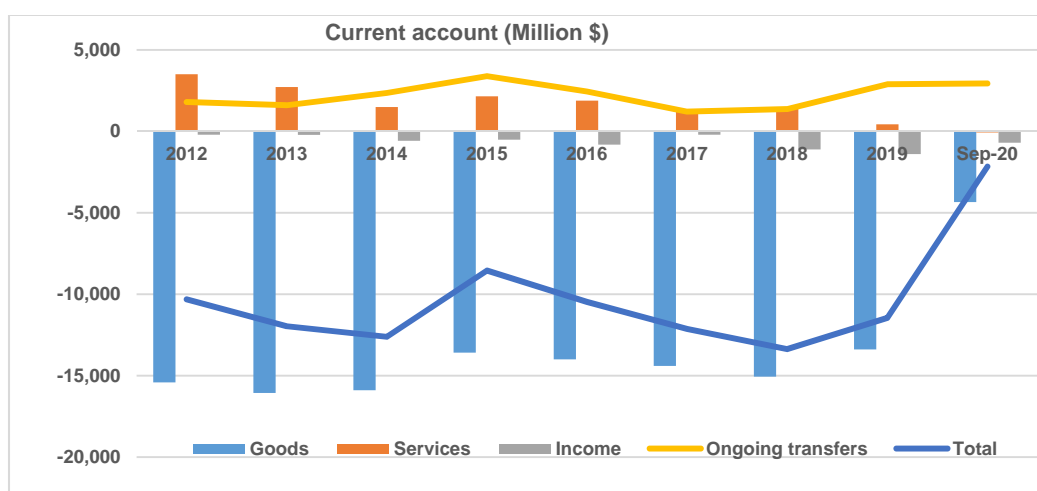
The current account recorded a deficit of \$2.2 billion until June 2020 compared to a deficit of \$6 billion in June 2019 thus a decrease of 63 percent.

In the years 2012-2019, the current account deficit increased from 10.3 billion dollars in 2012 to 13.4 billion dollars in 2018 when it recorded a record deficit and then decreased to 11.5 billion dollars in 2019.

Table 21 Current Account (million \$)

	2012	2013	2014	2015	2016	2017	2018	2019	2020/9
Goods	-15,412	-16,061	-15,896	-13,582	-13,997	-14,398	-15,060	-13,382	-4,339
Services	3,505	2,718	1,498	2,156	1,890	1,268	1,440	434	-65
Income	-204	-219	-577	-509	-818	-209	-1,110	-1,397	-693
Ongoing Transfer	1,794	1,601	2,360	3,393	2,451	1,206	1,367	2,890	2,935
Total	-10,317	-11,960	-12,615	-8,542	-10,474	-12,134	-13,364	-11,455	-2,162

Based on Banque Du Liban statistics



4.3 Foreign Trade

Trade Balance

According to the statistics of the General Directorate of Customs, the value of Lebanese imports in 2020 amounted to about 11.3 billion dollars, and the value of exports amounted to 3.5 billion dollars. Thus the deficit in the trade balance was 7.8 billion dollars, a decrease of 50 percent compared to 2019, when the trade balance deficit amounted to 15.5 billion dollars.

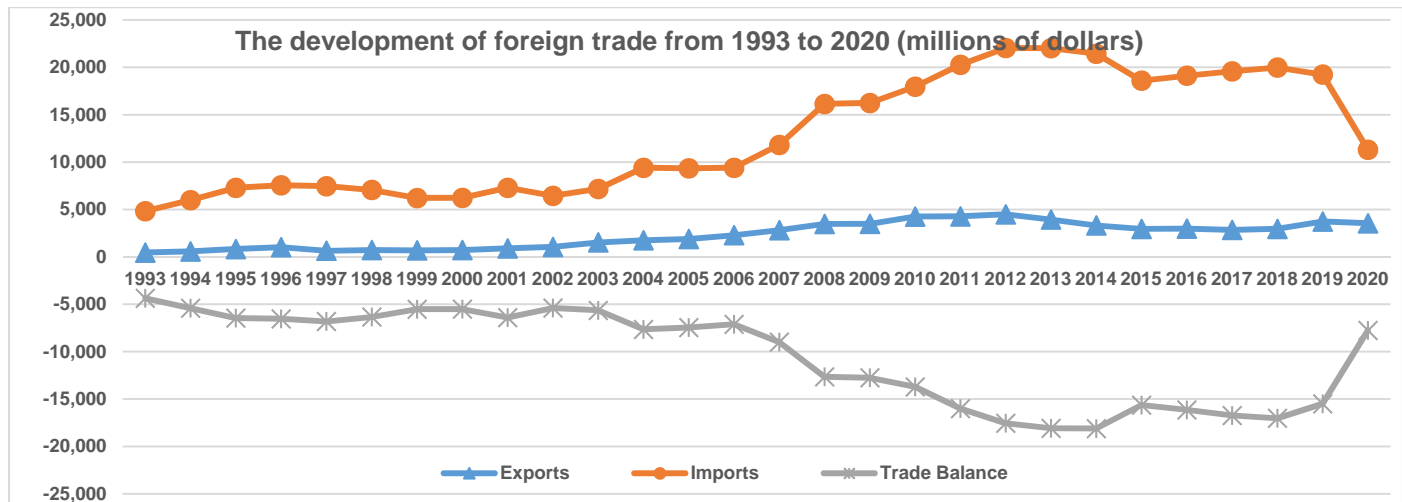


Table 22 The development of foreign trade from 1993 to 2020

millions of dollars				
Year	Exports	Imports	Trade Balance	Coverage Ratio %
1993	452	4,821	-4,369	9.38%
1994	572	5,990	-5,418	9.55%
1995	825	7,287	-6,462	11.32%
1996	1,017	7,554	-6,537	13.46%
1997	642	7,455	-6,813	8.61%
1998	716	7,060	-6,344	10.14%
1999	677	6,207	-5,530	10.90%
2000	714	6,228	-5,514	11.47%
2001	889	7,291	-6,402	12.20%
2002	1,045	6,445	-5,399	16.22%
2003	1,524	7,168	-5,644	21.26%
2004	1,747	9,397	-7,650	18.59%
2005	1,880	9,340	-7,460	20.13%
2006	2,283	9,398	-7,115	24.29%
2007	2,816	11,815	-8,999	23.83%
2008	3,478	16,137	-12,659	21.55%
2009	3,484	16,242	-12,758	21.45%
2010	4,253	17,964	-13,711	23.68%
2011	4,265	20,276	-16,011	21.03%

2012	4,483	22,037	-17,554	20.34%
2013	3,936	22,020	-18,084	17.87%
2014	3,313	21,437	-18,124	15.45%
2015	2,952	18,595	-15,643	15.88%
2016	2,977	19,119	-16,142	15.57%
2017	2,844	19,582	-16,738	14.52%
2018	2,952	19,980	-17,028	14.77%
2019	3,731	19,239	-15,508	19.39%
2020	3,544	11,310	-7,766	31.34%

Source of figures: Lebanese customs, Preparation of tables and graphs: Center for Economic Research

The Most Important Export Market

The value of exports decreased by 5 percent. The foreign trade coverage ratio of exports to imports increased to 31.3 percent in 2020 compared to 19.4 percent in 2019.

Switzerland ranked first on the list of the most important Lebanese export markets in 2020, accounting for 30 percent of total exports, followed by the UAE having 13 percent, then by Saudi Arabia having 6 percent, then by Syria having 4 percent, and then by Iraq having 4 percent.

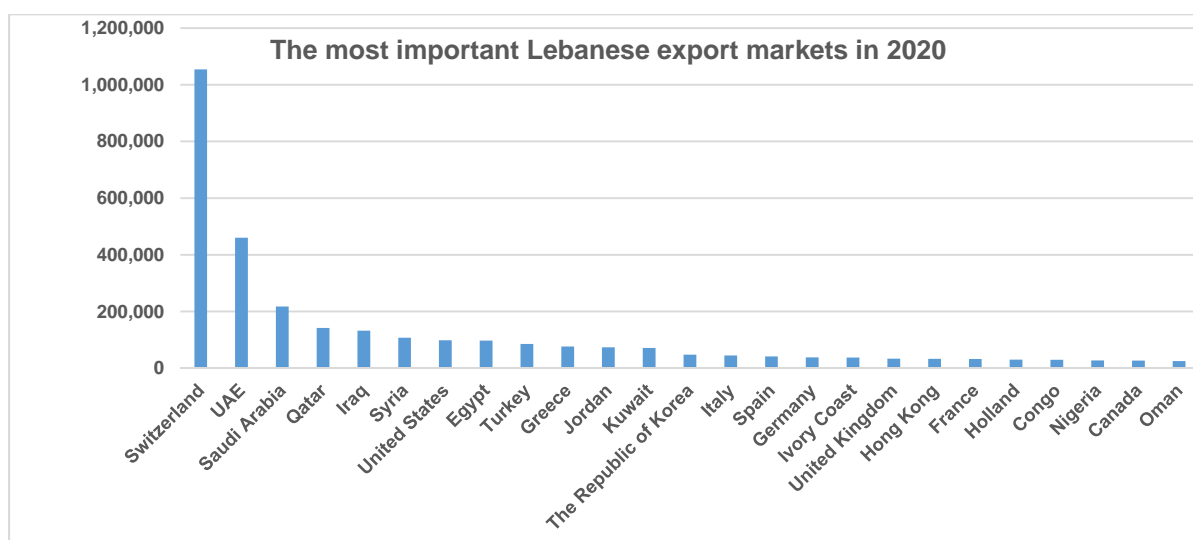


Table 23 The most important Lebanese export markets in 2019 and 2020

Rank	The most important Lebanese export markets in 2019	Value (thousand \$)	Percentage (%)	The most important Lebanese export markets in 2020	Value (thousand \$)	Percentage (%)
1	Switzerland	1,061,805	28.5%	Switzerland	1,054,023	30%
2	UAE	438,607	11.8%	UAE	460,306	13%
3	Saudi Arabia	245,983	6.6%	Saudi Arabia	217,710	6%
4	Syria	190,020	5.1%	Qatar	142,250	4%
5	Iraq	146,214	3.9%	Iraq	132,566	4%
6	Qatar	128,027	3.4%	Syria	107,452	3%
7	Jordan	89,171	2.4%	United States	98,709	3%

8	Egypt	78,098	2.1%	Egypt	97,597	3%
9	United States	69,346	1.9%	Turkey	85,915	2%
10	South Africa	68,725	1.8%	Greece	76,775	2%
11	Kuwait	67,659	1.8%	Jordan	73,787	2%
12	Greece	63,332	1.7%	Kuwait	71,624	2%
13	Turkey	61,119	1.6%	The Republic of Korea	47,846	1%
14	France	52,602	1.4%	Italy	44,961	1%
15	The Republic of Korea	47,160	1.3%	Spain	41,616	1%
16	Germany	44,719	1.2%	Germany	38,199	1%
17	Hong Kong	44,162	1.2%	Ivory Coast	37,582	1%
18	Spain	42,358	1.1%	United Kingdom	33,489	1%
19	Congo	37,740	1.0%	Hong Kong	33,128	1%
20	United Kingdom	36,178	1.0%	France	32,857	1%
21	Oman	34,452	0.9%	Holland	30,423	1%
22	Bangladesh	33,897	0.9%	Congo	30,049	1%
23	Ivory Coast	33,602	0.9%	Nigeria	27,332	1%
24	Algeria	31,124	0.8%	Canada	26,850	1%
25	Italy	30,831	0.8%	Oman	25,106	1%
	Other countries	554,419	15%	Other countries	476,343	13%
	Total	3,731,350	100%	Total	3,544,495	100%

The Most Important Import Sources

The value of imports decreased in 2020 compared to 2019 by 41.2 percent, reaching \$11.3 billion in 2020 and \$19.2 billion in 2019.

The United States topped the list of Lebanese import sources in 2020 having 8 percent of total imports, followed by China having 8 percent, then by Greece having 7 percent, then by the Russian Federation having 7 percent, and then Italy having 6 percent .

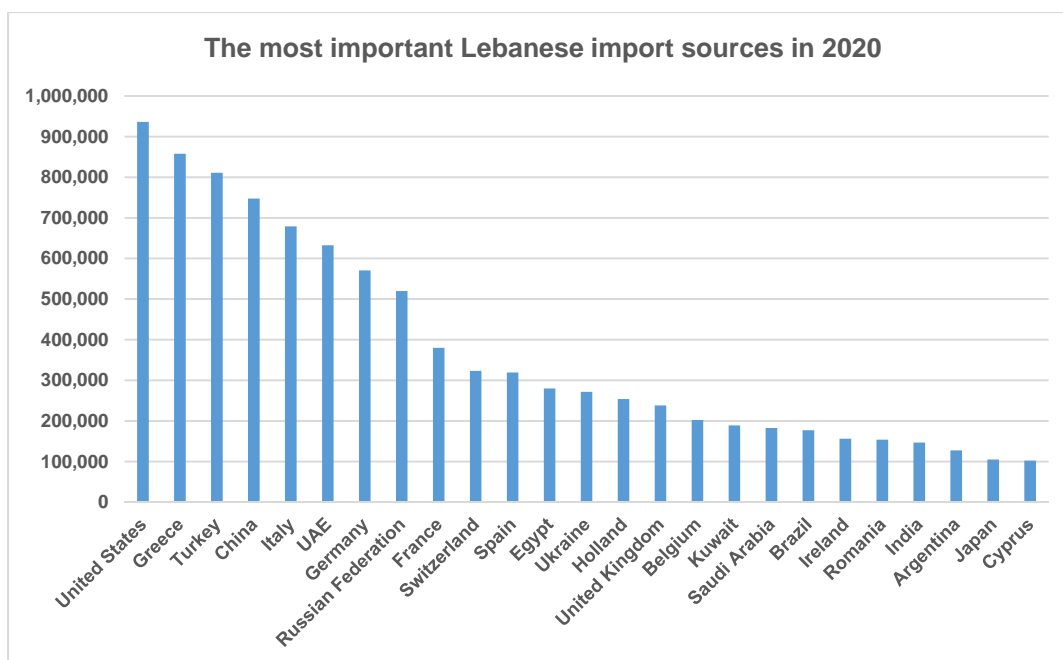


Table 24 The most important sources of Lebanese import in 2019 and 2020

Rank	The most important sources of Lebanese import in 2019	Value (thousand \$)	Percentage (%)	The most important sources of Lebanese import in 2020	Value (thousand \$)	Percentage (%)
1	United States	1,704,725	9%	United States	936,127	8%
2	China	1,626,506	8%	Greece	857,619	8%
3	Greece	1,400,755	7%	Turkey	810,919	7%
4	Russian Federation	1,343,868	7%	China	747,597	7%
5	Italy	1,326,215	7%	Italy	678,867	6%
6	Germany	953,825	5%	UAE	632,406	6%
7	Turkey	939,616	5%	Germany	570,776	5%
8	France	769,308	4%	Russian Federation	519,629	5%
9	UAE	563,545	3%	France	379,827	3%
10	Kuwait	556,564	3%	Switzerland	323,198	3%
11	Spain	535,017	3%	Spain	319,199	3%
12	Belgium	459,011	2%	Egypt	279,718	2%
13	United Kingdom	452,253	2%	Ukraine	271,575	2%
14	Egypt	408,407	2%	Holland	253,976	2%
15	Saudi Arabia	344,277	2%	United Kingdom	237,989	2%
16	India	337,468	2%	Belgium	202,387	2%
17	Switzerland	314,980	2%	Kuwait	189,060	2%
18	Brazil	309,957	2%	Saudi Arabia	182,598	2%
19	Romania	305,552	2%	Brazil	177,072	2%
20	Japan	288,469	1%	Ireland	156,002	1%
21	Ukraine	287,845	1%	Romania	153,996	1%
22	Holland	287,102	1%	India	146,776	1%
23	Jordan	208,485	1%	Argentina	127,529	1%
24	Ireland	167,798	1%	Japan	104,985	1%
25	Thailand	159,587	1%	Cyprus	102,290	1%
	Other countries	3,188,259	17%	Other countries	1,947,616	17%
	Total	19,239,394	100%	Total	11,309,733	100%

The Most Important Exported Goods

The most important goods exported by Lebanon in 2020 were jewelry accounting to 40% of total exports, machinery and equipment having 6%, vegetable and fruit preparations having 4%, fruits and citrus fruits having 3%, and machinery and electrical appliances having 3%.

Table 25 The most important Lebanese exports in 2019 and 2020

Customs chapter	The most important Lebanese exports in 2019	value (thousand dollars)	(%)	Customs chapter	The most important Lebanese exports in 2020	Value (thousand dollars)	(%)
71	Jewelry	1,454,914	39%	71	Jewelry	1,409,841	40%
84	Machines, devices and machine tools	216,797	6%	84	Machines, devices and machine tools	195,339	6%
85	Electrical machinery and equipment and parts	164,750	4%	20	Preparations of vegetables, fruit, nuts	129,208	4%
39	Plastics and articles thereof	149,731	4%	8	Edible fruit and nuts; peel of citrus fruit	120,293	3%
33	Oils, perfumes and cosmetics	126,574	3%	85	Electrical machinery and equipment and parts	116,426	3%
20	Preparations of vegetables, fruit, nuts	118,492	3%	33	Oils, perfumes and cosmetics	108,930	3%
49	Publishing and press products	74,736	2%	39	Plastics and articles thereof	101,119	3%
72	iron and steel	72,277	2%	72	iron and steel	90,304	3%
8	Edible fruit and nuts; peel of citrus fruit	71,821	2%	74	Copper and articles thereof	72,758	2%
48	Paper and cardboard and articles thereof	69,282	2%	22	Drinks, alcoholic liquids and vinegar	65,199	2%
74	Copper and articles thereof	66,908	2%	76	Aluminum and articles thereof	60,002	2%
22	Drinks, alcoholic liquids and vinegar	59,342	2%	28	Inorganic chemical products	53,981	2%
94	furniture	59,172	2%	48	Paper and cardboard and articles thereof	53,449	2%
76	Aluminum and articles thereof	58,956	2%	15	Animal or vegetable fats and oils	52,280	1%
15	Animal or vegetable fats and oils	58,499	2%	94	furniture	51,735	1%
30	pharmacy products	57,878	2%	30	pharmacy products	47,800	1%
31	Fertilizers	54,818	1%	19	Preparations of cereals, flour, starch or milk	44,136	1%
27	Mineral fuels and mineral oils	54,258	1%	78	Lead and articles thereof	44,038	1%
78	Lead and articles thereof	52,290	1%	7	Vegetables, plants, roots and tubers	43,759	1%
28	Inorganic chemical products	47,353	1%	21	Miscellaneous edible preparations	40,084	1%
21	Miscellaneous edible preparations	45,780	1%	49	Publishing and press products	37,960	1%
32	Extracts for tanning and dyeing	44,236	1%	32	Extracts for tanning and dyeing	37,350	1%
19	Grain or flour preparations	41,246	1%	9	coffee and tea	36,243	1%
7	Vegetables, plants, roots and tubers	40,982	1%	87	Automobiles, tractors, bicycles	34,911	1%
9	coffee and tea	36,713	1%	1	live animals	32,513	1%
	other goods	433,545	12%		other goods	464,837	13%
	Total	3,731,350	100%		Total	3,544,495	100%

Based on Lebanese customs statistics

The Most Important Imported Goods

Imports of oil derivatives accounted for about 28 percent of the total Lebanese imports in 2020, followed by pharmaceutical products having 10 percent, then by jewelry having 8 percent, then by devices and machine tools having 5 percent, and then by cars and bicycles having 4 percent.

Table 26 The most important Lebanese imports in 2019 and 2020

Customs chapter	The most important Lebanese imports in 2019	value (thousand dollars)	(%)	Customs chapter	The most important Lebanese imports in 2020	value (thousand dollars)	(%)
27	Mineral fuels and mineral oils	6,534,231	34%	27	Mineral fuels and mineral oils	3,187,667	28%
30	pharmacy products	1,242,451	6%	30	pharmacy products	1,184,268	10%
87	Automobiles, tractors, bicycles	1,110,963	6%	71	Jewelry	894,096	8%
71	Jewelry	931,390	5%	84	Machines, devices and machine tools	596,063	5%
84	Machines, devices and machine tools	922,770	5%	87	Automobiles, tractors, bicycles	431,299	4%
85	Electrical machinery and equipment and parts	742,136	4%	10	Cereals	354,660	3%
39	Plastics and articles thereof	530,464	3%	1	live animals	336,124	3%
72	iron and steel	404,012	2%	39	Plastics and articles thereof	305,541	3%
1	live animals	317,096	2%	85	Electrical machinery and equipment and parts	301,276	3%
10	Cereals	311,828	2%	72	iron and steel	187,456	2%
4	Dairy products, eggs and honey	299,074	2%	90	Optical or imaging equipment	182,037	2%
90	Optical or imaging equipment	296,606	2%	19	Grain or flour preparations	166,712	1%
19	Grain or flour preparations	265,902	1%	4	Dairy products, eggs and honey	159,293	1%
62	Un-knitted clothes	241,370	1%	12	Oil seeds and oleaginous fruits	143,195	1%
21	Miscellaneous edible preparations	222,509	1%	38	Various chemical products	136,258	1%
33	Oils, perfumes and cosmetics	217,504	1%	48	Paper and cardboard and articles thereof	135,652	1%
48	Paper and cardboard and articles thereof	217,147	1%	21	Miscellaneous edible preparations	128,667	1%
94	furniture	184,820	1%	15	Animal or vegetable fats and oils	126,724	1%
61	Knitted clothing	173,096	1%	7	Vegetables, plants, roots and tubers	112,545	1%
44	Wood and articles of wood, wood charcoal	171,573	1%	33	Oils, perfumes and cosmetics	110,641	1%
12	Oil seeds and oleaginous fruits	169,802	1%	17	Sugar and sugar products	108,319	1%
8	Edible fruit and nuts; peel of citrus fruit	164,107	1%	23	Food leftovers and waste	101,093	1%
38	Various chemical products	155,599	1%	2	Meat, offal and edible offal	88,242	1%
73	Articles of iron and steel	148,006	1%	62	Un-knitted clothes	79,213	1%
69	Ceramic products	145,589	1%	9	Coffee and tea	75,294	1%
	other goods	3,119,349	16%		Other goods	1,677,398	15%
	Total	19,239,394	100%		Total	11,309,733	100%

Based on Lebanese customs statistics

Distribution of Exports and Imports to International Groups

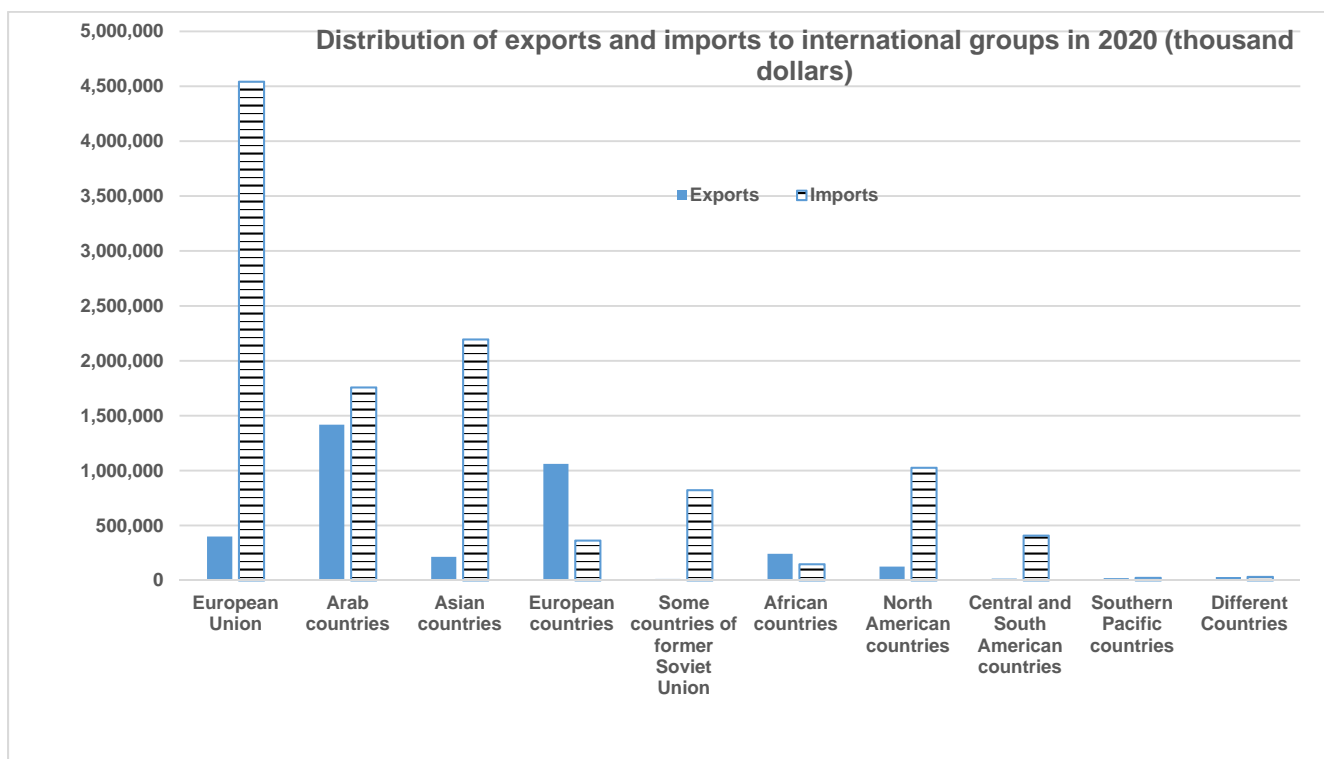
At the level of international groups, Arab countries accounted for 40 percent of the total value of Lebanese exports in 2020, followed by European countries from outside the European Union having 30 percent, then by European Union countries having 11 percent, and then by African countries having 7 percent.

In terms of imports, European Union countries accounted for 40 percent of the total value of Lebanese imports in 2020, followed by Asian countries having 19 percent, then by Arab countries having 16 percent, then by North American countries having 9 percent, and then by some countries of the former Soviet Union having 7 percent.

Table 27 Distribution of exports and imports to international groups in 2020

International groups 2020	Thousand dollars				
	Exports	Percentage %	Imports	Percentage %	Trade Balance
European Union	399,396	11%	4,540,899	40%	-4,141,503
Arab countries	1,417,694	40%	1,757,042	16%	-339,348
Asian countries	215,348	6%	2,193,800	19%	-1,978,452
European countries	1,060,536	30%	362,263	3%	698,273
Some countries of the former Soviet Union	14,282	0%	821,797	7%	-807,515
African countries	242,320	7%	146,354	1%	95,966
North American countries	125,928	4%	1,025,844	9%	-899,916
Central and South American countries	16,877	0%	407,248	4%	-390,371
Southern Pacific countries	21,025	1%	22,707	0%	-1,682
Different Countries	31,089	1%	31,779	0%	-690
Total	3,544,495	100%	11,309,733	100%	-7,765,238

Based on Lebanese customs statistics



Commercial Crossings

In the period between the years 2011-2020, the weight that border crossings represented in the movement of trade exchange changed, due to the repercussions of the Syrian crisis and the closure of the borders with Jordan.

Table 28 The evolution of imports across the border crossings

Thousand dollars						
	2011	%	2015	%	2020	%
Postal Parcel	301	0%	327	0%	0	0%
Al Kaa	2,500	0%	0	0%	0	0%
Tyre	16,475	0%	14,275	0%	4,896	0%
Sidon	405,172	2%	391,421	2%	343,638	3%
Tripoli	1,192,742	6%	1,009,673	5%	889,574	8%
Al Aboudieh	185,743	1%	22,399	0%	21,041	0%
Al Arida	13,236	0%	57,854	0%	23,430	0%
Beirut Port	13,030,343	64%	13,545,471	73%	7,046,017	62%
Al Masnaa	995,189	5%	133,991	1%	124,984	1%
Airport	4,434,254	22%	3,419,246	18%	2,856,153	25%
Total	20,275,957	100%	18,594,657	100%	11,309,733	100%

In terms of imports, Beirut Port recorded 64 percent of imports in 2011, this percentage rose to 73 percent in 2015 and then fell to 62 percent in 2020. This percentage declined through the airport from 22 % in 2011 to 18 % in 2015 then increased to 25 % in 2020. It declined through Masnaa from 5% in 2011 to 1% in 2015 and 2020.

Table 29 Evolution of exports across the border crossings

Thousand dollars						
	2011	%	2015	%	2020	%
Al Kaa	2,675	0%	0	0%	0	0%
National Cement Plant	7,672	0%	1,101	0%	0	0%
Tyre	21	0%	0	0%	0	0%
Sidon	24,577	1%	14,591	0%	55,858	2%
Tripoli	302,491	7%	257,334	9%	180,684	5%
Al Aboudieh	244,527	6%	90,501	3%	10,112	0%
Al Arida	9,532	0%	59,313	2%	23,273	1%
Beirut Port	1,160,920	27%	1,531,647	52%	1,420,044	40%
Al Masnaa	668,821	16%	182,377	6%	164,879	5%
Airport	1,844,025	43%	815,097	28%	1,689,646	48%
Holcim Lebanon	197	0%	450	0%	0	0%
Total	4,265,459	100%	2,952,411	100%	3,544,495	100%

Lebanon exported through Beirut port 27 percent of Lebanese exports in 2011.

This percentage increased to 52 percent in 2015, and then decreased to 40 percent in 2020. It increased through the port of Tripoli from 7 to 9 percent, and then decreased to 5 percent. While exports through the airport decreased from 43 to 28 percent and then increased to 48 percent. Exports decreased through Masnaa from 16 to 6 and then 5 percent.

Development of the Most Important Lebanese Exports and Its Foreign Markets

The value of exports increased in 2020 compared to 2016 by 19 percent. The reason behind this is the increase in the value of jewelry exports by 70 percent. Also the value of machinery and machine tools exports increased by 15 percent, the value of vegetable and fruit preparations exports increased by 19 percent, the value of fruits and citrus exports increased by 64 percent, and the value of iron and steel exports increased by 69 percent.

On the other hand, there was a decline in the value of electrical appliances exports by 29 percent, the value of perfumes and cosmetics exports by 12 percent, the value of plastics and its products exports by 22 percent, the value of paper and cardboard exports and their products by 11 percent, and the value of furniture exports by 24 percent.

Table 30 The evolution of the most important Lebanese exports

Customs chapter	Thousand dollars	2020	2019	2018	2017	2016	Change 2016/2020 %
71	Jewelry	1,409,841	1,454,914	648,046	586,001	828,343	70%
84	Machines, devices and machine tools	195,339	216,797	151,500	141,761	169,932	15%
20	Preparations of vegetables, fruit, nuts	129,208	118,492	104,654	108,265	108,524	19%
8	Fruits, nuts and citrus fruits	120,293	71,821	77,922	66,033	73,467	64%
85	Electrical machinery and equipment and parts	116,426	164,750	170,120	175,210	163,659	-29%
33	Oils, perfumes and cosmetics	108,930	126,574	121,687	124,831	123,637	-12%
39	Plastics and articles thereof	101,119	149,731	177,084	147,172	130,309	-22%
72	Iron and steel	90,304	72,277	123,242	104,417	53,339	69%
74	Copper and articles thereof	72,758	66,908	93,753	83,082	72,541	0%
22	Drinks, alcoholic liquids and vinegar	65,199	59,342	59,438	60,020	63,253	3%
76	Aluminum and articles thereof	60,002	58,956	62,612	58,454	49,183	22%
28	Inorganic chemical products	53,981	47,353	36,242	17,750	20,236	167%
48	Paper and cardboard and articles thereof	53,449	69,282	72,609	68,203	60,070	-11%
15	Animal or vegetable fats and oils	52,280	58,499	54,769	35,938	39,338	33%
94	furniture	51,735	59,172	62,688	59,541	68,038	-24%
30	pharmacy products	47,800	57,878	56,904	52,483	53,983	-11%
19	Grain or flour preparations	44,136	41,246	49,965	43,805	38,924	13%
78	Lead and articles thereof	44,038	52,290	45,643	45,412	24,842	77%
7	Edible vegetables and certain roots and tubers	43,759	40,982	40,828	57,184	56,305	-22%
21	Miscellaneous edible preparations	40,084	45,780	59,239	94,357	88,570	-55%
49	Publishing and press products	37,960	74,736	67,474	73,413	72,914	-48%
32	Tanning and dyeing extracts and their derivatives	37,350	44,236	41,896	37,860	34,272	9%
9	Coffee and tea	36,243	36,713	39,458	36,013	33,438	8%
	Other goods	532,261	542,621	534,052	566,331	549,483	-3%
	Total	3,544,495	3,731,350	2,951,825	2,843,536	2,976,600	19%

The intersection of the most important export markets with the most important exported commodities

At the intersection of the 10 most important Lebanese export markets with 10 of the most important Lebanese exported commodities in 2020, the following data emerged:

- Switzerland imported jewelry from Lebanon worth \$1 billion and \$42.5 million.
- The UAE imported jewelry from Lebanon worth \$313.6 million.
- Saudi Arabia imported vegetables and fruits preparations worth \$25.6 million from Lebanon.
- Qatar imported vegetables and fruits preparations worth \$8.7 million from Lebanon.
- Iraq imported cosmetics worth 29.1 million dollars from Lebanon.
- Syria imported plastic and its products from Lebanon at a value of \$22.4 million.
- The United States imported jewelry worth 16.7 million dollars from Lebanon.
- Egypt imported iron and steel from Lebanon at a value of \$39.9 million.
- Turkey imported fruits and citrus from Lebanon at a value of 13 million dollars.
- Greece imported iron and steel from Lebanon at a value of \$42.7 million.

As for the intersection of the most important exported commodities with the most important export markets in 2020, it was found that Lebanon exported:

- Jewelry worth 1 billion and 42.5 million dollars to Switzerland.
- Machines and tools worth 15.6 million dollars to Egypt.
- Vegetable and fruit preparations worth 25.6 million dollars to Saudi Arabia.
- Fruits and citrus from Lebanon at a value of 13 million dollars.
- Machines and electrical appliances worth 17.3 million dollars to Iraq.
- Perfumes and cosmetics worth \$29.1 million to Iraq.
- Plastic and its products worth 22.4 million dollars to Syria.
- Iron and steel worth 42.7 million dollars to Greece.
- Copper and articles thereof with a value of 14.8 million dollars to Greece.
- Printing products worth \$ 10.4 million to Saudi Arabia.
- Drinks and vinegar worth \$6.1 million to the UAE.

It is worth noting the need to define the strategy that will be followed to develop and increase Lebanese exports and whether it is supposed to focus on the intersection of the most important exports with the most important markets or search for new markets for new products or both. Exhibitions are considered one of the most important means of promoting Lebanese products abroad.

Table 31 The intersection of the most important Lebanese exports with the most important Lebanese markets in 2020

HS	Value Thousand \$	Switzerland	UAE	Saudi Arabia	Qatar	Iraq	Syria	United States	Egypt	Turkey	Greece
71	Jewelry	1,042,521	313,603	10,710	762	75	0	16,724	812	5,776	2
84	Machines, devices and machine tools	2,049	8,226	9,500	3,150	13,382	5,314	3,178	15,579	611	186
20	Preparations of vegetables, fruit, nuts	290	8,272	25,638	8,672	4,473	95	14,316	802	108	159
8	Fruits, nuts and citrus fruits	4	7,602	20,163	5,343	7,464	18,929	57	10,842	12,965	40

85	Electrical machinery and equipment and parts	3	9,257	7,466	2,920	17,288	5,028	436	5,924	602	146
33	Perfumes and beauty	70	17,505	15,676	2,734	29,147	623	2,238	2,497	426	7
39	Plastics and articles thereof	10	1,578	9,144	8,511	4,774	22,367	1,553	5,752	1,415	329
72	iron and steel	0	54	51	60	51	928	0	39,853	0	42,704
74	Copper and articles thereof	17	323	19	456	49	0	78	0	0	14,821
22	Drinks, alcoholic liquids and vinegar	503	6,108	2,049	3,065	5,965	259	5,112	1,527	1,392	4

II: The Economic Sectors

1. Agriculture Sector

Agricultural Trade Exchange

The gap between importing and exporting agricultural products only (from chapter 6 to chapter 14) amounted to about 564 million dollars in 2020, and the coverage ratio of agricultural exports to imports was about 29 percent.

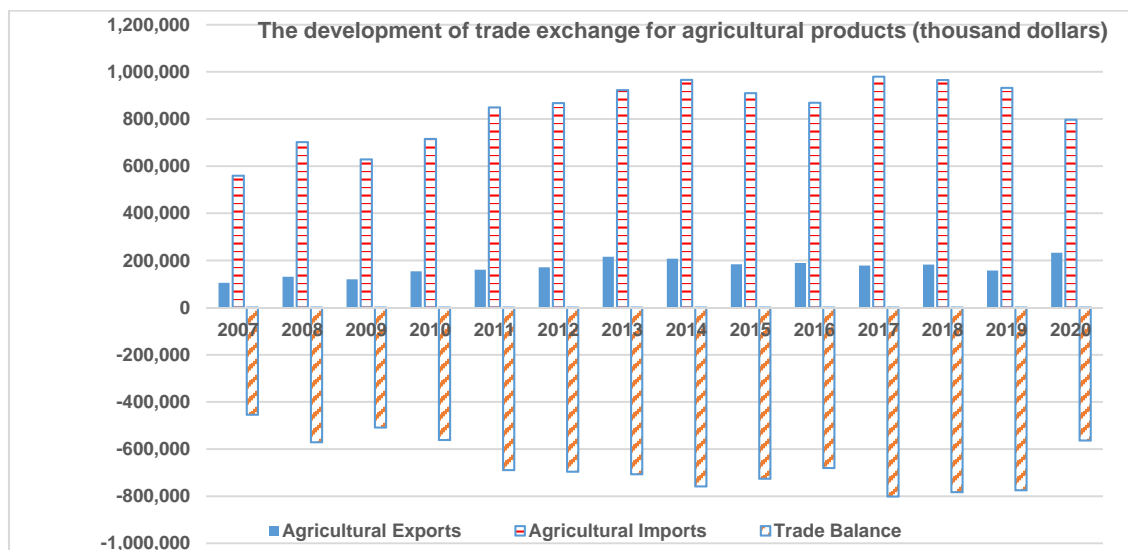
The value of agricultural exports increased from 105 million dollars in 2007 to 232.9 million dollars in 2020, an increase of 122 percent thus setting a record value for agricultural exports.

Agricultural imports increased from \$559.3 million in 2007 to \$796.8 million in 2020, an increase of 42 percent. In 2017, it set a record value of \$979.7 million.

Table 32 The development of trade exchange for agricultural products

Thousand dollars				
	Exports	Imports	Trade Balance	Exports / Imports (%)
2007	105,059	559,318	-454,259	19%
2008	130,690	702,117	-571,427	19%
2009	120,092	628,853	-508,761	19%
2010	154,116	715,649	-561,533	22%
2011	160,584	849,613	-689,029	19%
2012	171,242	867,623	-696,381	20%
2013	215,697	922,785	-707,088	23%
2014	207,396	966,178	-758,782	21%
2015	183,675	909,567	-725,892	20%
2016	189,092	869,259	-680,167	22%
2017	178,572	979,748	-801,176	18%
2018	182,687	965,484	-782,797	19%
2019	157,073	932,194	-775,121	17%
2020	232,861	796,839	-563,978	29%

Based on Lebanese customs statistics



The most important agricultural products exported in 2020 were coffee (10 percent), bananas (9 percent), grapes (9 percent), other nuts (8 percent), and citrus fruits (8 percent).

Table 33 The most important agricultural exports in 2020

HS4	Description	Value (thousand \$)	Weight (tons)	Percentage (%)
9.01	Coffee	22,725	2,755	10%
8.03	Banana	22,020	44,112	9%
8.06	Grape	21,118	47,172	9%
8.02	Other nuts	19,041	1,486	8%
8.05	Citrus	17,491	56,168	8%
7.01	Potato	16,702	67,423	7%
10.06	Rice	14,296	21,650	6%
8.08	Apple, pear and quince	13,505	58,783	6%
8.09	Apricot, cherry and peach	13,409	34,017	6%
9.1	Ginger, saffron, turmeric and thyme	11,077	2,177	5%
7.05	lettuce and dandelion	8,536	7,670	4%
11.05	Flour, semolina	7,633	4,529	3%
8.1	Other fruits	6,102	8,452	3%
8.04	Dates, figs, pineapple and avocado	5,903	5,808	3%
7.13	Dried leguminous vegetables	5,103	5,287	2%
7.1	Uncooked or steamed vegetables	4,521	7,120	2%
7.09	Other vegetables	3,663	2,371	2%
12.09	Seeds, fruit and spores, of a kind used for sowing.	2,893	138	1%
12.12	Locust beans, seaweeds and other algae, sugar beet and sugar cane,	2,157	752	1%
7.03	Onions, shallots, garlic, leeks and other alliaceous vegetables	2,008	7,119	1%
	Other agricultural products	12,958	19,037	6%
	Total	232,861	404,026	100%

The most important agricultural products imported in 2020 were wheat (19 percent), corn (15 percent), rice (10 percent), soybeans (6 percent), and other fruits and oilseeds (6 percent).

Table 34 The most important agricultural imports in 2020

HS4	Description	Value (thousand \$)	Weight (tons)	Percentage (%)
10.01	Wheat	148,488	630,548	19%
10.05	Corn	117,833	557,076	15%
10.06	Rice	76,217	127,280	10%
12.01	Soybean	47,742	116,822	6%
12.07	Other oil seeds and oleaginous fruits	47,427	31,190	6%

7.13	Dried leguminous vegetables	44,116	56,537	6%
9.01	Coffee	41,187	19,940	5%
8.02	Other nuts	39,476	8,170	5%
7.01	Potato	31,465	64,621	4%
9.02	Tea	19,518	3,069	2%
12.09	Seeds, fruit and spores, of a kind used for sowing.	19,082	7,192	2%
8.04	Dates, figs, pineapple and avocado	15,000	12,686	2%
12.06	sunflower seed	14,559	14,005	2%
7.03	Onions, shallots, garlic, leeks and other alliaceous vegetables	12,147	23,662	2%
12.02	Peanuts	11,710	6,200	1%
10.03	Barley	11,412	53,388	1%
11.01	wheat flour	9,508	28,793	1%
8.01	Coconut, Brazil Nut and Cashew Nut	9,076	3,098	1%
11.08	Starch	8,821	16,292	1%
6.02	Other live plants	5,795	7,383	1%
	Other agricultural products	66,260	88,947	8%
	Total	796,839	1,876,899	100%

The most important agricultural export markets in 2020 were Saudi Arabia (14 percent), Syria (14 percent), Kuwait (10 percent), the UAE (8 percent), and Qatar (7 percent).

Table 35 The most important Lebanese agricultural export markets in 2020

	Value (thousand \$)	Weight (tons)	Percentage(%)
Saudi Arabia	33,177	59,071	14%
Syria	32,393	59,153	14%
Kuwait	23,944	66,251	10%
Arab Emirates	19,611	39,244	8%
Qatar	16,595	22,419	7%
Turkey	15,684	4,671	7%
Jordan	12,565	25,743	5%
Egypt	11,650	54,537	5%
Iraq	8,291	26,294	4%
Oman	6,863	19,917	3%
United States	3,793	789	2%
Italy	3,622	150	2%
Holland	3,496	859	2%
Sweden	3,307	712	1%
Canada	2,889	621	1%
Germany	2,888	968	1%
United Kingdom	2,786	830	1%
Bahrain	2,729	8,366	1%
Australia	2,057	405	1%

Ivory Coast	1,862	716	1%
Other countries	22,659	12,310	10%
Total	232,861	404,026	100%

The most important agricultural import sources in 2020 were Ukraine (18 percent), China (10 percent), the United States (8 percent), Brazil (7 percent), and Egypt (5 percent).

Table 36 The most important sources of Lebanese agricultural import in 2020

	Value (thousand \$)	Weight (tons)	Percentage(%)
Ukraine	146,463	612,654	18%
China	79,119	110,717	10%
United States	60,627	107,613	8%
Brazil	54,867	125,559	7%
Egypt	42,542	78,087	5%
Argentina	36,830	149,484	5%
Sudan	36,653	25,824	5%
Turkey	29,193	51,380	4%
Russian Federation	29,176	107,966	4%
India	26,010	17,828	3%
Syria	22,923	43,871	3%
Romania	22,339	101,502	3%
Bulgaria	16,684	65,505	2%
Iran	15,580	3,436	2%
Holland	14,546	17,273	2%
Sri Lanka	13,853	2,419	2%
Moldova	13,302	62,685	2%
Vietnam	10,779	3,854	1%
Thailand	10,722	18,710	1%
Italy	10,496	13,696	1%
Other countries	104,135	156,836	13%
Total	796,839	1,876,899	100%

Trade in Food Products

The trade exchange of agricultural and animal products and the food industry (from customs chapter 1 to customs chapter 24) witnessed an increase in the value of food exports from 687.8 million dollars in 2016 to 701.7 million dollars in 2020 an increase of 2 percent with a record value recorded in 2014 amounting to 781.2 million Dollars.

The value of food imports decreased from 3.3 billion dollars in 2016 to 2.3 billion dollars in 2020 a decrease of 30 percent. Imports recorded a record value also in 2014 amounting to 3.6 billion dollars.

The contribution of food exports in total exports decreased from 23 percent in 2016 to 20 percent in 2020 while the contribution of food imports to total imports increased from 17 to 20 percent.

The most important food exports in 2020 were vegetable and fruit preparations (4 percent), fruits and citrus fruits (3%), beverages, alcoholic liquids and vinegar (2%), greases, fats and oils (1%), and cereal preparations (1 percent).

The most important food imports in 2020 were cereals (3 percent), live animals (3%), cereal preparations (1 percent), dairy products, eggs and honey (1%), and cereals and oily fruits (1 percent).

Table 37 Trade exchange of food products (value in thousand dollars)

	2016	2017	2018	2019	2020
Food exports	687,837	691,505	643,692	628,102	701,736
Total exports	2,976,600	2,843,536	2,951,825	3,731,350	3,544,495
%	23%	24%	22%	17%	20%
Food imports	3,272,333	3,403,027	3,496,093	3,112,227	2,297,925
Total imports	18,705,307	19,582,210	19,979,509	19,239,394	11,309,733
%	17%	17%	17%	16%	20%
Food balance	-2,584,496	-2,711,522	-2,852,401	-2,484,125	-2,484,124
Food exports/food imports (%)	21%	20%	18%	20%	31%

2. Industrial Sector

The value of industrial exports decreased, according to the statistics of the Ministry of Industry, from 3.4 billion dollars in 2013 to 2.2 billion dollars in 2020, a decrease of 35 percent. Also, the value of imports of machinery used in the industry decreased from 300.4 in 2013 to 84.3 million dollars in 2020, a decrease of 72 percent.

Table 38 Evolution of industrial exports (million \$)

	2013	2014	2015	2016	2017	2018	2019	2020
January	276	238	243	200	176	187	180	179
February	274	243	238	223	197	203	205	212
March	341	259	247	212	224	238	275	170
April	297	277	240	231	210	228	211	120
May	307	287	281	211	206	223	267	152
June	312	278	292	225	199	186	162	171
July	266	262	234	179	216	199	228	218
August	260	276	233	233	227	212	214	145
September	286	269	243	184	168	206	170	203
October	252	269	255	220	227	240	183	208
November	270	233	220	194	205	211	199	177
December	242	260	231	216	220	214	204	241
Total	3,384	3,150	2,956	2,527	2,474	2,548	2,498	2,196
Imports of Machinery used in industry	300.4	269.1	243.4	235.5	257.4	266.4	189.6	84.3

Based on the statistics of the Ministry of Industry



The most important industrial exports were machinery and electrical appliances (19%), chemical industries (19%), food products (18%), base metals and articles of base metals (14%), and jewelry (6%).

During the years 2016-2020, and among these top five industrial exports, exports of machinery and electrical appliances decreased by 29 percent in 2020 compared to 2016, exports of chemical industries decreased by 6 percent, and exports of food industries decreased by 15 percent, while exports of base metals and its products increased by 21 percent, exports of plastics, rubber and their products decreased by 22 percent, and jewelry exports decreased by 3 percent.

Table 39 Industrial Exports (million \$)

Chapter		2020	2019	2018	2017	2016	Change % 2020/2016
1	Live animals; animal products	4.6	5.9	6.5	6.1	6.2	-26%
2	Vegetable products	60.0	51.4	52.3	46.6	49.7	21%
3	Animal or vegetable fats and oils	52.3	59.8	55.8	35.9	39.3	33%
4	Prepared foodstuff; beverages, tobacco	388.7	389.8	397.9	471.4	459.4	-15%
5	Mineral products	12.4	24.7	10.6	8.2	9.1	36%
6	Product of the chemical or allied industries	406.6	475.3	470.6	396.7	431.9	-6%
7	Plastics and articles thereof; rubber	105.9	159.1	187.4	156.8	141.1	-25%
8	Raw hides and skins , leather, fuskins	11.1	12.9	11.0	11.3	12.0	-8%
9	Wood and article of wood	7.1	12.8	8.4	11.2	13.5	-47%
10	Paper and paperboard	91.7	144.0	140.1	142.2	134.8	-32%
11	Textiles and Textiles articles	44.2	48.7	52.0	66.8	87.9	-50%
12	Footwear, umbrellas, artificial flowers	8.7	9.8	8.8	9.9	11.6	-25%
13	Articles of stone, plaster, cement, glass	17.8	18.5	23.6	21.1	22.5	-21%
14	Pearls, precious stones and metals	122.5	149.5	153.7	141.0	126.2	-3%
15	Base metals and articles of base metals	313.9	310.4	394.0	341.3	257.7	22%
16	Machinery; electrical instruments	419.2	491.8	449.2	485.1	590.0	-29%
17	vehicles, aircraft, vessels, transport equipment	30.1	28.1	23.9	23.9	20.9	44%
18	optical, photographic, medical, musical instruments	16.5	15.4	16.6	17.9	19.2	-14%
19	Arms and ammunition; parts and accessories	0.0	0.1	0.0	0.5	0.6	-100%
20	Miscellaneous manufactured articles	82.5	89.4	85.6	79.7	93.2	-11%
	Total	2,195.8	2,497.3	2,548.0	2,473.6	2,526.8	-13%

3. Construction and Real Estate

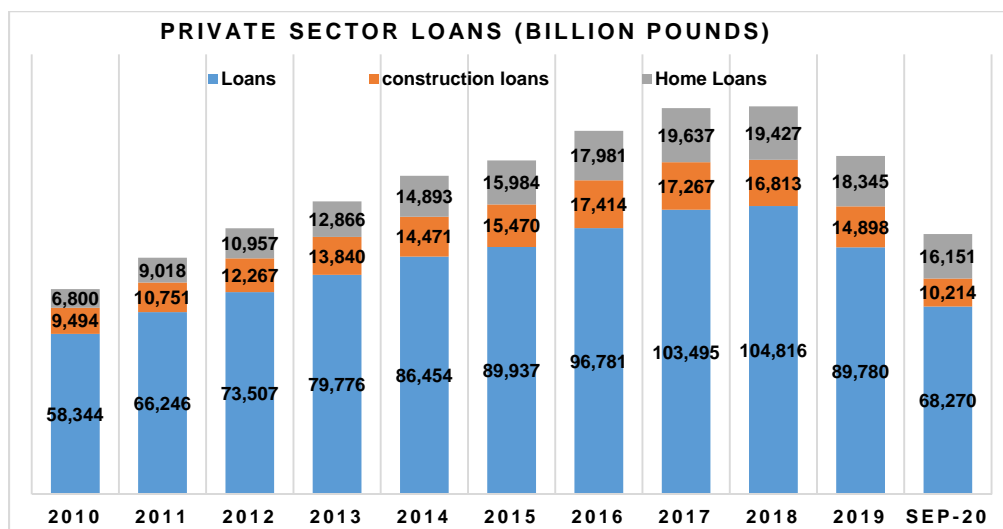
The real estate sector is considered a push for the Lebanese economy, and it represents the largest component of the GDP as it contributed in 16 percent of the GDP in 2019. The total loans of banks for contracting, building and housing accounted for about 39 percent of the total loans of banks to the private sector in September 2020.

Banks' loans for construction and contracting increased from \$6.3 billion in 2010 to \$9.9 billion in 2019 thus an increase of more than 57 percent. Housing loans also increased from 4.5 billion dollars to about 12.2 billion dollars, an increase of more than 171 percent. However, in September 2020, these loans decreased to 6.8 billion Lebanese pounds for construction and contracting and to 10.7 billion dollars for housing.

Table 40 Bank loans for contracting, building and housing (billion Lebanese pounds)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Sep-20
Loans	58,344	66,246	73,507	79,776	86,454	89,937	96,781	103,495	104,816	89,780	68,270
Buildings	9,494	10,751	12,267	13,840	14,471	15,470	17,414	17,267	16,813	14,898	10,214
Home Loans	6,800	9,018	10,957	12,866	14,893	15,984	17,981	19,637	19,427	18,345	16,151

Based on Banque Du Liban Statistics

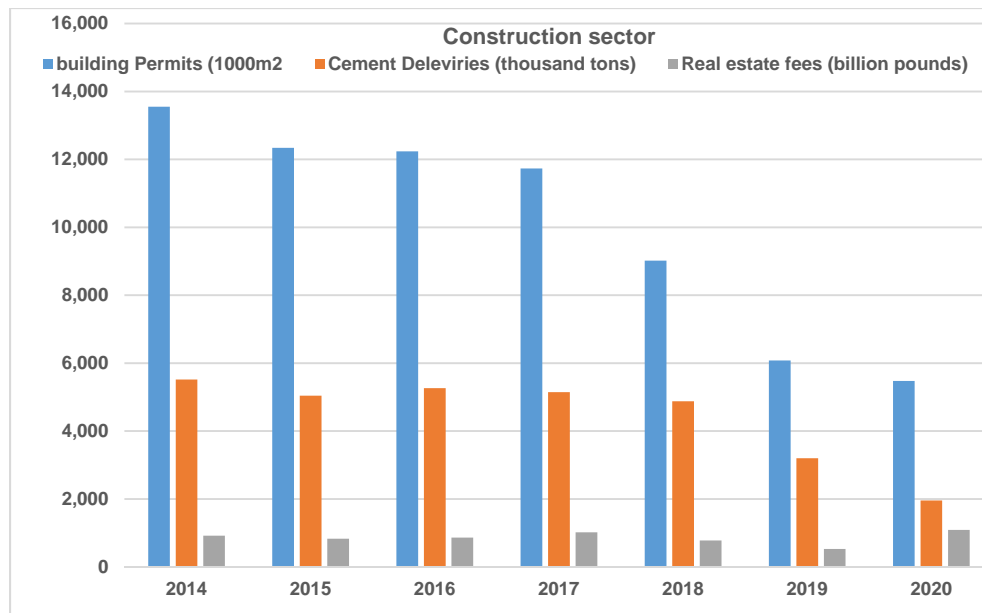


In 2020, the construction sector recorded a decrease in registered building areas, which amounted to 5.5 million square meters, thus a decrease of 10 percent compared to 2019. A significant decrease in the level of cement deliveries was noticed, which approached 2 million tons, thus a decrease of 39 percent. As for real estate fees, it increased by 105 percent.

Table 41 The development of the construction movement and cement deliveries

Construction sector	2014	2015	2016	2017	2018	2019	2020
Building Permits (1000 m²)	13,549	12,340	12,234	11,730	9,020	6,081	5,478
Cement Deliveries (thousand tons)	5,517	5,043	5,265	5,149	4,878	3,203	1,957
Real estate fees (billion pounds)	921	834	863	1,019	781	532	1,089

Based on Banque Du Liban Statistics



These changes in the real estate market are due to the fact that at the beginning of 2020 the exchange rate of the dollar increased in the parallel market, and several exchange rates for the Lebanese pound against the dollar arose. Banks imposed restrictions and controls on withdrawals and transfers from bank accounts, which led to a shortage of cash, amid increasing demand for it. Bank checks were included as a new currency, and their price fluctuated in line with the fluctuations in the price of the Lebanese pound in the parallel market and could be competed with.

Real estate dealers agreed to pay the value of real estate with bank checks in exchange for an increase in real estate prices. Since the holders of bank accounts have their money suspended in the banks, they were worried about deductions from the values of their money deposited in the banks or from the bankruptcy of the banks. Thus they agreed to buy at the new prices, and this allowed real estate dealers to write off their bank debts.

The real estate sector has suffered in the past years from a major stagnation and a sharp decline in the prices of residential and commercial units. In mid-November 2019, contractors began offering discounts of about 40 percent to encourage those wishing to buy, and then these discounts began to decline till it ended at the end of the year 2019.

This boom continued until mid-February 2020, before the spread of the Coronavirus, after which real estate dealers raised prices by rates ranging between 5 and 10 percent. After that, they began negotiating with the banks to reschedule debts and to agree on interest discounts, so that they could manage their remaining real estate portfolio. This prompted them to freeze sales for several weeks followed by raising prices between 15 and 35 percent with discounts for cash payment of up to 40 percent.

Since the crisis is long and there is no solution anytime soon, the demand of depositors to own real estate will continue, and prices will continue to rise. But this rise in prices is through bank dollars and not fresh dollars, which keeps real estate developers in the cycle of losses especially in uncompleted projects.

Statistics indicate that between 100 and 150 apartments are sold per day, and the number of the remaining apartments does not exceed 9,000. Since the real estate development crisis may last more than 5 years, it is likely that new projects will not take place, and the real estate stock will decline.

4. Tourism Sector

According to Ernst Young's survey of the Standard of Hotels in the Middle East for the first eight months of the year 2020, there was a noticeable decline in the performance of the hospitality sector in Lebanon in terms of hotel occupancy rates and average room prices.

The economic crisis, the devaluation of the currency, the rise in the unemployment rate, and the explosion of the port of Beirut have weakened the performance of the hotel sector. In addition, restrictions imposed to counter the spread of the Corona epidemic and anti-government protests have exacerbated the situation.

On the other hand, tourism was mostly limited to the Lebanese expatriates, who activated the hotel and restaurant sectors, and they also contributed to the introduction of foreign currencies and supported their families to face the living crises.

The occupancy rate of 4- and 5-star hotels in the capital reached only 13 percent in the first eight months of the year 2020, compared to 72 percent in the same period in 2019. The room revenue decreased by 85.8 percent on an annual basis to reach 21 dollars in the first eight months of the year 2020 compared to \$147 in the same period in 2019.

The number of tourists who came to Lebanon was 1,936,320 in 2019 compared to 1,963,917 in 2018, a decline of nearly 1.4 percent.

In terms of international groups, European tourists accounted for 37 percent of the total number of tourists in 2019 amounting to 720,421 tourists, and they are, in order: French 181,127, Germans 106,379, British 74,177, Swedes 47,153, Italians 37,687, and Turks 33,850.

Arab tourists accounted for 30% of the number of tourists amounting to 574,352, and they are, in order: Iraqis 196,265, Egyptians 92,533, Saudis 88,142, Jordanians 87,447, Kuwaitis 43,285, and Emiratis 2,868.

Table 42 Number of tourists who came to Lebanon

Year	Number of Tourists	Change (%)
2000	741,648	10.10%
2001	837,072	12.90%
2002	956,464	14.30%
2003	1,015,793	6.20%
2004	1,278,469	25.90%
2005	1,139,524	10.90%
2006	1,062,635	-6.70%
2007	1,017,072	-4.30%
2008	1,332,551	31.00%
2009	1,851,081	38.90%
2010	2,167,989	17.10%
2011	1,655,051	23.70%
2012	1,365,845	17.50%
2013	1,274,362	-6.70%

2014	1,354,647	6.30%
2015	1,517,927	12.10%
2016	1,688,357	11.23%
2017	1,856,795	9.98%
2018	1,963,917	5.76%
2019	1,936,320	-1.41%

Table 43 Number of tourists divided according to international groups

	2015	2016	2017	2018	2019
Africa	85,187	103,193	109,230	108,608	64,848
America	264,041	296,831	327,536	357,764	363,718
Arab Countries	480,723	522,922	561,273	562,535	574,352
Asia	122,400	125,418	136,600	140,716	134,535
Europe	505,284	564,499	639,624	705,969	720,421
Oceania	59,670	74,916	81,831	87,607	78,160
Other Countries	622	578	701	718	286
Total	1,517,927	1,688,357	1,856,795	1,963,917	1,936,320

5. Transport Sector

Airport Traffic

Travel and air traffic declined at Rafic Hariri International Airport due to the spread of the Corona pandemic and the consequent restrictions imposed on travel. The total number of flights at Rafic Hariri International Airport was 27,062, the number of arriving passengers was 1,172,049, the number of departures was 1,268,200 and the number of transit passengers was 61,726. In terms of unloaded and shipped goods, it amounted to 63,929 tons in 2020.

The number of flights decreased by 62.6 percent, the number of arrivals by 72.6 percent, the number of departures by 70.9 percent, and the movement of goods by 26.3 percent, in 2020 compared to 2019.

Table 44 Airport traffic

	2018	2019	2020	Change%
Aircraft Movement	73626	72279	27062	-62.6%
Of which Middle East share%	35.20	37.80	36.50	
Arrivals	4436574	4280141	1172049	-72.6%
Of which Middle East share%	35.40	38.60	47.10	
Departures	4401439	4351380	1268200	-70.9%

Of which Middle East share%	35.40	38.50	43.20	
Transit	4429	52198	61726	18.3%
Cargo Movement(ton)	97418	86701	63929	-26.3%
Of which Middle East share%	27.60	28.30	13.90	

Buying New Cars

Buying new cars is an indicator of the level of luxury in general. A number of Lebanese used to buy new cars despite the decline in public services such as water, electricity, health, education and the environment. They deliberately spent money on the purchase of many luxuries and non-essential and essential goods. However, this reality dissipated and the displays of luxury declined in many matters, including the purchase of new cars. As a result of the economic crisis that Lebanon is going through and the banks' reluctance to provide soft loans to buy cars, the purchase of new cars has declined during the past years, especially in the year 2020.

Table 45 Number of new cars sold

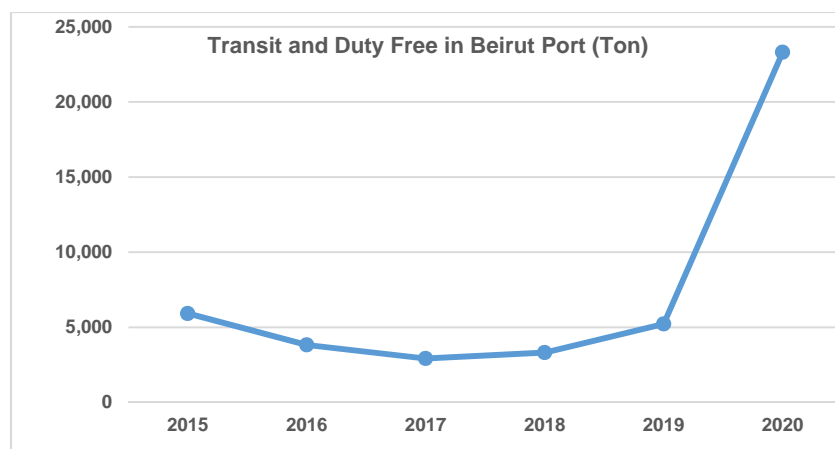
Year	Number of new cars sold
2016	36.326
2017	37.222
2018	33.012
2019	21.991
2020	6.152

Beirut Port Movement

The weight of unloaded cargo at Beirut Port decreased from 7.1 million tons in 2015 to 3.5 million tons in 2020 thus a decrease of 39 percent. The weight of shipped goods decreased from 1.1 million tons to 803 thousand tons thus a decrease of 26 percent. On the other hand, the weight of transit and free zone goods increased from 5918 tons to 23 thousand tons, or about four times.

Table 46 Beirut port Movement (ton)

	Unloaded Goods	Shipped Merchandise	Transit and duty free
2015	7134250	1082466	5918
2016	7730581	1035992	3824
2017	7130895	1129588	2920
2018	7054693	929859	3315
2019	5696800	827209	5220
2020	3489464	803257	23317

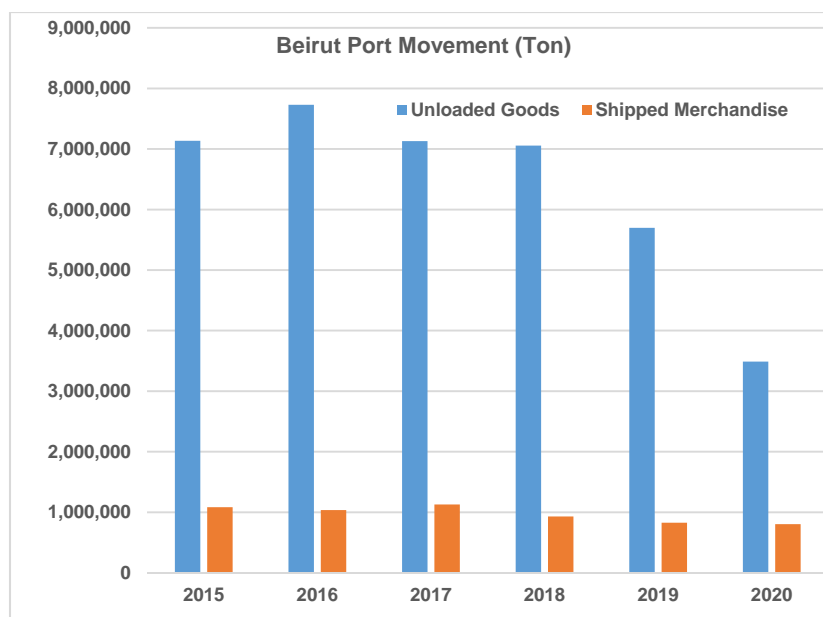


Several questions revolve around the nature of the explosion that occurred in the port of Beirut, and whether the act was intentional or the result of negligence. Moreover, if it were planned, what is its motive, and who benefits from this action? What are the repercussions that will result from this terrorist act? Is it a way out for settlements in Lebanon and the region, or is it an additional means of pressure on Lebanon and the region?

The only thing certain is that this explosion led to human losses and destruction. The World Bank conducted a preliminary assessment of the economic losses resulting from the explosion in the port of Beirut, for the consequences of the explosion are great given that the port of Beirut is the main crossing for goods coming to Lebanon. The damage affected 80 percent of the infrastructure and buildings in the areas of: Dora, Gemmayzeh, Mar Mikhael, Karantina, Geitaoui, and Karm al-Zaytoun. This led to direct damage to about 50,000 housing units leaving about 300,000 people homeless, in addition to subsequent damage to three private hospitals and one government hospital that served about one million people. In addition, there were damages to about 34 schools, significant damages to the transmission and distribution networks in the electricity network in Ashrafieh and in the headquarters of the Electricité du Liban, and the water networks.

The port of Beirut is considered a vital crossing point for the economic activity in Lebanon. The damage resulting from the explosion will exacerbate the cost of imports, increase inflation rates, and promote hyperinflation.

In general, there will be a big loss in the treasury revenues generated from the port of Beirut whether from the decrease in customs duties or from the fees and taxes collected. The World Bank also expects to increase trade exchange through Syria, which is the only land crossing to Lebanon.



The only positive aspect lies in the effect that will result from the decrease in imports since it will lead to a reduction in the current account deficit, given that imported goods are worth 4.5 times the exported ones. An increase in remittances from expatriates who will support their families in Lebanon is also expected.

Beirut Port deals with 300 international ports, and the number of ships berthing in it is estimated to be 3100 ships annually. Through it, most of the Lebanese import and export operations take place. The port of Beirut accounted for about 73 percent of the import traffic, and about 37 percent of the export traffic in 2019. This is in addition to its role as a main center for re-export trade and transit trade.

There was an international rush to rebuild the port of Beirut. After Germany, France came and before them China, Turkey and Russia, and this indicates the importance of this port.

The German company's plan for the reconstruction of the port of Beirut seeks to develop it and connect it with its surroundings. This project will be expanded from just a port to an avenue and meeting space for the city's residents as it will include an exhibition, museums, residential and commercial units, swimming pools and gardens, while preserving the urban heritage of the city.

The project area is estimated to be about 1.3 million square meters as part of the Burj Hammoud landfill and the area to the right of the port will be benefited from. In this area, the port will be enlarged in terms of the load of ships received and the connection between the port and the rest of the areas via railways heading north or south.

The company expects this project to provide 50,000 job opportunities in and around Beirut, given that it will provide, over the next 25 years, revenues of more than \$30 billion resulting from taxes, fees and revenues. The project cost is estimated between 5 and 15 billion dollars, and it will be secured through external investments to be completed later with self-financing after selling the residential, commercial and other shops. The project will return revenues to the state estimated at hundreds of millions annually excluding the income from operating the port.

After a group of German companies announced their plans to rebuild the port of Beirut and the damaged areas around it, the French shipping group CMA CGM, active in the field of shipping and logistics in the world, presented its plan to rebuild the port of Beirut within 3 years.

The group's plan, which was presented to the Lebanese authorities for the first time in September 2020, includes rebuilding the destroyed docks and warehouses with the expansion of the port and its transformation into a digital system at a total cost of between 400 and 600 million dollars.