



**U.S.
COMMERCIAL
SERVICE**
United States of America
Department of Commerce

Lebanon Country Commercial Guide 2021



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Doing Business in Lebanon

Market Overview

Lebanon's economy is in crisis. GDP contracted by 20 percent in 2020 after a 6.7 percent contraction in 2019. The World Bank estimates GDP will further contract by 9.5 or more in 2021. The local currency has lost more than 90 percent of its value on secondary exchange markets, and given Lebanon's reliance on imports, inflation increased 145 percent from December 2019 to December 2020. Since October 2019, Lebanon's financial sector imposed *ad hoc* capital controls, preventing most Lebanese from transferring any money overseas or withdrawing dollars from their bank accounts, despite the fact that nearly 80 percent of accounts in Lebanese banks are denominated in dollars. In March 2020, Lebanon defaulted on its nearly \$31 billion in dollar-denominated debt, the first such default in Lebanon's history. In April, the government published an economic plan with a focus on restructuring its financial sector and attracting foreign assistance; the next day Lebanon signed an official request for IMF assistance. As of the end of July 2021, formal negotiations had yet to begin. On August 4, 2020, an explosion at the Port of Beirut killed more than 200 people and displaced 158,000. The spread of COVID-19 and a surge in Delta variant cases has also dampened economic activity. Most analysts assess that Lebanon's near- and medium-term economic future is bleak, with likely fiscal austerity, increased inflation, continuing capital controls, further devaluation, and a potential loss of value applied to wealthy accountholders to recapitalize the banking sector. According to the World Bank, more than 50 percent of the population was considered poor by the end of 2020. The only way to arrest Lebanon's economic recession is painful structural economic reforms that simultaneously tackle the country's fiscal, financial, debt, and currency crises. The World Bank in a June 2021 report estimated that Lebanon's economic depression is likely to rank in the top 10, possibly top 3, most severe manmade economic crises globally since the 1850s. The IMF estimated 2020 nominal GDP (\$18.73 billion) was the lowest in the Middle East, below Libya and Yemen.

Despite its small size, Lebanon has offered unique market opportunities for U.S. firms. U.S. products and services enjoy relatively excellent receptivity. Although the market is price sensitive, when it comes to quality, Lebanese consumers enjoy name brands, exceptional quality, and after-sales support. For these reasons, several U.S. corporations chose to open offices in Beirut. However, recent developments could dampen Lebanon's potential as a market for U.S. goods and services. Much depends on how Lebanon implements overdue economic and governance reforms. If the country is able to implement necessary reforms, attract foreign capital, stabilize the exchange rate, and recapitalize its financial sector, opportunities remain for U.S. companies.

Lebanese Customs reported that Lebanon's total imports in 2020 reached \$11.3 billion, of which \$936 million (8.2 percent) originated in the United States. The United States was Lebanon's largest supplier of imported goods, followed by Greece, Turkey, China and Italy. According to Lebanese Customs statistics, major U.S. exports to Lebanon were mineral fuel and oil (\$258 million), chemical industrial products (\$235 million), automotive (\$150 million), vegetable products and prepared foodstuffs (\$61 million), and beverages and tobacco (\$25 million).

The U.S. government has neither a bilateral investment treaty (BIT) with Lebanon, nor an agreement on the avoidance of double taxation. The U.S. government signed a Trade and Investment Framework Agreement (TIFA) with Lebanon in 2006, but the TIFA never came into force. Since 1999, Lebanon has had observer status at the World Trade Organization (WTO) but has yet to accede to the organization. In 2002, Lebanon signed an association agreement with the European Union that entered into force in 2006.

Market Challenges

Lebanon has the legal underpinnings of a free-market economy, a highly educated labor force, and limited restrictions on investors. But Lebanon's economic crisis, which is likely to be long and painful, represents a huge market challenge. Insolvent banks have banned most overseas transfers, meaning that U.S. and other international firms cannot transfer any profits earned overseas. Many U.S. companies have complained about millions of dollars worth of deposits – which are impaired and unrecoverable in their current form – stuck in the local financial system. A lack of hard currency means that contracts once paid in U.S. dollars are now fulfilled in a devalued and volatile local currency. The local currency's continued depreciation has resulted in a year-on-year increase in inflation of 145 percent, which has hurt consumers and driven an increasing number of Lebanese below the poverty line. Businesses have been forced to close or change prices on a near daily basis to keep up with the fluctuating currency. Recovery can only be accelerated through quick but careful implementation of reforms. The potential for social unrest in the wake of this crisis remains high.

Corruption and a lack of transparency have continued to cause frustration among local and foreign businesses. According to the 2020 Transparency International's Corruption Perception Index (CPI), Lebanon ranked 149 of 175 countries worldwide, making Lebanon among the 50 most corrupt countries in the world. Foreign and local companies have complained about numerous impediments, namely institutionalized corruption, bureaucratic over-regulation, arbitrary licensing, complex customs procedures, outdated legislation, an ineffectual judicial system, poor telecommunication services, slow internet speeds, poor electricity provision, inconsistent interpretation of laws, and inadequate protection of intellectual property. Lebanon also has fragmented and opaque tendering and procurement processes, which has deterred foreign investment.

Lebanon adheres to the Arab League Boycott of Israel. The Arab League's Central Boycott Office maintains a blacklist of firms that are believed to contribute to Israel's military or economic development. As of July 2021, the U.S. Embassy in Beirut is not aware of any U.S. firms on this list. As per U.S. anti-boycott regulations, U.S. companies must refrain from certifying that their products do not come from Israel. If there appears to be any request that might be in support of boycotts, companies should contact the Bureau of Industrial Security (BIS) at the U.S. Department of Commerce. Finally, international companies should be mindful about sanctioned individuals and entities when conducting business in Lebanon.

Market Opportunities

Lebanon's outlook is bleak. Most forecasts estimate additional years of GDP contraction; further unemployment and poverty; greater currency devaluation and inflation; and a continuation of bank-imposed capital controls. The state's revenues are close to zero, and the government has fallen behind on payments to private companies.

In the long-term, however, there may be opportunities for international companies in the energy, water, waste, safety and security, fast-food franchising, healthcare, and information and communications technology (ICT) sectors. Within the energy sector, there may be opportunities for power generation and renewable energy projects. Although Lebanon is looking to issue additional licenses for offshore hydrocarbon exploration, its second licensing round has been postponed indefinitely.

The Council for Development and Reconstruction (CDR) is the Lebanese government's executive body responsible for soliciting contracts for major infrastructure projects and supervising their award and execution. CDR projects target the transportation, electricity, telecommunications, education, water, and sanitation sectors. A list of CDR projects can be found [here](#). Large infrastructure projects may be possible once again if Lebanon accedes to an IMF program, restructures its debt, and returns to international capital markets.

Market Entry Strategy

U.S. companies interested in doing business in Lebanon are advised to hire a Lebanese agent or distributor. While working through an agent is common practice in Lebanon, networking and lengthy investigations are equally important for finding an appropriate local partner.

The U.S. Commercial Service may assist U.S. companies to find the right partner through the International Partner Search (IPS) service. Information on this service is available on [Export.gov](#).

The Investment Development Authority of Lebanon (IDAL) is the national authority responsible for promoting investments in Lebanon. IDAL covers eight priority sectors: agriculture, agro-industry, industry, technology, IT, media, telecommunications, and tourism. IDAL has the authority to award licenses and permits for new investments in specific sectors. IDAL's website (IDAL) is a one-stop-shop for investors and provides information on investment legislations, regulations, and starting a business.

Leading Sectors for U.S. Exports & Investments

Apparel

Overview

Traditionally, Arab tourists and Lebanese expatriates drove robust retail apparel sales in Lebanon. Lebanon's economic crisis and global travel restrictions imposed as a result of the spread of COVID-19 discouraged tourists from traveling to Lebanon in 2020. However, the government has lifted most COVID-19 movement restrictions as of July 2021, and additional tourists are traveling to the country.

According to Lebanese Customs statistics, U.S. apparel exports to Lebanon reached \$2 million in 2020, compared to \$6 million in 2019, constituting around 1.4 percent of total apparel imports to Lebanon. A range of U.S. brands are still available in the Lebanese market, including: American Eagle Outfitters, GAP, Gymboree, Juicy Couture, Michael Kors, Marc Jacobs, Nautica, Nike, Polo Ralph Lauren, Rock and Republic, 7 for All Mankind, Steve Madden, Tommy Hilfiger, Tory Burch, True Religion and Under Armour. Given that the local financial sector has imposed strict controls on capital outflows, experts predict a major decrease in apparel exports to Lebanon.

Table 1: Apparel Chart

	2019	2020	2021(Estimate)	2022 (Projection)
Total Local Production	\$100 million	\$50 million	\$50 million	\$50 million
Total Exports	\$28 million	\$25 million	\$25 million	\$25 million
Total Imports	\$414 million	\$143 million	\$175 million	\$175 million
Imports from the U.S.	\$6 million	\$2 million	\$3 million	\$3 million
Total Market Size	\$486 million	\$168 million	\$200 million	\$200 million
Exchange Rates	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

(total market size = (total local production + imports) - exports)

Units: \$ millions

Source: Lebanese Customs statistics – Section 11 / Chapters 61, 62

Leading Sub-Sectors

Demand for casual wear in Lebanon remains high. Consequently, there is demand for U.S. apparel, as many Lebanese consider U.S. brands to be the leader in casual wear, according to industry experts.

Lebanese buyers traveled to the Magic Apparel Show in Las Vegas and the Coterie Show in New York to explore the latest trends in the U.S. fashion industry.

Opportunities

The U.S. Commercial Service provides a wide range of services, including [Gold Key Service](#) (GKS) and [International Partner Search](#) (IPS), which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes events and exhibitions, including "Taste of America," to promote U.S. products and services in Lebanon.

Resources

Lebanese Customs Administration at <http://www.customs.gov.lb/home.aspx>

[Lebanese Franchise Association](#)

[U.S. Commercial Service](#)

Contact for the Commercial Section that covers the apparel sector: Naaman Tayyar, Head of Commercial Section, Email: Naaman.Tayyar@trade.gov.

Automotive

Overview

The size of the automotive market in Lebanon decreased by 65 percent in 2020, with total imports valued at \$472 million versus \$1.175 billion in 2019, according to Lebanese Customs. U.S. automotive exports to Lebanon decreased by 60 percent in 2020 to reach \$102 million, representing 21 percent of total Lebanese automotive imports.

Strict controls imposed by the local financial sector on capital outflows have led to a major decrease in automotive exports to Lebanon. New car sales are expected to increase in 2021 relative to 2020, per automotive experts, but remain very low compared to historical averages.

Table 2: Automotive Chart

	2019	2020	2021 (Estimate)	2022 (Projection)
Total Local Production	0	0	0	0
Total Exports	\$28 million	\$72 million	\$28 million	\$28 million
Total Imports	\$1.175 billion	\$472 million	\$536 million	\$536 million
Imports from the U.S.	\$253 million	\$102 million	\$156 million	\$156 million
Total Market Size	\$1.147 billion	\$400 million	\$508 million	\$508 million
Exchange Rates	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

(total market size = (total local production + imports) - exports)

Units: \$ millions

Source: Lebanese Customs statistics – Section 17

Leading Sub-Sectors

Some industry analysts predict demand for U.S.-made sport-utility vehicles (SUVs) will persist despite the country's economic crisis. SUVs can withstand poor road quality conditions throughout the country. Lebanese have traditionally purchased U.S. SUVs because of their competitive price, high quality, and long record of success in the market. Moreover, demand for U.S. automotive parts such as brakes, clutches, engine lubricants, and safety accessories will exist because of the demonstrated quality advantage of U.S. parts as compared to foreign competitors.

Opportunities

The U.S. Commercial Service provides a wide range of services, including [Gold Key Service \(GKS\)](#) and [International Partner Search \(IPS\)](#), which help U.S. companies explore and identify opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes events and exhibitions to promote U.S. products and services in Beirut.

Resources

Lebanese Customs Administration at <http://www.customs.gov.lb/home.aspx>

[U.S. Commercial Service](#)

Contact for the Commercial Section that covers the automotive sector: Naaman Tayyar, Head of Commercial section, Email: Naaman.Tayyar@trade.gov.

Medical Equipment

Overview

According to Lebanese Customs, Lebanon imported medical equipment valued at \$200 million in 2020, of which \$54 million, or 27 percent, was of U.S. origin. Total medical equipment imports to Lebanon decreased by 40 percent in 2020 compared to 2019.

Strict controls imposed by the local financial sector on capital outflows have led to a major decrease in medical exports to Lebanon. However, there is still high demand for medical equipment due to the spread of COVID-19. The Central Bank of Lebanon is currently subsidizing (by making hard currency from its foreign reserves available) the imports of medicine and medical equipment.

Table 3: Medical Equipment Chart

	2019	2020	2021 (Estimate)	2022 (Projection)
Total Local Production	\$1 million	\$1 million	\$1 million	\$1 million
Total Exports	\$15 million	\$21 million	\$4 million	\$4 million
Total Imports	\$337 million	\$200 million	\$152 million	\$152 million
Imports from the U.S.	\$71 million	\$54 million	\$24 million	\$24 million
Total Market Size	\$323 million	\$180 million	\$149 million	\$149 million
Exchange Rates	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

(total market size = (total local production + imports) - exports)

Units: \$ U.S. Dollars, LBP Lebanese Pounds

Source: Lebanese Customs statistics – Section 18

Leading Sub-Sectors

According to local experts, U.S. medical equipment products are characterized by their high quality and competitive value.

Opportunities

Lebanon is an ideal location to establish a regional office to cover the Levant, including Iraq, although controls on the flow of capital will make this difficult. The Lebanese market has traditionally been used as a platform for testing U.S. products prior to introducing them to the rest of the Levant market.

The U.S. Commercial Service provides a wide range of services including, [Gold Key Service](#) (GKS) and [International Partner Search](#) (IPS), which help U.S. companies explore opportunities in Lebanon.

Resources

Ministry of Public Health

Lebanese Customs Administration at <http://www.customs.gov.lb/home.aspx>

[U.S. Commercial Service](#)

Contact for the Commercial Section that covers the medical equipment sector: Naaman Tayyar, Head of Commercial Section, Email: Naaman.Tayyar@trade.gov.

Pharmaceuticals

Overview

Lebanon imports approximately 95 percent of its pharmaceutical products, spending more than \$1 billion annually. Patented drugs constitute around 50 percent of the market, and over-the-counter (OTC) and generic drugs constitute around 25 percent each. According to Lebanese Customs, total pharmaceutical imports into Lebanon reached \$1.184 billion in 2020, of which \$120 million were from the United States. Local production covers approximately 5 percent of market demand and is mainly focused on manufacturing drugs under license for international companies. Lebanon's main sources of pharmaceutical imports are Germany (17 percent), Switzerland (10 percent), the United States (9 percent), France (9 percent), Ireland (6 percent), and Italy (4 percent).

A large portion of Lebanon's population receives healthcare from the Ministry of Public Health, which purchases pharmaceutical from local importers, offers them to patients, and reimburses hospital bills.

Lebanon's ongoing economic crisis has resulted in a shortage of critical medication. The Central Bank of Lebanon, since October 2019, has been subsidizing (by making hard currency from its foreign reserves available) imports of pharmaceuticals to Lebanon. However, the Central Bank has reduced the amount available for these subsidies, resulting in massive shortages as well as higher prices for the medication that is available. High production costs, a weak regulatory framework, and counterfeit drugs are additional challenges facing the pharmaceutical industry in Lebanon. Still, Lebanon is expected to remain dependent on imports of pharmaceutical products, and U.S. companies present in the market are working on solutions, including stricter controls on medicine distribution, to preserve their market share.

Table 4: Pharmaceuticals

	2019	2020	2021 (Estimate)	2022 (Projection)
Total Local Production	\$62 million	\$59 million	\$41 million	\$41 million
Total Exports	\$58 million	\$48 million	\$12 million	\$12 million
Total Imports	\$1.242 billion	\$1.184 billion	\$820 million	\$820 million
Imports from the U.S.	\$147 million	\$120 million	\$100 million	\$100 million
Total Market Size	\$1.246 billion	\$1.187 billion	\$849 million	\$849 million
Exchange Rates	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

(total market size = (total local production + imports) - exports)

Units: \$ U.S. Dollars, LBP Lebanese Pounds

Source: Lebanese Customs statistics –Chapter 30

Leading Sub-Sectors

According to local experts, U.S. pharmaceutical products have an advantage over European and Asian products in the biotechnology, high-tech, anti-cancer, and cardiovascular fields. Moreover, new leading American drugs that are not yet manufactured in Europe are typically well received in Lebanon.

Opportunities

There are no specific opportunities or trade events in Lebanon geared to promote U.S. pharmaceutical products. The U.S. Commercial Service provides a wide range of services including, [Gold Key Service](#) (GKS) and [International Partner Search](#) (IPS), which help U.S. companies explore opportunities in Lebanon.

Resources

Ministry of Public Health

Lebanese Customs Administration at <http://www.customs.gov.lb/home.aspx>

[U.S. Commercial Service](#)

Contact for the Commercial Section that covers the pharmaceuticals/drugs sector: Naaman Tayyar, Head of Commercial Section, Email: Naaman.Tayyar@trade.gov.

Agricultural Sector

Overview

According to Lebanese Customs, Lebanon's total agricultural imports reached \$2.298 billion in 2020, of which \$89 million, or 4 percent, was from the United States. Major U.S. agricultural exports to Lebanon include oil seeds and oleaginous fruits (\$44 million), edible fruits and nuts (\$14 million), miscellaneous edible preparations (\$9 million), and cereals (\$2 million).

Strict controls imposed by the local financial sector on capital outflows have led to a major decrease in agriculture exports to Lebanon. There have been some local attempts at import substitution in the agricultural sector, although Lebanon will continue to rely on imports for a large percentage of its food needs (up to 80 percent).

Resources

- Lebanese Customs Administration at <http://www.customs.gov.lb/home.aspx>
- Foreign Agricultural Service (FAS): <https://eg.usembassy.gov/business/fas-egypt/>

Contact for the Commercial Section that covers the agriculture sector: Naaman Tayyar, Head of Commercial Section, Email: Naaman.Tayyar@trade.gov.

Customs, Regulations & Standards

Trade Barriers

Barriers to trade affect less than one percent of Lebanon's import/export goods. However, numerous Lebanese government agencies may impose licensing requirements such as technical, veterinary, or phyto-sanitary (plant health) certificates. A limited number of goods (e.g., weapons) are subject to more than one trade measure. All goods subject to import and export prohibitions could also be prohibited from transiting Lebanon. To determine whether a specific product is subject to non-tariff barriers, consult the Lebanese Customs Administration's website at <http://www.customs.gov.lb/home.aspx>.

For more information and help with trade barriers please contact:

International Trade Administration
Enforcement and Compliance
(202) 482-0063
ECCommunications@trade.gov
[Trade Enforcement and Compliance](#)

Import Tariffs

More than 83 percent of imported goods are subject to duties equal to or below five percent. The Lebanese Customs Administration's website at <http://www.customs.gov.lb/home.aspx> provides a searchable database that displays import duties by tariff number.

With minor exceptions, European goods are exempted from customs fees in accordance with the European Mediterranean Association Agreement and the European Free Trade Association (EFTA) agreement, effective March 1, 2015. In addition, goods from several Arab countries are also exempted from customs fees in accordance with the Greater Arab Free Trade Area (GAFTA) Agreement. Produce traders have reported that the Ministry of Agriculture does not grant import licenses for fruit.

Import Requirements & Documentation

Import processing requires the following documents:

- Declaration form based on the Single Administrative Document (SAD)
- Bill of lading
- Packing list
- Commercial invoice (original)
- Delivery order (to prove ownership of goods)
- Quietus (a statement that all dues are paid) from the Social Security Office (must not have expired at the day of registration of SAD), required only for commercial and trade establishments

- Contract of sale between importer and seller in the country of exportation, or a letter of credit from the bank stating that the invoice value is paid or will be paid in a specified time limit (may be requested for value verification only in case customs officers doubt the invoice value)
- Certificate of origin issued by the authorized party of the country of exportation if the invoice does not mention the origin of the goods, or in case the importer wishes to benefit from preferential treatment if the exporter is not approved by the customs authorities of the exporting country
- Depending on the type of imported good, a number of other documents may also be required, including import licenses, certificates of conformity to mandatory standards, or phyto-sanitary certificates.

Export processing requires the following documents:

- Declaration form based on the Single Administrative Document (SAD)
- Packing list
- Commercial invoice (original)
- Export order
- Quietus (a statement that all dues are paid) from the Social Security Office (must not have expired at the day of registration of SAD), required only for commercial and trade establishments
- Certificate of origin issued by the Ministry of Industry and certified by the Lebanese Customs Authorities for exporting goods to Europe in accordance with protocol number 4 with the EU

Depending on the type of exported good, a number of other documents may also be required including export licenses, certificates of conformity, and export certificates for quality verification for all food products of plant origin, and agricultural health certificates.

Labeling/Marking Requirements

Labels should include the net weight of the product, the manufacturer, production and expiry date, ingredients, and the country of origin. Labels should be printed on the imported goods in Arabic, English, or French. Products with labels in Hebrew are not accepted. For more information, please consult the Ministry of Economy and Trade's website.

U.S. Export Controls

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods and less-sensitive military items through implementation of the [Export Administration Regulations](#) (EAR) (15 CFR Parts 730 – 774). The

Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the EAR; and Export Enforcement (EE), which is responsible for compliance monitoring and enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States of items subject to the EAR comply with the regulations. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of items subject to the EAR. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV), regardless of whether or not a BIS license was required.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users and destinations. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "[red flags](#)", or warning signs, and compiled "[Know Your Customer](#)" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#). BIS's Export Control Officers (ECOs) located at U.S. embassies and consulates in seven overseas locations also conduct outreach to raise awareness of reexport control requirements with foreign business communities.

BIS and the EAR regulate transactions involving the export of "dual-use" and less-sensitive military items (commodities, software and technology) as well as some U.S. person activities. For advice and regulatory requirements on items under the export control jurisdiction of other U.S. Government agencies, exporters should consult the other U.S. Government agencies. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over the defense articles and services that are not subject to the EAR. A list of other agencies involved

in export control can be found on the [BIS website](#) and in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters should determine the export requirements specific to their proposed transaction by classifying their items prior to export, and reviewing the EAR's requirements specific to the item(s) and the proposed end use and end user, as well as consulting the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Assistance is available from BIS by calling one of the following numbers:

(202) 482-4811 - Outreach and Educational Services Division (located in Washington, DC – open Monday-Friday, 8:30 am-5:00 pm ET);

(949) 660-0144 - Western Regional Office (located in Irvine, CA – open Monday-Friday, 8:00 am-5:00 pm PT); or

(408) 998-8806 - Northern California branch (located in San Jose, CA – open Monday-Friday, 8:00am-5:00 pm PT).

You may also e-mail your inquiry to the Export Counseling Division of the Office of Exporter Services at ECDOEXS@bis.doc.gov.

Contact information for BIS's overseas ECOs can be found at:

<https://www.bis.doc.gov/index.php/enforcement/oea/eco>.

Temporary Entry

There are two types of permits for the temporary entry of goods into Lebanon. Customs grants a regular temporary entry permit to foreign products that will be manufactured or under processing in Lebanon and then re-exported from Lebanon or displayed in free zones. This permit is valid for six months and is renewable, provided that the total period shall not be for more than two years.

The Director General of Customs may also grant a special temporary entry permit for a range of products intended for temporary use. However, the period of the permit is limited to three months. Goods subject to the special permit, as noted in Article 278 of the Lebanese Customs Law, may include the following:

- Equipment and machinery used in public works, archeology, cinema, and journalism
- Items intended or used for maintenance and repair
- Items temporarily imported for display or use in public or private exhibitions, seasonal fairs, forums, theaters, artistic shows, and playgrounds

- Jewelry and ornaments intended for display in public exhibitions.
- Empty containers or packages to be filled in Lebanon and re-exported or full containers or packages to be emptied in Lebanon and then re-exported

The items should be re-exported or stored in the free zone or a public warehouse at the end of the authorized period of temporary entry status.

The products mentioned above may be temporarily imported for a period of six months by using “Admission Temporaire/Temporary Admission” ([ATA](#)) procedure rather than regular entry declarations.

In addition, foreigners and Lebanese citizens whose place of residence is outside Lebanon may benefit from temporary entry for their personal effects and cars in accordance with Articles 282 and 283 of the Lebanese Customs Law.

Prohibited & Restricted Imports

Strictly prohibited imports include the following:

- Cedar seeds and seedlings (to protect Lebanese cedar species)
- Chemical additives used in bread making (health measure)
- Table salt not containing iodine (health measure)
- Waste/slag/ash/scrap of many chemical, mineral, and metal products (environmental measure)
- Clinker and black cement (protection of local industry)
- Passenger vehicles older than eight years and transport vehicles older than five years (environmental measure)
- Used medical and radiological apparatuses (health measure)
- Gas-fueled pocket lighters (safety measure)
- Wireless phone sets that function on the 900 Megahertz bandwidth (technical measure)
- Goods bearing false marks and labels indicating their origin (intellectual property)
- Goods manufactured in or originating from Israel (Arab Boycott measure)

Monopolized and restricted goods must be treated similarly to prohibited goods upon import and export. Such goods will be seized whenever a license, permit, or any other legal document is not attached or whenever irrelevant documents are attached.

Customs Regulations

Lebanon employs a harmonized tariff schedule for the valuation of goods and the levying of customs duties. In 2018, the High Customs Council proposed a reform strategy to improve operations, although this has not been implemented. The reforms focus on: 1) simplifying

procedures, 2) accepting e-payments, 3) enhancing electronic data entry, and 4) establishing an online e-single window for coordinated service with all of Lebanon's border agencies. When fully implemented, users will be able to register online, as well as assess and pay declarations directly from their bank accounts. Local customs agents may assist exporters to navigate the clearance process.

For further information on customs procedures, please refer to the Lebanese Customs Administration's website: <http://www.customs.gov.lb/>

Key contacts:

General Directorate of Customs
Beirut, Lebanon
Tel: 961-1-980060/1/2/3

Higher Council for Customs
Beirut, Lebanon
Tel: 961-1-988510/1

Standards for Trade

Overview

The Lebanese Standards Institution (LIBNOR) is a public institution under the Ministry of Industry. Established in 1962, LIBNOR is the sole authority in Lebanon charged with issuing, publishing, and amending Lebanese standards as well as granting the Lebanese Conformity Mark "NL." A number of state bodies (including the Ministries of Telecommunications, Energy and Water, Industry, Public Health, Environment, Agriculture, Economy and Trade, and Public Works and Transport) issue technical regulations related to products in the form of ministerial decisions and decrees issued by the cabinet.

Standards

LIBNOR has accepted and adheres to the World Trade Organization's TBT (Technical Barriers to Trade) code of good practice for the preparation, adoption, and application of standards and is taking an active role in international standardization activities, even though Lebanon is not a member of the WTO. Programs for drafting standards are set annually. LIBNOR's Board of Directors approves the annual plans, submitted by LIBNOR's Director General, for preparing new standards or amending existing ones. The annual program for drafting standards is available on LIBNOR's website.

LIBNOR is a member of the International Organization for Standardization (ISO), the Codex Alimentarius Commission, the Arab Industrial Development and Mining Organization (AIDMO), the Association Réseau Normalisation et Francophonie (RNF) and the Standards and Metrology Institute for the Islamic Countries (SMIC), and an affiliate member of the European Committee for Standardization (CEN).

Testing, Inspection and Certification

The following laboratories are the main national testing bodies in Lebanon:

- The laboratories of the Industrial Research Institute (IRI), affiliated with the Ministry of Industry, test for all types of products. For more information, visit the IRI website.
- The laboratory of the Agricultural Research Institute (LARI) at the Ministry of Agriculture (for food products). For more information, visit the LARI website.
- The Quality Control Center laboratory at the Chamber of Commerce, Industry, and Agriculture of Tripoli and North Lebanon (CCIAT). For more information, visit the CCIAT website.
- The Food Quality Center laboratory at the Chamber of Commerce, Industry, and Agriculture of Zahle and the Bekaa (CCIAZ). For more information, visit the CCIAZ website.
- The American University of Beirut; laboratory of chemistry and pharmacology. For more information, visit the AUB website.
- The French Medical Institute laboratory of chemistry and pharmacology at Saint Joseph University (USJ). For more information, visit the USJ website.
- The National Council for Scientific Research (CNSR); laboratory under the Lebanese Atomic Energy Commission. For more information, visit the CNRS website.

LIBNOR is the sole authority to grant the right to use the Lebanese Conformity Mark (NL Mark). This mark attests to the compliance of products to Lebanese standards and is based on a scheme combining quality management system and product standards. The Industrial Research Institute provides certificates of conformity with standards and purchase requirements. Certificates of conformity or quality issued by foreign companies, such as SGS and Veritas, are also honored in Lebanon.

In addition, several ministries issue certificates of conformity. The Ministry of Agriculture has the authority to issue certificates of conformity for exported agricultural products. The Ministry of Economy and Trade issues conformity and export certificates at the request of the exporter. The Ministry of Public Health issues health certificates at the request of the exporter. There are no mutual recognition agreements with U.S. organizations.

The Lebanese Accreditation Council (Conseil Libanais D'Accréditation - COLIBAC), under the Ministry of Industry, is the only accreditation body in Lebanon. COLIBAC is presently a non-operational entity, and unable to fulfil the role that accreditation bodies in Europe and worldwide fulfill in conformity assessment. Some Lebanese laboratories are accredited by foreign accreditation bodies. The IRI chemical and micro-biological laboratories are accredited.

Publication of Technical Regulations

Lebanese standards are voluntary, but when approving Lebanese standards based on the recommendation of the technical committees, LIBNOR's Board of Directors may ask for the mandatory application of a standard if it affects public health or safety. In this case, a decree from the Council of Ministers (i.e. the Cabinet) is published based on the request of the Ministry of

Industry. There is no formal procedure for notification, as Lebanon is not yet a WTO member. U.S. entities can comment on technical regulations via e-mail to [LIBNOR](#). LIBNOR established a WTO/Technical Barriers to Trade (TBT) point of contact for inquiries in 2012.

“Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. [Notify U.S.](#) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.”

Contact Information

LIBNOR is the point of contact for inquiries in Lebanon on standards and technical regulations resulting from conversion of standards.

LIBNOR
Maatouk Bldg
City Rama Street, Sin El-Fil
PO Box 55120
Beirut, Lebanon
Tel: 961-1-485 927/8
Fax: 961-1-485 929
E-mail: info@libnor.org

Trade Agreements

Lebanon has traditionally been a country with a free and open trade regime. Efforts towards trade liberalization have focused on the European Union (EU), the WTO, and the Arab world.

Lebanon has neither a free trade arrangement nor a bilateral investment treaty with the United States. In December 2006, the two countries signed a Trade and Investment Framework Agreement (TIFA), but the TIFA never came into force.

Lebanon gained observer status to the WTO in 1999, but the accession process has stalled since then.

Lebanon’s Euro-Mediterranean Partnership agreement came into force in April 2006. The agreement provides for reciprocal free trade on the majority of industrial goods. It also liberalizes trade on a large basket of agricultural and processed agricultural goods. The Euro-Med Partnership aims at establishing a free trade area for the Mediterranean region; efforts to achieve this goal are ongoing.

Lebanon and the European Free Trade Association (EFTA) signed a Free Trade Agreement (FTA) in 2004. In 2010, Lebanon and Turkey signed an association agreement to establish a free trade area and reduce barriers to the free movement of goods, services, capital, and people between the two countries over the subsequent ten years. The agreement is not yet ratified. Lebanon also signed the Greater Arab Free Trade Agreement, which gradually replaced the

bilateral FTAs signed with Arab countries including Tunisia, Morocco, Egypt, Iraq, Jordan, Syria, Sudan, and the Gulf Cooperation Council states. A regional Economic and Trade Association Council between Lebanon, Syria, Jordan, and Turkey was announced in 2010. However, given the outbreak of the Syrian crisis, this agreement did not enter into force. Lebanon launched free trade agreement negotiations with MERCOSUR countries in 2016.

Lebanon has signed bilateral investment agreements with the following (in alphabetical order): Armenia, Austria, Azerbaijan, Bahrain, Belarus, Belgium/Luxembourg, Benin, Bulgaria, Canada, Chad, Chile, China, Cuba, Cyprus, Czech Republic, Egypt, Finland, France, Gabon, Germany, Greece, Guinea, Hungary, Iceland, Iran, Italy, Jordan, Korea (South), Kuwait, Malaysia, Mauritania, Morocco, Netherlands, OPEC Fund, Pakistan, Qatar, Romania, Russia, Slovak Republic, Spain, Sudan, Sultanate of Oman, Sweden, Switzerland, Syria, Tunisia, Turkey, United Arab Emirates, Ukraine, United Kingdom, and Yemen. For more information, please visit the Ministry of Finance's website.

Lebanon does not have a bilateral taxation treaty with the United States. A full list of all the countries with which Lebanon has signed taxation agreements can be found on the Ministry of Finance's website.

Licensing Requirements for Professional Services

There are no specific licensing requirements to open a professional service/consultancy company in Lebanon.

Selling U.S. Products & Services

Distribution & Sales Channels

Most imported products enter Lebanon via the Port of Beirut or Beirut Rafic Hariri International Airport (RHIA). After the August 2020 explosion at the port, goods were rerouted to the Port of Tripoli. The Port of Beirut has resumed partial operations, with 12 out of 16 cranes at the container port fully or partially working. Foreign exporters rely on local companies to clear imported products and to distribute them domestically. Most consumer goods are distributed through modern retail stores, shopping malls, department stores, and supermarket chains.

Major shopping malls and department stores in Lebanon include ABC Malls, Beirut City Center, CityMall, and Le Mall. The main supermarket chains include Carrefour, Le Charcutier Aoun, Fahed Supermarket, Metro Superstore, Monoprix, and Spinneys.

Using an Agent to Sell U.S. Products and Services

U.S. companies generally work with a Lebanese agent or distributor when doing business in Lebanon. The agent may take the form of a partnership, a sole proprietorship, a joint-stock company, or a limited liability company. The agent may act on behalf of the U.S. company to bid on government contracts and to market its products. The U.S. Commercial Service can assist U.S. companies with finding reliable agents through the [International Partner Search](#) (IPS).

Establishing an Office

A foreigner who would like to establish a business branch in Lebanon must first apply for a residency permit from the Directorate of General Security (Sûreté Générale in French) and a work permit from the Ministry of Labor. Foreign companies also require a license to operate from the Ministry of Economy and Trade. U.S. companies may operate through local branches, provided they obtain a “receipt of acknowledgement” from the Ministry of Economy and Trade and register in a local commercial court. For trade activity, the company must register at one of the four regional chambers of commerce and industry (Chamber of Commerce Industry and Agriculture of Beirut and Mount Lebanon, Chamber of Commerce Industry and Agriculture of Zahle and Bekka, Chamber of Commerce Industry and Agriculture of Tripoli and North Lebanon, Chamber of Commerce Industry and Agriculture in Sidon and South Lebanon.)

[The Investment Development Authority of Lebanon](#) (IDAL) has a one-stop shop service to issue permits and licenses in investors for all the key sectors.

Franchising

Franchising in Lebanon has experienced notable growth since the late 1990s with the successful establishment of international brand names across the country. According to the Lebanese Franchise Association (LAF), the franchising sector employs nearly 49,000 employees, or an estimated nine percent of total workers in the country. However, due to Lebanon’s current economic crisis and restrictions imposed after the spread of COVID-19, the franchising sector has experienced major decreased in activity, especially in the hospitality and retail sectors.

Before the crisis, there were approximately 744 companies in the franchising sector in Lebanon constituting around 6 percent of total companies operating in Lebanon. The industry contributed close to \$1.5 billion to the national economy, or about four percent of the entire GDP.

Approximately 44 percent of franchises in Lebanon originate in Europe, 38 percent from the United States and Canada, and 13 percent by local Lebanese franchisors.

Franchising opportunities are extensive in the food service industry. Major U.S. brands present in Lebanon include: Burger King, Chili's, Domino's Pizza, Dunkin Donuts, Kentucky Fried Chicken (KFC), McDonald's, and Starbucks. Lebanese consumers value U.S. brand-names in clothing and professional service companies. These include Berlitz Languages, Florsheim, Century 21 Real Estate, Coldwell Banker, Hertz, Avis, New Horizons, RE/MAX International, Ziebart, and Regus.

Hotel franchises have also witnessed growth in Lebanon. Many local hotels are partnering with international chains to the benefit of local proprietors who capitalize on the chains' name recognition and international reservation networks. U.S. brands Hilton and Sheraton compete in Lebanon with major international chains, such as Four Seasons, Movenpick, Crowne Plaza, and InterContinental hotels. However, hotel occupancy was extremely low in the wake of Lebanon's economic crisis and the spread of COVID-19. Occupancy of four and five-star hotels in Lebanon was 27 percent in March 2021.

The Lebanese Franchise Association (LFA) was established in 2006 in response to the needs of a fast-growing franchise industry, with the mission to develop franchising in Lebanon, and to promote Lebanese franchises worldwide. LFA hosts the annual Beirut International Franchise Forum (BIFEX), which offers significant opportunities for U.S. businesses to meet franchisors and potential franchisees from around the Middle East. More information is available on [LFA's website](#).

Direct Marketing

Lebanon's annual advertising expenditures consistently rank among the highest in the region. After having peaked in 2010 at \$161.4 million, advertising spending slumped in the following years as Lebanon's economic situation worsened. However, a gradual recovery occurred in 2014 when annual advertising expenditures rose to \$160.1 million. Now, given the economic crisis, experts predict a major decrease in advertising expenditures in the coming few years. Television advertising represents the largest share of total advertising with a value annually exceeding \$50 million. Out-of-home and cinema advertising represents the second largest share of total advertising, exceeding \$25 million, of which cinema advertising remains below \$2 million per year. Newspaper advertising represents approximately 15 percent of total advertising spending and exceeds \$20 million per year. Magazines account for seven percent of total advertising expenditures. Digital advertising has steadily expanded over the past several years with over \$15 million in spending, and radio advertising surpassed \$5 million.

Joint Ventures/Licensing

Joint ventures in Lebanon are established through the following six steps:

- 1 - Completion of preliminary legal tasks
- 2 - Payment of share capital
- 3 - Registration at the Trade Register
- 4 - Registration at the Bar Association
- 5 - Payment of duties at the Ministry of Finance

6 - Release of capital

Please find detailed information at IDAL's website.

Express Delivery

Local and international express delivery companies are common and reliable in Lebanon. LibanPost provides national postal service.

There are several local and international freight service companies such as Expeditors, FedEx, Beirut Cargo Center, UPS, Aramex, TNT, and DHL that provide air, ocean, and ground transportation shipments to and from Lebanon. Air shipping time from the United States to Lebanon is estimated to be between one to three days, whereas ocean shipping time from the U.S. to Lebanon is in the range of 25 to 45 days.

Due Diligence

U.S. firms should conduct due diligence on potential business partners in Lebanon. To verify the bona fides of Lebanese companies, U.S. firms may request the U.S. Commercial Service [International Company Profile](#) (ICP) service. The ICP report includes factual data on the Lebanese firm's management, business activities, product lines, financial condition, credit-worthiness, trading experience, market coverage, and business connections in the country, as well as an embassy evaluation to help U.S. firms assess risks, reliability, and capability.

eCommerce

Despite slow internet speeds and high connectivity costs, eCommerce ventures have emerged in retail fashion, food and beverage, banking, electronics, and home accessories, largely as a result of business closures during the COVID-19 pandemic. Most eCommerce platforms accept credit cards and cash upon delivery.

Selling Factors & Techniques

The Lebanese market is generally considered to be open and price sensitive. Sales materials can be in English, French, or Arabic. Many European and Asian brands have gained market shares, but Lebanese consumers value high-quality U.S. products for their quality, technology, and innovation.

Lebanese companies usually request exclusive representational rights when signing agency agreements with foreign companies. U.S. companies should partner with an exclusive agent to represent their products in Lebanon. Moreover, U.S. companies should seek local legal counsel when doing business in Lebanon. A list of local lawyers is available at the United States Embassy website at <https://lb.usembassy.gov/u-s-citizen-services/local-resources-of-u-s-citizens/attorneys/>.

Trade Promotion & Advertising

Lebanon is considered a regional hub for the advertising industry, with offices serving most of the Arab region. Lebanon enjoys a sophisticated domestic audience and a thriving media sector. There are eight television stations in Lebanon, over 40 printed and online newspapers, and more than 20 magazines, and more than 20 radio stations.

Television remains the favored medium of advertising and captures half of the advertising market. Other media used for advertising include print, billboards, social media, and radio.

There are more than 12 Arabic-language dailies in Lebanon, as well as the English-language Daily Star (The Daily Star) and the French-language L'Orient Le Jour (L'Orient Le Jour). The Daily Star is no longer available in print form; most newspapers are available primarily online.

The major trade fairs organizers in Lebanon are listed below:

- Biel Center
- Seaside Developments
- Confex International
- Hospitality Services
- Iktissad Events
- International Fairs and Promotion
- Promofair
- Forum de Beyrouth

Major business magazines include:

- Lebanon Opportunities
- Executive Magazine
- Arab Ad
- Le Commerce du Levant

Pricing

Imported goods are subject to customs duties and a value-added tax (VAT) of 11 percent. The Consumer Protection Department at the Ministry of Economy and Trade sets the price of local Lebanese flat bread. Other types of bread are not affected by this price control. The Ministry of Energy and Water sets the prices of petroleum derivatives, and the Ministry of Public Health sets the prices of pharmaceuticals. The Technical Center for Price Control at the Ministry of Economy and Trade surveys supermarket prices of consumer goods every two months.

Sales Service/Customer Support

A number of leading Lebanese companies have sales service and customer support units. Lebanon has a Consumer Protection Law, and the Consumer Protection Directorate at the Ministry of Economy and Trade has a call-center hotline (1739) to receive consumer claims.

Local Professional Services

Khalil Masri & Fils Sarl: Risk advisory, information provider, studies and valuation, recovery

Kompass: Leading worldwide business directory

5 Index: Database information services

Principal Business Associations

- American Lebanese Chamber of Commerce
- Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon
- Chamber of Commerce, Industry and Agriculture of Sidon and South of Lebanon
- Chamber of Commerce, Industry and Agriculture of Tripoli and North Lebanon
- Chamber of Commerce, Industry and Agriculture of Zahle and Bekaa
- Association of Lebanese Industrialists
- Lebanese Franchise Association

The primary role of those associations is to represent the interests of the private sector, contribute to the formulation of economic policies and the elaboration of legislation that impacts business activity, develop partnership and dialogue between the private sector and the government, and provide a broad array of services to enterprises.

Limitations on Selling U.S. Products and Services

There are no limitations on selling U.S. products and services to Lebanon.

Trade Financing

Methods of Payment

For many years, the U.S. dollar and Lebanese pound were used interchangeably in Lebanon, and Lebanon did not restrict currency conversions or foreign fund transfers. However, banks are no longer allowing either. Credit rating and collections agencies do not currently operate in Lebanon. International rating agencies, however, do evaluate sovereign Eurobond instruments issued by the Lebanese government. Mastercard, Visa, and American Express are the primary credit or charge cards used in Lebanon. Lebanese banks are no longer confirming lines of credits for importers without a 100 percent cash collateral up front; an onerous restriction they say has been imposed by international correspondent banks.

Lebanon's economic crisis has resulted in a multiple exchange rate system. Since 1997, the LBP has been pegged to the U.S. dollar at 1,507.5 LBP to USD. However, as Lebanese continued to demand scarce dollars in the Lebanese financial system, the currency depreciated on secondary markets, reaching 22,000 LBP/USD as of July 2021. These secondary markets remain the primary source of U.S. dollars for most Lebanese. The Central Bank only made dollars available to importers at the official rate for imports of fuel, wheat, and medicine, although it has reduced this effective foreign exchange subsidy. Banks allow clients to withdraw limited amounts of LBP from their dollar-denominated accounts at 3,900 LBP/USD. Banks also offer varied preferential exchange rates for those willing to bring new dollar banknotes to bank counters. Different stores and shops offered varying exchange rate conversions at *ad hoc* rates as well.

Banking Systems

Lebanon's banks are insolvent. The government's April 2020 economic plan estimated losses in Lebanon's financial sector at \$83 billion dollars. As of July 2021, many economists believe the number is closer to \$100 billion in losses. Banks are no longer serving their core functions: making productive loans or allowing those with dollar deposits to withdraw them. Clients cannot

transfer money overseas. Lebanon has yet to adopt formal capital controls legislation, but most economic analysts believe such a law is necessary to preserve what limited foreign currency is left in the country, provide a level playing field to all Lebanese, and form the basis of negotiations with the IMF for a potential program. Banks are allowing depositors with USD-denominated accounts (80 percent of deposits) to withdraw a limited amount of local currency at a rate of 3,900 LBP/USD.

Lebanon relied on dollar inflows from abroad to finance imports and public spending and to maintain the Lebanese pound-to-USD peg, in place since 1997. Those dollars were deposited in Lebanese banks, which in turn lent them to the state in the form of deposits at the Central Bank or Lebanese debt instruments. Nearly 70 percent of bank assets are tied to the sovereign in those two forms. In 2019, as dollar inflows dried up and banking sector assets were tied to long-term deposits at the Central Bank and illiquid debt instruments, banks had trouble meeting their dollar obligations to clients, planting the seeds of the current crisis.

Lebanon's default on its dollar-denominated debt in March 2020 – Lebanese banks at the time held \$12.7 billion in Lebanon's dollar bonds – further eroded the balance sheets of Lebanese banks. Financial experts estimated that 40 percent of loans from Lebanese banks were non-performing in December 2020. Bankers reported that correspondent banks overseas stopped providing them with lines of credits – or provided facilities with onerous conditions – further hampering bank efficacy in Lebanon. Lebanon's April 2020 economic plan hinted at a potential "haircut" on dollar deposits, in which wealthy account holders could lose some of their deposits to help recapitalize banks after shareholders "bail-in" (convert their deposits into bank shares) their financial institutions. In May 2020, banks released their own economic plan, suggesting they be given state assets to cover losses rather than a "bail-in" or "haircut," leading to an impasse that persists today, with necessary financial sector restructuring on hold.

The Lebanese banking sector covers the entire country with 1,047 operating commercial and investment bank branches as of June 2020. Many branches have since closed as banks are cutting costs to cope with the current crisis. The total domestic assets of Lebanon's 15 largest commercial banks reached approximately \$165 billion as of the end of 2020 (about 87 percent of total banking assets), according to Central Bank data.

Lebanon's Central Bank was established in 1963. Lebanon's Central Bank imposes strict compliance with regulations on banks and financial institutions, and commercial banks, in turn, maintain strict compliance regimes. However, the United States designated Jammal Trust Bank in August 2019 as a Specially Designated Global Terrorist for its role in financing Foreign Terrorist Organization Hizballah. Foreign banks and branches need the Central Bank's approval to establish operations in Lebanon. Moreover, any shareholder with more than five percent of a bank's share capital must obtain prior approval from the Central Bank to acquire additional shares in that bank, and must inform the Central Bank when selling shares. In addition, any shareholder needs to obtain prior approval from the Central Bank if he/she wants to become a board member. The use of cryptocurrencies is prohibited in Lebanon by the Central Bank. The Central Bank announced that it is developing a digital currency that it plans to issue for domestic use only.

There are no legal restrictions in Lebanon on a foreigner or non-resident's ability to open a bank account in local or foreign currency, provided they abide by Lebanese compliance rules and regulations. Currently, however, most banks are not taking on new clients or new accounts. Banks claim they have stringent inquiry mechanisms to ensure compliance with international and domestic regulations and implement Lebanon's anti-money laundering and counter-terror finance laws. Banks inform customers of Know-Your-Customer requirements and ask them about the purpose of opening new accounts and about the sources of funds to be deposited. Lebanese banks note they are compliant with the Foreign Account Tax Compliance Act (FATCA). Lebanon adopted the OECD Common Reporting Standards since January 1, 2018.

Foreign Exchange Controls

Commercial banks in late 2019 introduced informal capital controls on Lebanese depositors to stem the outflow of foreign currency; these controls have persisted today, and banks have barred virtually all overseas transfers. Clients with Lebanese pound (LBP)-denominated accounts can only convert their pounds to dollars outside of banks at licensed and unlicensed money exchangers.

The conversion of foreign currencies or precious metals is unfettered. Lebanon's Central Bank posts a daily local currency-exchange rate on its website: <http://www.bdl.gov.lb/>. Lebanon has one of the most heavily dollarized economies in the world, and businesses commonly accept payment (and return change) in a combination of LBP and U.S. dollars, but given the scarcity of U.S. dollars, some businesses offered discounts or better prices for cash dollar payments.

U.S. Banks & Local Correspondent Banks

Below is a list of U.S. banks operating in Lebanon:

CITIBANK N.A.

Berytus Park, Bloc A, 3rd floor
Park Avenue, Beirut Central District
P.O. Box 11-1535
Beirut, Lebanon
Tel: 961-1-962464
Fax: 961-1-962444

BANK of NEW YORK MELLON (The) (Representative Office)

Atrium Bldg, 3rd floor
Corner Maarad-Weygand Street
Beirut, Lebanon
Tel: 961-1-988788
Fax: 961-1-989001

JPMORGAN CHASE BANK NA (Representative Office)

Gefinor Center, Bloc B, 16th floor, Suite No.1601
Clemenceau Street,
P.O. Box 11-5133
Beirut, Lebanon

Tel: 961-1-739583
Fax: 961-1-739581

Below is a list of the largest banks (ranked by assets as of December 2020) that have correspondent U.S. banking relationships:

BANK AUDI S.A.L.

Bank Audi Plaza, Bab Idriss
P.O. Box 11-2560
Beirut, Lebanon
Tel: 961-1-994000
Fax: 961-1-990555

BLOM BANK S.A.L.

BLOM Bank Bldg.
Rashid Karamah Ave., Verdun
P.O. Box: 11-1912 Riad ElSolh,
Beirut 1107-2807, Lebanon
Tel: 961-1-738938

BYBLOS BANK S.A.L.

Byblos Bank Headquarters,
Elias Sarkis Avenue, Ashrafieh
P.O. Box: 11-5605 Riad ElSolh,
Beirut 1107-2811, Lebanon
Tel: 961-1-335200
Fax: 961-1-334554

FRANSABANK S.A.L.

Fransabank Center,
Hamra Street
P.O. Box: 11-0393 Riad ElSolh,
Beirut 1107-2803, Lebanon
Tel: 961-1-340180
Fax: 961-1-354572

SOCIETE GENERALE DE BANQUE AU LIBAN S.A.L. (SGBL)

Sehnaoui Bldg,
Riad ElSolh Street, Beirut Central District
P.O. Box: 11-2955
Beirut, Lebanon
Tel: 961-1-980783
Fax: 961-1-980785

BANKMED S.A.L.

BankMed Center
482 Clemenceau Street
P.O. Box: 11-0348 Riad ElSolh,
Beirut 1107-2030, Lebanon
Tel: 961-1-373937
Fax: 961-1-362706

BANK OF BEIRUT S.A.L.

Bank of Beirut Bldg
Foch Street, Beirut Central District,
P.O. Box: 11-7354
Beirut, Lebanon
Tel: 961-1-958000

BANQUE LIBANO-FRANCAISE S.A.L.

Beirut Liberty Plaza
Rome Street, Hamra
P.O.Box 11-0808
Beirut, Lebanon
Tel: 961-1-791332
Fax: 961-1-440183

CREDIT LIBANAIS S.A.L.

Credit Libanais Tower
Corniche El Nahr, Adlieh Roundabout
P.O.Box: 16-6729
Beirut, Lebanon
Tel: 961-1-608000
Fax: 961-1-608126

BBAC S.A.L.

BBAC Bldg., 250 Clemenceau Street
P.O.Box 11-1536 Riad ElSolh,
Beirut 1107 2080, Lebanon
Tel: 961-1-366630
Fax: 961-1-365200

IBL BANK S.A.L.

Al Ittihadiyah Bldg
Charles Malek Avenue, Rmeil
P.O.Box 11-5292 Riad ElSolh,
Beirut 1107-2190, Lebanon
Tel: 961-1-200350
Fax: 961-1-204505

LEBANON AND GULF BANK S.A.L.

Lebanon and Gulf Bank Bldg,
Allenby Street, Beirut Central District
P.O. Box 11-3600
Beirut, Lebanon
Tel: 961-1-965000
Fax: 961-1-965699

FIRST NATIONAL BANK S.A.L.

Allenby Street, Marfaa 147 Bldg,
Beirut Central District
P.O.Box 11-435 Beirut, Lebanon
Tel: 961-1-963000

Fax: 961-1-973090

CREDITBANK S.A.L.

Freeway Center,
Sin El Fil Blvd.
P.O.Box: 16-5795
Beirut, Lebanon
Tel: 961-1-501600
Fax: 961-1-485245

SARADAR BANK S.A.L.

Saradar Building,
Charles Malek Avenue, Achrafieh
P.O.Box: 16-5766
Beirut, Lebanon
Tel: 961-1-200770

Protecting Intellectual Property

While Lebanon is not a WTO member, its intellectual property rights (IPR) legislation is generally compliant with Trade-Related Intellectual Property Rights (TRIPS) standards. IPR enforcement is weak. The Ministry of Economy and Trade's Intellectual Property Protection Office (IPPO) has led efforts to improve the IPR regime but suffers from limited financial and human resources, and insufficient political support. Lebanon's Internal Security Forces (ISF) and Customs play roles in enforcement. The understanding of IPR within the Lebanese judiciary has improved somewhat in recent years but gaps remain with regards to the negative economic impact that IPR violations have on the economy. The MoET's new draft laws and amendments to existing laws (as well as key IPR treaties) aimed at improving the IPR environment, notably for industrial design, trademark, geographical indications, as well as amendments to the copyright law, await approval from both Lebanon's Cabinet and Parliament.

Existing IPR laws cover copyright, patent, trademarks, and geographical elements. Lebanon's 1999 Copyright Law largely complies with WTO regulations and needs only minor amendments to become fully compatible. Copyright registration in Lebanon is not mandatory, and copyright protection is granted without the need for registration. The MoET launched an online registration service in January 2013 for trademarks on <https://portal.economy.gov.lb/>. This service simplified the registration process and registrations of trademarks now take place online. Due to the complexity of copyrights and patents, registration is still accepted in person at the MoET, and payment must also take place in person. The switch from a deposit system to an objection system for trademarks also remains stalled due to the need for parliamentary approval. However, the MoET noted that it implements the objection system in practice.

Lebanon's Parliament ratified the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty (WPPT) in 2010. Ratification documents have not yet been deposited with WIPO, however, since this would also require amendments to the Copyright Law.

A modern TRIPS-compatible Patent Law, approved in 2000, provides general protection for semiconductor chip layout designs and plant varieties. Data protection and undisclosed information fall under Article 47 of the Patent Law, but current provisions for pharmaceutical registration are subject to interpretation. Generic manufacturers in Lebanon are not prohibited from using original data (e.g., data published on the U.S. Food and Drug Administration website) to register competing products that are identical to original products. Decree No. 571 on the conditions of registering, importing, marketing, and classifying pharmaceuticals, which should have improved the process of drug registration and reduced the number of copycat drugs being registered, still leaves some room for interpretation. There are no current plans to amend the Patent Law. On patent registrations, the Lebanese legal regime does not require examination for novelty, utility, and innovation. Simple patent deposit is required at the MoET, where the application is examined only for conformity with general laws and ethics.

The Internal Security Force (ISF) Cybercrime and IP Unit under ISF's Judicial Police directorate focuses its efforts on online counterfeiting and copyright violations, whereas the Money Laundering and Financial Crimes Unit investigates trademark violations associated with counterfeit physical goods. Lebanese Customs also plays a direct role in IPR enforcement by seizing counterfeits and an indirect role as part of its efforts to combat smuggling. The U.S. Trade Representative's Special 301 annual review of intellectual property protection worldwide has retained Lebanon on its watch list since 2008.

The MoET's IPPO acts upon the requests of rights holders or in an *ex officio* capacity. The ISF cannot act in an *ex officio* capacity and still requires a criminal complaint to be filed with the prosecutor's office in order for it to take action. The sale and distribution of pirated, counterfeit, and copycat products continued across Lebanon, in commercial establishments and through street vendors. This included leather goods, apparel and luxury items, fast-moving consumer goods (FMCGs), software, optical media, and pharmaceuticals.

For additional information about national laws and points of contact at local IP offices, please see [WIPO's](#) country profiles.

IP Attaché Contact Information

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Selling to the Public Sector

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project Financing" Section for more information.

The Council for Development and Reconstruction (CDR), a public authority established in 1977, is the government body responsible for major public infrastructure projects in Lebanon. The CDR

reports to the Council of Ministers (i.e. cabinet) and coordinates its sector-based actions with the relevant ministries. Generally, the CDR publicly solicits offers before awarding major construction contracts.

Ministries may solicit for services valued below LBP 100 million (\$66,357). Ministries publish these requirements online and in local newspapers. However, for works that exceed the threshold, the public tendering department is responsible for launching these tenders, unless the cabinet authorizes the relevant ministry to launch the tender directly. U.S. companies can apply directly for these tenders or can rely on local agents to bid on their behalf.

Lebanon does not abide by the World Trade Organization (WTO) - Government Procurement Agreement (Lebanon is not a WTO member). Lebanon lacks unified public procurement legislation, and a modernized law is with Parliament for its consideration.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information

Project Financing

The Council for Development and Reconstruction (CDR), the government's executive body for redevelopment, has a total of \$2.8 billion in loans and agreements ratified by Parliament but not yet disbursed. An additional \$670 million in loans from international donors and development banks await Parliament's approval. The CDR has a limited absorptive capacity and targets annual spending at approximately \$750 million. Since 1992, CDR completed 4,936 contracts valued at USD 12.3 billion mainly in infrastructure projects all over Lebanon. CDR has currently ongoing contracts valued at USD 3.6 billion.

About 15 foreign financing sources are involved in CDR's development plan, with 11 sources contributing to over 90 percent of the CDR's total foreign financing. Primary contributors include the World Bank; the Arab Fund for Economic and Social Development (AFAED); the Kuwaiti Fund (KFAED); the European Union (EU) and the European Investment Bank (EIB); the Islamic Development Bank; the Saudi Fund for Development (SFD); and the Governments of Saudi Arabia, Italy, and France. For more information about CDR, you can visit CDR's website.

Multilateral Development Banks and Financing Government Sales

The U.S. Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the World Bank. These institutions lend billions of dollars to developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses

participate in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the [Commercial Liaison Office to the World Bank](#).

The International Finance Corporation (IFC), the private sector focused wing of the World Bank Group, has invested over \$1 billion in supporting Lebanese firms. The IFC also works to streamline business registration and improve access to finance for MSMEs (micro and small and medium enterprises) and women-led businesses. The IFC also provides assistance to develop the regulatory framework for the Tripoli Special Economic Zone (TSEZ). Moreover, the IFC supported local commercial banks in the initial issuance of "green bonds" for projects that have positive climate impacts. The IFC advises the High Council for Privatization and Partnerships (HCP) for the expansion of the Rafic Hariri Beirut International Airport and has an advisory role with the Ministry of Energy and Water for the construction of two gas power plants.

The EBRD (European Bank for Reconstruction and Development) began operations in Lebanon in 2017. It focuses support for private sector competitiveness, sustainable energy supply, and the quality and efficiency of public service delivery. As of September 2021, EBRD had invested a cumulative 769 million Euros in 10 projects in Lebanon, including investments in a Green Economy Financing Facility, a green bond, an SME credit line, an equity stake in a local bank, and in trade finance. In 2018, EBRD launched its EU-funded Advice for Small Business program to provide businesses with the knowledge needed to reach their growth potential, ranging from strategy and marketing to financial management to energy efficiency improvements.

Learn more by contacting the:

- Trade Finance Guide <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>
- Export-Import Bank of the United States <https://www.exim.gov/>
- Country Limitation Schedule <https://www.exim.gov/tools-for-exporters/country-limitation-schedule>
- Development Finance Corporation <https://www.dfc.gov/>
- U.S. Trade and Development Agency <https://ustda.gov/>
- SBA's Office of International Trade <https://www.sba.gov/about-sba/sba-locations/headquarters-offices/office-international-trade>
- USDA Commodity Credit Corporation <https://www.usda.gov/cc>
- U.S. Agency for International Development <https://www.usaid.gov/>
- Banking Control Commission of Lebanon
- Central Bank of Lebanon

Business Travel

Business Customs

Lebanese business dealings are formal yet hospitable. Punctuality is generally expected for business meetings, and the three working languages are Lebanese Arabic, French, or English.

Business cards are commonly used. Dress code is formal in most business and official settings. Gifts are common and are accepted on most occasions.

Travel Advisory

U.S. companies and visitors are advised to carefully assess the situation in Lebanon by consulting the Department of State Travel Advisories at [Travel State](#).

U.S. citizens are advised to maintain valid travel documents and enroll with the Department of State or the U.S. Embassy in Beirut through the State Department's Smart Traveler Enrollment Program [STEP](#).

Visa Requirements

Visas are required for entry into Lebanon and may be obtained at Lebanese embassies and consulates (Lebanese Embassy in the United States at <http://www.lebanonembassyus.org/consular-services/>). Citizens of the following countries can obtain a cost-free of one month extendable to three months upon arrival at the Beirut Rafic Hariri International Airport (Beirut-RHIA):

European Union / EFTA, Andorra, Antigua and Barbuda, Argentina, Armenia, Australia, Azerbaijan, Bahamas, Barbados, Belarus, Belgium, Belize, Bhutan, Brazil, Canada, Chile, China, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Dominican Republic, Estonia, Finland, France, Georgia, Germany, Greece, Holland, Hong Kong, Hungary, Iceland, Iran, Ireland, Japan, , Kirgizstan, Latvia, Liechtenstein, Lithuania, Luxembourg, Macau, Macedonia, Malaysia, Malte, Mexico, Moldova, Monaco, Montenegro, New Zealand, Norway, Panama, Paraguay, Peru, Poland, Portugal, Romania, Russia, Samoa, San Marino, Serbia, Singapore, Slovakia, Slovenia, South Korea, Spain, Saint Kitts and Nevis, Sweden, Switzerland, Tajikistan, Turkmenistan, Ukraine, United Kingdom, United States, Venezuela.

More information is available at the [Lebanese General Security](#)'s website.

Travelers who hold passports that contain visas or entry/exit stamps for Israel will likely be denied entry into Lebanon and may be subject to arrest or detention. Even if their travel documents currently do not have Israeli stamps or visas, persons seeking entry into Lebanon who have previously traveled to Israel may still face arrest and/or detention if this travel is disclosed. The Government of Lebanon has the authority to refuse admission to U.S. citizens and to detain U.S. citizen travelers for further inspection. Travelers who have previously worked in Lebanon without the appropriate work visa may be denied entry, or subject to detention or deportation. Travelers who have overstayed their entry visa validity in Lebanon must adjust their status with General Security's Department of Passport and Immigration and receive an exit visa prior to their departure. Individuals who are detained pending deportation are expected to pay the cost of their own airline ticket and will remain under detention until they have gathered the necessary funds.

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#).

Currency

The monetary unit in Lebanon is the Lebanese pound (LBP), also called the lira. There are *ad hoc* controls on foreign exchange. U.S. dollars remain in short supply but high demand, forcing a volatile depreciation of the LBP. Cash and credit cards are the most common method of payment in Lebanon, although those using international credit or debit cards will be forced to use the official exchange rate, while goods are priced at the market rate (1,507.5 LBP/USD versus an average of 18,000 LBP/USD in September 2021). Bank ATM machines are widespread, and cash may be withdrawn in Lebanese pounds or U.S. dollars.

Telecommunications/Electronics

International calls are expensive. The fixed-network is managed by state-owned OGERO, and is generally reliable. Lebanon has two GSM networks that are also owned by the government: Touch and Alpha. Prepaid cellular cards are available at a monthly subscription fee of around \$25 (including internet service and 11 percent Value Added Tax (VAT) charges. Internet service is available for limited access, and is also accessible to visitors at many hotels and internet cafes. DSL, ADSL, HDSL and wireless broadband internet connections are available in most of the hotels in Lebanon, though the service is slower than what is commonly available in the United States. 4G services are available across the country, although the current economic crisis and power shortages are degrading service.

The standard voltage in Lebanon is between 220V - 240V, as in Europe. This requires a power converter since the standard voltage in the U.S. is in the range of 100V - 120V. The frequency in Lebanon is 50 Hz and the power sockets used are of type C / D / G.

Transportation

Lebanon lacks adequate public transportation, but private, un-metered taxis and shared cabs are available in and around the capital. Rental cars are readily available at a daily cost starting at \$25, depending on the type and model of the car. Many international airlines serve Beirut. However, direct flights from the United States to Lebanon are allowed only under the following circumstances (based on a 2007 amendment to a 1984 presidential proclamation):

- U.S. air carriers under contract to the United States Government can engage in foreign air transportation to and from Lebanon of passengers, including U.S. and non-U.S. citizens, and their accompanying baggage
- of goods for humanitarian purposes
- any other cargo or materiel

Language

Arabic is the official language in Lebanon, but French and English are widely spoken.

Health

Lebanon's economic crisis has resulted in a shortage of medicines and medical equipment. Doctors and nurses are leaving the country. Hospitals are running out of fuel for their generators. Although the quality of healthcare is deteriorating, many Lebanese hospitals are still able to provide modern care. Doctors and hospitals normally expect immediate cash payment for services if a client does not show evidence of a locally accepted health insurance coverage.

Local Time, Business Hours and Holidays

Local time is GMT +3 from March 28 to October 31, 2021, and GMT +2 from November 1 to March 27, 2022.

Government offices hours are as follows:

- 8:00 a.m. - 3:00 p.m. Monday through Thursday
- 8:00 a.m. - 13:00 p.m. Friday

Bank counters are generally open on the following schedule:

- 8:00 a.m. - 3:00 p.m. Monday through Friday
- 8:30 a.m. - 12:00 p.m. Saturday

Private office hours vary and some exceed the 40-hour workweek.

Public holidays in 2021 are as follows:

January 1:	New Year's Day
January 06:	Armenian Christmas
January 18:	Martin Luther King Day
February 15:	Washington's Birthday
March 25:	Annunciation Day
April 2:	Good Friday (Western)
April 30:	Good Friday (Eastern)
May 13:	Eid El Fitr
May 31:	Memorial Day
July 5:	Independence Day
July 20:	Eid El Adha
August 9:	Islamic New Year (Al-Hejra)
September 6:	Labor Day
October 11:	Columbus Day
October 18:	Prophet's Birthday
November 11:	Veteran's Day

November 22: Independence Day

November 25: Thanksgiving

December 24: Christmas Day

Temporary Entry of Materials or Personal Belongings

There are no restrictions on the temporary entry of goods and equipment. Temporary importation of commercial samples, professional equipment and goods for use at trade fairs and exhibitions such as computers, repair tools, photographic and film equipment, musical instruments, industrial machinery, vehicles, jewelry, clothing, medical appliances, aircraft, race horses, art work, prehistoric relics, ballet costumes, and rock group sound systems require a temporary admission document known as the ATA (Admission Temporaire) carnet. This is obtained exclusively from the Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon (CCIB - BML).

By presenting an ATA carnet to Lebanese Customs, the imported products and equipment pass duty and tax-free into the country for up to one year. At the end of the year, all the items listed on the carnet must be returned to the temporary exportation country. Video, audio disks, and tapes may be subject to search and seizure.

More information is available on Chamber of Commerce Industry and Agriculture of Beirut and Mount Lebanon at <http://www.ccib.org.lb>.

Investment Climate Statement

The U.S. Department of State Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State [Investment Climate Statements](#) website.

Lebanon has been in an economic contraction since October 2019, with the only solution being painful structural economic reforms that simultaneously tackle the country's fiscal, financial, debt, and currency crises. Instead, however, Lebanon has been without a government since August 2020. This political vacuum, as well as a devastating explosion at the Port of Beirut in August 2020 and the spread of COVID-19, only compounded the country's economic decline. GDP contracted by 25 percent in 2020, the local currency lost more than 90 percent of its value on secondary exchange markets, and inflation increased 145 percent from December 2019 to December 2020. Lebanon's financial sector is insolvent and unable to meet its dollar liabilities; as a result, banks imposed informal capital controls barring Lebanese from transferring money overseas or withdrawing dollars from their bank accounts, even though 80 percent of accounts in Lebanese banks are denominated in dollars.

On March 7, 2020, Lebanon announced it would default on and restructure its nearly \$31 billion dollar-denominated debt, the first such default in Lebanon's history. Lebanon has not yet entered into negotiations with bondholders. On April 30, 2020, the government published an economic plan with a focus on restructuring its financial sector and attracting foreign assistance; the next day Lebanon signed an official request for IMF assistance. IMF talks stalled as MPs and local banks disputed the size of losses in the financial sector (\$83 billion, but perhaps higher) despite the IMF publicly acknowledging the number. Most analysts assess that Lebanon's near- and medium-term economic future is bleak, with likely fiscal austerity, continuing de facto capital controls, further devaluation, and a potential loss of value applied to wealthy accountholders to recapitalize the banking sector. More than 50 percent of the population was considered poor before the end of 2020, and that number could climb to 70 percent in 2021 absent reform. GDP contraction in 2021 could be 14 percent per the World Bank.

These developments hold consequences for Lebanon's potential as a destination for foreign investment. Much depends on how Lebanon implements overdue economic and governance reforms and attracts international assistance and foreign investment. If the country can implement necessary reforms, attract foreign capital, stabilize the exchange rate, and recapitalize its financial sector, opportunities remain for U.S. companies. Lebanon still has the legal underpinnings of a free-market economy, a highly educated labor force, and limited restrictions on investors. The

most alluring sector is the energy sector, particularly for power production, renewable energies, and oil and gas exploration, though challenges remain with corruption, lack of transparency, and challenges to finding viable sources of international financing. The information and communication technology, healthcare, safety and security, waste management, and franchising sectors have historically attracted U.S. investments. However, corruption and a lack of transparency continue to cause frustration among local and foreign businesses. Other concerns include over-regulation, arbitrary licensing, outdated legislation, ineffectual courts, high taxes and fees, poor economic infrastructure, and fragmented and opaque tendering and procurement processes. Social unrest driven by a decline in public services and growing food insecurity may further hamper the investment climate.

If Lebanon is able to reform its business environment, it may once again attract foreign investment. Lebanon's economic crisis is likely to be long and painful, however, and recovery can only be accelerated through quick but careful implementation of reforms.

Political Environment

For background information on the political and economic environment of Lebanon, please read [U.S. Department of State Background Notes](#).