

ANNUAL ECONOMIC & COMMERCIAL REPORT: 2024

1. OVERVIEW

Lebanon's economy in 2024 faced various severe challenges, exacerbating an already dire situation stemming from years of financial instability, political paralysis, and regional conflict.

(i) First challenge was **Economic Contraction**: According to the World Bank, there was a real GDP contraction of 6.6 % in 2024, bringing the cumulative decline since 2019 to nearly 40%. This downturn resulted in a \$4.2 billion loss in consumption and net exports, primarily due to mass displacement, infrastructure destruction, and reduced private consumption.

(ii) Second major challenge was 14-month long **Israel-Hezbollah Conflict** (which began in October 2023 and ceasefire was declared in November 2024) and the Displacement: The sharp escalation of hostilities in this conflict in September 2024 led to significant human and economic costs including over 3,500 deaths and 14,500 injuries by mid-November. Approximately 1.2 million people displaced, accounting for about 25% of the population. Infrastructure damages estimated at \$3.4 billion, with economic losses of \$5.1 billion. The conflict severely impacted key sectors, including Tourism, Agriculture, Manufacturing, and Trade.

(iii) The third major challenge was **Infrastructure and Services Collapse**: A nationwide power outage began on August 17, 2024, due to fuel shortages and the inability to pay for imports. This blackout disrupted essential services, including water supply, wastewater treatment, and operations at ports and airports.

(iv) the fourth major challenge faced by the Lebanese economy in the year 2024 was **Financial Sector and Currency Challenges**: Lebanon's financial sector remained fragile, with the country placed on the Financial Action Task Force's "grey list" in October 2024 due to concerns over money laundering and terrorist financing. The exchange rate stability achieved since August 2023 was deemed unsustainable, relying on fiscal restraint and unspent public sector surpluses, which delayed critical investments.

(v) the fifth challenge for the Lebanese economy was **Social Impact**: The economic crisis led to a significant decline in purchasing power, especially for those earning in Lebanese lira, the country witnessed annual inflation rate of 100 to 3000 % since 2019. Poverty rates increased,

with absolute poverty affecting 33% of the Lebanese population and 44% if Syrian refugees are included.

January 9, 2025 election of President General Joseph Aoun, after the post remained vacant for more than 2 years since the end of tenure of President Michel Aoun in October 2022, was followed by formation of a new cabinet headed by former Lebanese PR to UN/President of ICJ PM Nawaf Salam replacing the caretaker government headed by Najib Mikati, in place since February 2022. The new government has initiated some reforms to address the economic, banking and energy crisis.

Outlook for 2025

Despite the challenges, the World Bank has projected a potential GDP growth of 4.7% in 2025, contingent on anticipated reform progress, recovery in tourism and consumption, and limited capital inflows. However, the outlook remains uncertain due to the fragile political and security environment and the unresolved financial crisis.

2. Economic Indicators of Lebanon:

i. Gross Domestic Product:

GDP	2022	2023	2024
GDP	US\$ 20.99 Bn	US\$ 17.94 Bn	US \$ 23.0 Bn
GDP Growth Rate (%)	-0.6	-0.2	0.28
GDP (per capita)	US\$ 3823.9	US\$ 3350.3	US \$ 4410

Source: <https://data.worldbank.org/country/lebanon>
<https://www.worldeconomics.com/Country-Size/Lebanon.aspx>

ii. International Reserves of Lebanon:

International reserves (US\$ bn)	2021	2022	2023	2024
Total international reserves	US\$ 15.91 billion	US\$ 16.94 billion	US\$ 14.80 billion	US\$ 10.18 billion
Change%	-	6.47	-12.63	-31.21

Source: <https://blog.blominvestbank.com/47923/bdls-foreign-reserves-at-13-93b-by-mid-september-while-liquid-fx-reserve-assets-came-at-8-498b-in-august/>

3. LEBANON GLOBAL TRADE:

i. Total import of Lebanon from the world and from India.

Year	Import from the world US\$ mn.	Change % over past year	Import from India US\$ mn.	Change % over past year
2019	19,640	-3.71	344	-5.83
2020	11,350	-42.27	150	-57.05
2021	13,850	+22.02	263	+75.33
2022	19,503	+40.81	608	+131%
2023	18,125	-7.07	457	-24.84
2024	17,309	-4.50	323	-29.32

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

ii. The principal export destinations of Lebanon.

Source: *Lebanese Customs*

Ranking	Name of the Country	2024 (January to December) US\$ Million
1	United Arab Emirates	794
2	Iraq	284
3	Egypt	211
4	Turkey	179
24	India	15

iii. The principal import sources of Lebanon.

Source: *Lebanese Customs*

Ranking	Name of the Country	2024 (January to December) US\$ Million
1	China	1979
2	Greece	1565
3	Switzerland	1112
4	Turkey	1096
5	Italy	903
11	India	323

4. Bilateral:

In the year 2024, due to the ongoing conflict between Israel and Lebanon, India's exports to Lebanon as well as imports from Lebanon were largely affected. Lebanon's imports from India fell down to US\$ 323 million in 2024 from US\$ 457 million in 2023. India is the 11th largest import source for Lebanon (according to figures from Lebanese Customs). Despite the disruptions due to Israel-Hezbollah conflict, Embassy of India in Beirut regularly organized business seminars to promote

bilateral commercial ties. Furthermore, several Lebanese companies participated in trade fairs in India in 2024 and were able to engage in productive meetings that led to various trade opportunities. In this context, the Embassy of India in Lebanon, with support from the Ministry of Industry in Lebanon, invited Fair Trade Lebanon to participate in the Indus Food 2024 held from 8 to 10 January 2024 at Delhi and hosted by the Trade Promotion Council of India. Representing Lebanon under the Fair Trade team were: Château St Thomas, Delifraicher, Al Raghad and Zeit Boulos. Other partner groups, including the El Khalil Foundation and Le Passeport Culinaire, showcased their presence. The Lebanese Ambassador to India, Dr. Rabie Narsh, visited the Lebanese Pavilion and held meetings with participating companies, offering his continued support for the enhancement of trade between India and Lebanon. Other delegations also visited India and participated in exhibitions in 2024.

(i) Imports from India and exports to India in 2024

Export to Lebanon from India = US\$ 323 mn.
Import from Lebanon = US\$ 15 mn.

(ii) Total Trade with India (In Millions USD).

Source: D/o Commerce

Year	Export to Lebanon US\$ mn	Change %	Import from Lebanon US\$ mn	Change %	Total Trade US\$ mn	Change %
2017-18	257.10		38.47		295.57	
2018-19	268.67	4.5	43.94	14.20	312.60	5.76
2019-20	203.97	-24.08	30.94	-29.59	234.91	-24.85
2020-21	190.38	-6.67	27.95	-9.63	218.33	-7.06
2021-22	313.14	64.48	32.46	16.13	345.61	58.29
2022-23	403	29	92.49	187.59	495.49	71
2023-24	344.86	-14.4	112.90	122.82	457.76	-7.62
2024-25	337.05	-3.27	85.18	-24.56	422.23	-7.76

(iii) . Top ten import from India commodity-wise for 2024

Source: Lebanese Customs

SI	HS Code	Description	Import Thousand \$
1.	06	Products of the chemical or allied industries	53,354
2.	14	Pearls, precious stones and metals	51,332
3.	02	Vegetable products	45,607
4.	16	Machinery; electrical instruments	39,836
5.	01	Live animals; animal products	33,133
6.	11	Textiles and textile articles	17,457
7.	17	Vehicles, aircraft, vessels, transport equipment	16,678

8.	07	Plastics and articles thereof; rubber	12,019
9.	04	Prepared foodstuffs; beverages, tobacco	9,097
10.	15	Base metals and articles of base metal	7,871

iv. Top ten export to India commodity-wise for 2024

SI	HS Code	Description	Export Thousand \$
1.	15	Base metals and articles of base metal	9699
2.	14	Pearls, precious stones and metals	867
3.	06	Products of the chemical or allied industries	778
4.	16	Machinery;electrical instruments	109
5.	10	Pulp of wood; paper and paperboard	104
6.	18	Optical, photographic,medical, musical instruments	79
7.	05	Mineral products	78
8.	04	Prepared foodstuffs; beverages, tobacco	61
9.	08	Raw hides and skins, leather, furskins	50
10.	07	Plastics and articles thereof; rubber	40

v. India's export target for 2024-25 with Lebanon with previous year's figures and achievements.

Source: D/o Commerce

S. No.	Commodity	2020- 21	2021- 22	2022- 23	2023- 24	2024-25		
						Target Achieved	Target Set for 2024-25	% of Target achieved
1	Engineering Goods	29.7	60.4	87.4	74.72	61.89	88.1	70.24
2	Gems And Jewellery	4.6	9.8	12.4	12.72	6.97	15.1	46.15
3	Petroleum Products	1	0.3	0.6	0.4	0.64	0.6	106.66
4	Drugs And Pharmaceuticals	30.4	36.8	36	41.18	38.15	43.4	87.9
5	Organic & Inorganic Chemical	20.7	30	28.6	32.81	29.75	37.1	80.18
6	Rmg Of All Textiles	1.1	1	2.5	2.94	2.67	3.4	78.52
7	Electronic Goods	14.6	50	79	12.41	14.24	14.1	100.9

8	Cotton Yarn/Fabs./Madeups, Handloom Products Etc.	4.8	9.9	5.8	7.62	5.1	9.1	56.04
9	Rice	9	9.4	13.8	24.72	18.71	20.2	92.62
10	Plastic And Linoleum	10.8	20.7	11.9	11.77	10.67	14	76.21
11	Marine Products	2.3	5	6.8	9.34	9.49	11	86.27
12	Iron Ore	0	0	0	0	0	0	0
13	Spices	1.4	1.9	1.4	2.59	1.89	2.3	82.17
14	Man-Made Yarn/Fabs./Madeups Etc.	2.1	4.5	4.5	4.12	3.81	4.9	77.75
15	Mica, Coal And Other Ores, Minerals Including Process	4.8	5.7	5	3.67	4.83	5.0	96.6
16	Meat, Dairy And Poultry Products	7.5	27.3	30.5	34.67	27.51	41.2	66.77
17	Leather And Leather Manufactures	0.3	0.4	0.5	0.48	0.43	0.6	71.66
18	Ceramic Products And Glassware	8.4	6.8	12.6	13.59	5.15	16.3	31.59
19	Fruits And Vegetables	2	1.7	2.7	4.36	3.35	5.2	64.42
20	Cereal Preparations And Miscellaneous Processed Item	0.4	0.7	1.7	2.45	1.41	2.8	50.35
21	Handicrafts Excl. Hand Made Carpet	0.4	0.3	0.9	0.8	0.75	1.0	75
22	Oil Meals	0	0	0	0.01	0.01	0	100
23	Carpet	0.1	0.2	0.5	0.83	0.74	1.0	74
24	Oil Seeds	9	8.4	7.4	15.21	12.36	17.2	71.86
25	Tobacco	0	0.2	0.2	0.06	0.07	0.2	35
26	Tea	0.8	0.6	0.4	0.44	0.06	0.5	12
27	Coffee	1.1	3.7	6.6	7.03	4.46	6.9	64.63
28	Other Cereals	0	0	0	0.03	0	0	0
29	Cashew	0	0	0	0	0	0	0
30	Jute Mfg. Including Floor Covering	0.1	1	0.3	4.71	0.9	4.0	22.25
31	Others	22.8	16.2	43.2	19.18	71.04	22.8	320.94
	Total	190	313	403	344.86	337.05	397	84.89

(vi) **Visas and Trade Queries-2024**

VISA

Number of Business Visas issued in 2024 : 427

Number of Tourist Visas issued in 2024 : 658

TRADE QUERIES

Trade queries from India : 1,050

Trade queries from Lebanon : 18

(vii) **Presence of Lebanese companies in India**

- Lebanese companies **Dar Al-Handasah** (architecture consultant and project monitoring), **Khatib and Alamy** (architecture consultant and project monitoring) and **Future Pipes Industries** have businesses in India. While Dar Al-Handasah has 2 offices in India (1 in Pune and 1 in Bengaluru) employing 1000 Indians each, Khatib and Alamy has an office in Bengaluru employing around 1000 Indians and Future Pipes has an office in Maharashtra.
- Lebanese Food Chain **Zaatar W Zeit** announced in September 2024 that it is set to open its first branch in Mumbai during the first quarter of 2025. As per the information available with the Mission they have already opened their first outlet in Mumbai.
- **A.N. Boukhather SAL (ANB Holdings)** is the exclusive distributor of Bajaj Motors in Lebanon, as it ventured into the 2-wheel and 3-wheel segment. In 2021, ANB has set up an assembly plant to assemble Bajaj 2 wheeler, adding local design features to market it in Lebanon.
- **Choueiry Group** is the exclusive distributor of **Ashok Leyland** since 2022 in Lebanon.
- **Bokitta India Private Limited**, a Lebanese contemporary hijab and clothing brand founded in 2020 is located in Bangalore and has 350 Indian workers in their establishment.
- Lebanese company **Benta Pharmaceuticals** has established its entire production line based on Indian machinery. The company also imports significant quantities of APIs from India. Benta Pharma Private Limited is based in Telangana.

(viii) **Trade Related Events organized by Embassy of India in 2024:**

SI	Name of the Event	Date	Description
1.	Lebanon joins International Solar Alliance	27.08.2024	Lebanon joined the International Solar Alliance (ISA) with Minister of Energy HE Dr. Walid Fayad signing the Framework Agreement of ISA, in the presence of Ambassador of India.
2.	India's humanitarian assistance arrives in Beirut	24.10.2024	Lebanon's Health Minister HE Dr. Firas Abiad received consignment of medicines, as part of India's humanitarian assistance of 33 tons of medicines to Lebanon, in the presence of Ambassador of India to Lebanon.
3.	Ayurveda Day	29.10.2024	Embassy of India organized 9th Ayurveda Day in which a panel discussion of experts from Lebanon on the year's theme "Ayurveda Innovation for Global Health" was moderated by the Ambassador.
4.	Business Seminar	16.12.2024	The Embassy organized a multi-sectoral business seminar titled "Strengthening India-Lebanon Commercial Ties". The event was

			<p>attended by Lebanon's Minister of Finance H.E. Dr. Youssef El Khalil, Minister of Economy and Trade H.E. Dr Amin Salam, Member of Parliament H.E. Mr Faisal Al Saygeh, Director General of Industry Ministry Ms. Chantal Akl, Chairman and CEO of Benta Pharma & President of Association for Development of Lebanese-Indian Relations (ADLIR) Mr. Bernard Tanoury as well as senior officials of various ministries and prominent members of Lebanese business community and media houses. A panel discussion on the subject was organized. Ambassador of India touched upon bilateral trade and the panelists shared their experiences of doing business in India. The event was widely covered in the electronic, digital as well as social media.</p>
5.	Seminar on DPI	25.02.2025	<p>The Embassy of India organized a Digital Public Infrastructure (DPI) seminar at Movenpick Hotel with the aim of deepening ties between India and Lebanon in the field of digital public infrastructure. Ambassador of India moderated a panel discussion with 4 Ministers; Minister of Social Affairs Hanin Al Sayed, Minister of Youth and Sports Dr. Nora Bayrakdarian, Minister of State for Administrative Reform Dr. Fadi Makki, Minister for Displaced Persons and Minister of State for Technology Affairs Dr. Kamal Shahadeh, and CEO of Blom Bank Dr. Amine Awad. The seminar had online participation/presentation from UIDAI (AADHAR), NPCL(UPI) & TCS as well.</p>
6.	Tourism Seminar	05.03.2025	<p>The Embassy hosted a seminar for the promotion of tourism in India, with special focus on the State of Uttarakhand-a land of adventure" at Coral Beach Hotel, Beirut. The event was attended by Dr. Zeina Haddad, Acting Head of Youth and Local Entities Department at the Tourism Ministry, representing Minister of Tourism, Lebanon,</p>

			Mr. Nabil Marwani, Vice President of the Association of Travel and Tourist Agents in Lebanon (ATTAL) and prominent travel & tourism agents, senior officials of international airlines in Lebanon and media persons.
7.	Business Seminar	25.03.2025	The Embassy of India hosted a multi-sectoral business seminar on “strengthening India-Lebanon commercial ties” at Mövenpick Hotel, Beirut. The event was attended by HE MP Ali Osseiran, President of the Lebanese Indian Parliamentary Friendship Committee; Mr. Fadi Ghanem, Adviser to the Minister of Agriculture as well as representatives from Ministries, prominent businessmen and business companies and friends of India.

(ix) Trade Related Outgoing Delegations from Lebanon to India in 2024:

SI	Name of the Event	Date	No. of Participants	Description
1.	International Gem and Jewellery Show	12.04.2024-14.04.2024	10	Mission facilitated the participation in the 3 rd International Gem and Jewellery Show (IGJS) from 12 to 14 April 2024 at Jaipur Exhibition & Convention Centre (JECC)
2	Indian Fashion Jewellery and Accessories Show	24.06.2024-26.06.2024	3	Mission facilitated the participation in the 18 th edition of Indian Fashion Jewellery and Accessories Show (IFJAS) from 24 to 26 June 2024 at India Expo Centre & Mart, Greater Noida, Delhi NCR.
3	Pharmacopoeia visit	19.08.2024-22.08.2024	2	Mission facilitated the visit of 2 officials from Lebanese Ministry of Public Health to India from 19 to 22 August 2024 to discuss issues pertaining to recognition of Indian Pharmacopoeia and adoption of Janaushadhi Scheme in Lebanon

4	UP International Trade Show	25.09.2024-29.09.2024	4	Mission facilitated the participation in the 2nd Edition of UP International Trade Show from 25 to 29 September 2024 at India Expo Centre & Mart, Greater Noida, UP, India
5	The iAuto Connect 2024	11.11.2024-12.11.2024	2	Mission facilitated the participation in the 9th edition of iAutoConnect: Reverse Buyers-Sellers Meet from 11 to 12 November 2024 at Yashobhoomi, IICC, Dwarka, New Delhi
6	IESS 2024	27.11.2024-29.11.2024	4	Mission facilitated the participation in the 12 th edition of International Engineering Sourcing Show (IESS), from 27 to 29 November 2024 at Chennai Trade Center in India
7.	Indus Food-2025	08.01.2025-11.01.2025	6	Mission facilitated the participation in the 8 th edition of Indus Food-2025 held in Greater Noida, UP from January 8-11, 2025.
8.	International Conclave cum Buyer-Seller Meet (BSM)	04.02.2025	4	Mission facilitated the participation in International Conclave cum BSM in Guwahati, Assam on February 4, 2025.
9.	Bharat Tex-2025	14.02.2025-17.02.2025	2	Mission facilitated the participation in the 2nd edition of Bharat Tex-2025 held in New Delhi from February 14-17, 2025.
10.	India Soft-2025	19.03.2025-21.03.2025	2	Mission facilitated the participation in the 25 th edition of India Soft - 2025 held in New Delhi from March 19-21, 2025.

(x) Details of activities for promoting tourism to India:

The Embassy hosted a seminar for the promotion of tourism in India with special focus on the State of Uttarakhand-a land of adventure at Coral Beach Hotel, Beirut. The event was attended by Dr. Zeina Haddad, Acting Head of Youth and Local Entities Department at the Tourism Ministry, representing Minister of Tourism, Lebanon, Mr. Nabil Marwani, Vice President of the Association of

Travel and Tourist Agents in Lebanon (ATTAL) and prominent travel & tourism agents, senior officials of international airlines in Lebanon and media persons. Ambassador of India in his speech mentioned about the enormous beauty and diversity that a tourist can experience in India including in the state of Uttarakhand - where the mighty Himalayas stand and Yoga is very popular. He also said considering the enhanced interest of tourists & business community from both countries to travel each other's country, efforts are underway to resume direct flights between India and Lebanon. Dr. Haddad delivered a speech outlining prospects of developing Lebanon as a tourist destination for Indians. In his turn, Mr. Marwani stressed the importance of tourism in Lebanon and encouraged the Indians to explore Lebanon as a tourist destination. The event also included two videos on incredible India outlining tourism prospects in India as well as on tourism possibilities in Uttarakhand. Mr Ajay Kumar, Commercial Representative in the Embassy also reiterated the message to visit India and explore its diverse touristic attractions.

(xi) **Details of capacity building and other projects in the host country financed by Government of India and status of their implementation:**

- India offers 75 ITEC slots for civilian candidates and 20 slots for candidate of defence forces of Lebanon. In 2024, 13 Lebanese officials participated in ITEC. Most of the slots could not be utilized due to the 14-month long Israel-Hezbollah conflict, political instability and the severe ongoing economic crisis. Now after the ceasefire and with formation of the new government, situation has started to improve and the Mission will continue its efforts to promote further participation in future ITEC courses.

5. INTERNAL

(a) Economy

Impact of the Israel-Hezbollah conflict on Lebanon's economy and its GDP

Lebanon's real GDP growth has been cut by an estimated 6.6% in 2024 as a result of the conflict due to the combined shocks to tourism and consumption which are estimated at \$4,200 million, bringing the cumulative decline in real GDP since 2019 to more than 38% by the end of the year, according to the World Bank Lebanon Economic Monitor (LEM) released in December 2024. The deepening contraction reflects the devastating impact of mass displacement, destruction, and reduced private consumption. While the economic activity was affected in all quarters of 2024, the impact of the conflict has been primarily concentrated in the fourth quarter of the year. The cost of physical damages and economic losses from the conflict in Lebanon is estimated at US\$ 8.5 billion. The World Bank Interim Damage and Loss Assessment (DaLA) finds that damages to physical structures alone amount to US\$3.4 billion, with almost 100,000 housing units partially or fully damaged. With the conflict and in its aftermath, key economic fundamentals—such as GDP growth, inflation, fiscal balance, and the trade balance are increasingly weighted toward the downside.

(b) Trade and Services

Trade balance (import/export)

In 2024 Lebanon's Imports stood at US\$ 16.9 billion and exports at US\$ 2.7 billion.

The year 2024 reported a contraction in foreign trade as a result of the war-related economic sluggishness according to statistics released by the High Customs Council. Imports contracted by 3.5% in 2024 to attain US\$16.9 billion, while exports dropped by 9.6% to reach US\$ 2.7 billion. Car imports reported the most significant drop with a decline of 30%, followed by electrical products with a contraction of 20% and paper products with a decline of 10%. As a result, the country's trade deficit registered US\$ 14.2 billion, the equivalent of 50% of GDP, still one of the highest levels in global and regional markets at large.

Looking at the variation in the value of the major exports categories in 2024 against figures from 2023, Jewelry noted the sharpest decrease during the year, contracting by 4.3% year-on-year. Electrical Equipment & Products and Vegetable Products also noted year-on-year decreases of 1.6% and 0.1% respectively between 2023 and 2024. On the other hand, food products noted the sharpest increase during the year, expanding by 2.7% year-on-year. Chemical Products and Metal & Metal Products followed with year-on-year increases of 2.3% and 0.7% during 2024.

At the level of the variation in the value of exports to major partner countries in 2024 against figures from 2023, the majority of major partner countries noted a decrease in the value of imports from Lebanon. In details, Turkey, the UAE, Egypt and Switzerland witnessed year-on-year decreases in value of imports from Lebanon of 4.1%, 0.7%, 0.5% and 0.5% respectively between 2023 and 2024.

On the other hand, the USA and Iraq witnessed year-on-year increases in the value of imports from Lebanon of 1.6% and 0.7% respectively during the period.

It is worth noting that, looking at exports from Lebanon by office, that all export offices with the exception of the Abbudiyeh border crossing (Lebanon-Syria land border) witnessed year-on-year decreases in export value from Lebanon ranging from 2.5% to 26.1%. The Abbudiyeh border crossing recorded a year-on-year hike in export value from Lebanon of 70.8% between 2023 and 2024.

Looking at the variation in the value of the major imports categories in 2024 against figures from 2023, the majority of major import categories noted a slight increase in their value. In details; food products, chemical products, jewelry and vegetable products witnessed year-on-year increases in value of 1.2%, 1.0%, 0.8% and 0.6% respectively between 2023 and 2024. On the other hand, electrical equipment & products and mineral products witnessed year-on-year decreases in value of 1.6% and 0.5% respectively during the period.

At the level of the variation in the value of imports from major partner countries in 2024 against figures from 2023, the majority of major partner countries noted a decrease in the value of exports to Lebanon. In details, Switzerland, Turkey, Greece and China witnessed year-on-year decreases in value of exports to Lebanon of 3.4%, 1.7%, 0.9% and 0.2% respectively between 2023 and 2024. On the other hand, the UAE and Egypt witnessed year-on-year increases in the value of exports to Lebanon by 3.3% and 2.4% respectively during the period.

Source: Bank Audi economic report for the first quarter of 2025

(c) Banking

Money, Banking, Exchange rate:

Following episodes of rapid depreciation and high volatility, the Banque du Liban (Central Bank) succeeded in stabilizing the exchange rate since August 2023 which has driven a steady deceleration in monthly inflation. However, the conflict and recovery needs pose risks of renewed pressure and further depletion of the remaining liquid reserves. The exchange rate stability relies on fiscal restraint and spending restrictions imposed on public institutions' accounts at Banque du Liban to control currency circulation. This stability has been supported by increased revenue collection from the Ministry of Finance and other public entities, such as Electricite du Liban (Electricity of Lebanon), which has reduced liquidity.

Prior to the escalation of the Israeli-Hizbollah conflict, the foreign reserve assets (liquid reserves) of Banque du Liban increased by US\$ 1,012 million in the first 9 months of 2024, reaching US\$ 10.654 billion. However, this rise did not reflect a sustainable improvement in the net foreign asset position. The accumulation of liquid reserves was largely driven by: (i) the suspension of the Sayrafa platform and cessation of monetary financing of the government budget since July 2023, and (ii) Banque du Liban's purchase of foreign currency inflows, especially from the tourism sector.

Figures released by Banque du Liban on 20 May 2025 showed that the current account deficit reached \$5.56 billion in 2024, constituting a drop of 5.4% from a deficit of \$5.88 billion in 2023. The deficit was \$1.04 billion in the first quarter of 2024, \$1.52 billion in the second quarter, \$1.84 billion

in the third quarter, and \$1.17 billion in the fourth quarter of 2024. The current account balance consists of the trade balance, which is the exports and imports of merchandise, as well as the services balance that covers the export and import of transportation services, tourism, insurance and other services. The current account balance also includes remittance inflows, investment income, and general government transfers.

Arrest of former Central Bank Governor

Former Central Bank (BDL) governor Riad Salameh was detained **on September 3, 2024**, signaling a rare potential case of accountability. This followed an interrogation by the Lebanese judiciary into allegations of corruption, embezzlement of public funds, and illicit enrichment. Salameh served as central bank governor for thirty years before leaving his position in July 2023.

Source: <https://www.worldbank.org/>

(d) Customs:

Figures released by Banque du Liban indicated that customs revenues totaled LBP49,184.8 billion in 2024, or US\$549.6 million, compared to LBP37,803.5 billion or US\$422.4 million 2023. Customs receipts increased by 30.1% in 2024, relative to a jump of 1,365.4% in 2023.

Furthermore, customs revenues reached LBP10,014.6 billion or US\$111.9 million in the first quarter, LBP14,422 billion or US\$161.1 million in the second quarter, LBP14,106.1 billion or US\$157.6 million in the third quarter, and LBP10,642 billion or US\$118.9 million in the fourth quarter of 2024. In comparison, they stood at LBP3,806 billion or US\$42.5 million in the first quarter, LBP9,421.3 billion or US\$105.2 million in the second quarter, LBP13,039.4 billion or US\$145.7 million in the third quarter, and LBP11,536.7 billion or US\$128.9 million in the fourth quarter of 2023. This constituted increases of 163% in the first quarter, of 53% in the second quarter, of 8.2% in the third quarter of 2024 from the corresponding quarters of 2023, and a decrease of 7.8% in the fourth quarter 2024 from the same quarter of 2023.

The sharp increase in customs receipts is due to the adjustment of the exchange rate of the Lebanese pound to the US dollar for customs purposes in the fourth quarter of 2022 from LBP1,507.5 to LBP15,000 per dollar, as well as to LBP45,000 per dollar in the first quarter of 2023, and to LBP60,000 per dollar from May 2 until May 12, 2023.

(e) Energy:

Renewable energy capacity reaches 1,297 MW at the end of 2024, grows by 18% during 2015-2024 period

The International Renewable Energy Agency (IRENA) indicated that the aggregate capacity of renewable energy in Lebanon reached 1,297 megawatts (MW) in 2024, unchanged from 2023 and relative to a capacity of 298 MW in 2015, which constitutes a compound annual growth rate (CAGR) of 17.8% during the 2015-2024 period.

The IRENA defines the renewable energy capacity as the maximum net generating capacity of power plants and other installations that use renewable energy sources to produce electricity.

The survey ranked Lebanon in seventh place among 12 Arab countries in terms of total renewable energy capacity in 2024.

(f) Finance:

Lebanon was placed on October 25, 2024, on the Financial Action Task Force (FATF) grey list (as a jurisdiction under increased monitoring). The FATF report, which evaluates money laundering and terrorist financing risks, highlights major weaknesses in Lebanon's anti-money laundering and Countering the Financing of Terrorism frameworks. More specifically, corruption, customs smuggling, tax evasion, drug trafficking, and smuggling are identified as primary money laundering threats whereas a limited understanding of money laundering and terrorist financing risks in the unregulated financial sector (traders in precious metals and stones, the informal cash economy) and by designated non-financial businesses and professions (real estate agents, dealers in precious metals and stones, notaries, casinos, among others), except notaries, is highlighted as a critical weakness.

To exit the FATF grey list, the report indicates that Lebanon should prioritize (i) strengthening supervision and compliance enforcement in high-risk non-financial sectors such as real estate, jewelry, law, and accounting, and (ii) enhancing understanding and mitigation of risks arising from government corruption, local organizations, and the informal financial sector.

Conversely, if no progress is made on the above priorities, being blacklisted by the FATF is likely to further restrict Lebanon's ability to engage in global financial transactions, limit access to essential international aid, and potentially expose the country to sanctions. This designation reduces foreign investment and undermines Lebanon's integration within the global financial landscape.

(g) Budget and Taxes

Council of Ministers approved 2025 draft budget

The Council of Ministers approved on September 23, 2024, a draft budget for 2025. The budget draft targeted a zero fiscal deficit and revenues are projected to reach 21.8% of GDP, representing a 78% contraction in real terms compared to 2019. In line with the previous budgets, the draft relied heavily on indirect taxes and does not consider more progressive revenue measures. To increase revenues, the draft proposed increasing rates for various fees (such as licenses and official transactions) and penalties. Some of the proposed increases in fees include (i) the transaction fees that are collected by the General Security; (ii) stamp fees for invoices issued by public institutions, municipalities in LBP, USD, and EURO; (iii) the penalty on the delay in executing death certificates; (iv) the annual dues on patents; and (v) import license fees. However, the draft budget notably allows the usage of e-stamps for official documents, which would potentially help curb the black market for stamps that arose after their shortage. The draft squandered another opportunity at more equitable taxation by proposing an extension of the Land Tax law, thereby continuing to favor the affluent. Expenditures are budgeted at 21.8% of GDP. Current expenditures account for 88.5% of expenditures, with salaries, wages, and social benefits (including pensions) amounting to 48.1% of expenditures.

Source: <https://www.worldbank.org/>

(h) Transport

Airport:

The data on flight activity indicated a sharp decline in key services sectors, particularly tourism, which is a primary driver of economic growth, following the escalation of the Israeli-Hizbollah conflict. Alternative data on canceled, landed, diverted, scheduled, and completed flights to Lebanon revealed severe travel disruptions starting September 2024. These disruptions are consistent with international carriers canceling their flights to Beirut. Lebanon's national carrier "Middle East Airlines" remained as the sole company that continued to operate flights in and out of Beirut's international airport starting September 2024.

Source: <https://www.worldbank.org/>

(i) Tourism:

The Israeli-Hezbollah conflict severely impacted tourism—one of Lebanon's main growth pillars—resulting in substantial losses in service exports. These losses have been further aggravated by the prolonged conflict in 2024.

The total losses in travel receipts for 2024 are estimated at US\$ 756 million, with more than 60% of the losses materializing in the fourth quarter, due to the escalation of conflict.

Source: <https://www.worldbank.org/>

6. LEBANON EXTERNAL

(a) India-Lebanon

India sent medical aid to Lebanon

India provided 33 tons of medical assistance to Lebanon, as a gift from the people and Government of India to people and the Government of Lebanon in October 2024. The consignment comprised of a wide range of pharmaceutical products, including cardiovascular medications, NSAIDs (non-steroidal anti-inflammatory drugs), anti-inflammatory agents, antibiotics and anesthetics

(b) France- Lebanon

France delivered 30 tonnes of humanitarian aid to Lebanon

The French Ministry for Europe and Foreign Affairs on November 1, 2024 delivered nearly 30 tons of humanitarian aid for the Lebanese civilian population, including solar lamps supplied by the NGO "Electriciens sans Frontières", tents, blankets and other essential goods. This shipment represents the first concrete step in fulfilling the commitments made by the French President at the International Conference in support of Lebanon's People and Sovereignty, held in Paris on 24 October, which mobilized the international community in support of a massive and urgent humanitarian response to the crisis in Lebanon.

(c) UN-Lebanon

UN disbursed \$238 million in food security and agricultural assistance in 2024

The United Nations indicated that the international contributions to the Food Security and Agriculture component of the Lebanon Response Plan (LRP) reached \$210 million in 2024 compared to \$174 million in 2023. They represented 27% of the \$780 million that the LRP appealed for to assist affected Lebanese and non-Lebanese individuals in the country in 2024. It also noted that it carried over \$28 million from funding it received in 2023, which was equivalent to 4% of the total appealed funds, and resulted in aggregate funding of \$238 million in 2024. As such, it said that total funding covered 31% of the funds it appealed for in 2024, resulting in a funding gap of \$542 million, or 69%, in the covered period. The Lebanon Response Plan is a joint initiative between the Lebanese government and international and national partners that aims to address the country's humanitarian needs.

(Ajay Kumar)
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