



## Doing Business in Lebanon

### 2013 Country Commercial Guide for U.S. Companies

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## Chapter 1: Doing Business in Lebanon

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### Market Overview

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- Lebanon has a population of four million, according to International Monetary Fund (IMF) statistics. It was the 79<sup>th</sup> largest market for U.S. exports in 2012, according to U.S. Department of Commerce statistics. The Lebanese Customs Authority reported that Lebanon's total imports in 2012 reached approximately \$21.3 billion, of which \$2.376 billion (constituting 11 percent of the total) came from the United States.
- In 2012, the United States ranked as Lebanon's number one trading partner ahead of Italy, China, France and Germany. According to Lebanese Customs statistics, major U.S. exports to Lebanon were mineral fuel and oil (\$1.498 billion), vehicles (\$218 million), machinery and electrical instruments (\$170 million), products of chemical industries (\$154 million), prepared foodstuffs, beverages and tobacco (\$71 million), and vegetable products (\$39 million).
- Real GDP growth is estimated to have slowed from seven percent in 2010 to 1.5 percent in 2011 and 2012, according to the IMF's April 2013 World Economic Outlook, with nominal GDP estimated at \$41.3 billion in 2012. The IMF forecasts that growth could reach two percent in 2013, with inflation projected at 6.7 percent. The Banque du Liban (BdL) projects real GDP growth will exceed two percent in 2013.
- Lebanon's economy follows a laissez-faire model. Most of the economy is dollarized, and the country has few restrictions on the movement of capital across its borders. The Lebanese government's intervention in foreign trade is minimal.
- Lebanon faces major financial challenges, notably a very high level of public debt and large external financing needs. Moreover, domestic tension and political and security instability, especially due to spillover effects from the Syrian crisis, are expected to continue to have a negative impact on the domestic business and economic environment.

- 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 has signed a Trade and Investment Framework Agreement (TIFA) with the Government of Lebanon to help promote an attractive investment climate, expand trade relations, and remove obstacles to trade and investment between the two countries. Since 1999, Lebanon has had observer status at the World Trade Organization (WTO). In 2006, Lebanon signed an association agreement with the European Union.

## Market Challenges

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- Starting a new business in Lebanon is relatively simple and open to all, but petty corruption is an issue. The World Bank noted improvements in Lebanon's mechanisms for paying taxes and in business start-up procedures. According to the World Bank's Doing Business 2012 report, opening a business in Lebanon requires an average of five steps and nine days, compared to the average of 8.2 steps and 20.9 days in the MENA region.
- According to Transparency International's (TI) 2012 Corruption Perception Index (CPI), Lebanon ranked 128 out of 174 countries worldwide and 14 out of 21 MENA countries. Foreign companies have complained about impediments such as arbitrary licensing decisions, complex customs procedures, archaic legislation, an ineffectual judicial system, high taxes and fees, high telecommunications charges, poor power services, slow and unreliable internet services, varying interpretation of laws, and a lack of adequate protection of intellectual property.
- Lebanon adheres to the Arab League boycott of Israel. Enforcement is selective, as many goods on the boycott list are available in the Lebanese market. The Arab League's Central Boycott Office maintains a blacklist of U.S. firms that are believed to contribute to Israel's military or economic development. In accordance with U.S. anti-boycott regulations, U.S. companies may not certify 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) in the U.S. Department of Commerce (<http://www.bis.doc.gov>).

## Market Opportunities

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- The Council for Development and Reconstruction (CDR) is the government's executive body responsible for tendering major projects, procuring financing for these projects, and supervising their execution. Major projects lie in transportation, electricity, telecommunications, education, solid and water waste. These projects are listed at <http://www.cdr.gov.lb>. CDR, in coordination with the concerned ministries, launches these projects.

- In September 2011, the parliament passed an emergency \$1.2 billion bill to boost electricity production by 700 MW. This created significant investment opportunities for international companies worth hundreds of millions of dollars. Additional opportunities for private sector participation in the power sector are associated with the government's policy paper for the electricity sector, endorsed by the cabinet in June 2010. The strategy aims to gradually reach 4000 MW generation capacity in Lebanon in 2014, though this target date may not be realistic according to energy experts because of potential delays in contract implementation and the difficulties in acquiring additional energy from neighboring countries given current domestic and regional developments. Implementation will cost \$4.87 billion, to be partly financed by the government (32 percent), by private sector investment (48 percent), and international donor lending (20 percent). The long-term plan includes expanding generation capacity to 5000 MW after 2015 to meet increased demand; this plan will be implemented through Independent Power Producer (IPP) modality (private sector investment) and the tender for contracting an international consultant to prepare this plan has been launched. The Ministry of Energy and Water is also expected to invest millions of dollars for dams, water and waste water projects in the coming few years. For more information about electricity and water projects, visit the Ministry of Energy and Water website at <http://www.energyandwater.gov.lb>.
- Significant investment opportunities also exist in Lebanon's offshore oil and gas exploration. In 2010, the U.S. Geological Survey estimated a mean of 1.7 billion barrels of recoverable oil and a mean of 122 trillion cubic feet of recoverable gas in the Levant Basin Province, which includes waters shared by Lebanon, Israel, Syria, and the Republic of Cyprus. On April 30, 2013, the Ministry of Energy and Water launched the first licensing round for the offshore oil and gas exploration projects with a November 4 deadline for submission of bids. Forty-six international companies, including four U.S. firms, were shortlisted to participate in Lebanon's offshore exploration. Bid contracts are projected to be signed in February/March 2014; however, the resignation of Prime Minister Najib Mikati in March 2013 and the delay in forming a new cabinet could potentially push back this timetable. More information about Lebanon's oil and gas opportunities can be found at [www.Lebanon-exploration.com](http://www.Lebanon-exploration.com).

## Market Entry Strategy

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- U.S. companies interested in doing business in Lebanon are advised to hire a Lebanese agent or distributor. Although working through an agent is a very common practice in Lebanon, networking and lengthy investigation are key to finding an appropriate one.
- U.S. companies do not need to visit Lebanon to find an agent. The U.S. Commercial Service can help U.S. companies find the right partner through the International Partner Search (IPS) service. More information on IPS can be found at [http://export.gov/lebanon/eg\\_lb\\_035712.asp](http://export.gov/lebanon/eg_lb_035712.asp)

- The Investment Development Authority of Lebanon (IDAL), a public agency responsible for promoting investments in Lebanon, has a “One-Stop Shop” service to issue permits and licenses for investors. Further information about IDAL and its services is available at <http://www.idal.com.lb>.

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## Chapter 2: Political and Economic Environment

For background information on the political and economic environment of Lebanon, please click on the link below to the U.S. Department of State Fact Sheet of U.S. Relations with Lebanon.

<http://www.state.gov/r/pa/ei/bgn/35833.htm>

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### **Using an Agent or Distributor**

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U.S. companies are advised to appoint a Lebanese agent or distributor when doing business in Lebanon. The agent may be a partnership, a sole proprietorship, a joint-stock company, or a limited liability company. The agent can act on behalf of the U.S. company to bid for government tenders and to market its products.

The U.S. Commercial Service can help U.S. companies find reliable agents through the International Partner Search (IPS) service. More information on IPS can be found at [http://export.gov/lebanon/eg\\_lb\\_035712.asp](http://export.gov/lebanon/eg_lb_035712.asp).

### **Establishing an Office**

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A foreigner who wishes to establish a business branch in Lebanon must apply for a residency permit from Sûreté Générale and a work permit from the Ministry of Labor. Foreign companies 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 be registered at any of the four regional chambers of commerce and industry.

The Investment Development Authority of Lebanon (IDAL) has a “One-Stop Shop” service to issue permits and licenses for investors. Further information about IDAL and its services are available at <http://www.idal.com.lb>.

## Franchising

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Franchising is one of the fastest growing business sectors in Lebanon. Franchising opportunities are most common in the fast food sector. Major American food franchises present in Lebanon are Applebee's, Baskin Robbins, Burger King, Chili's, Clucksters', Domino's Pizza, Dunkin' Donuts, Häagen-Dazs, Hardees, Hard Rock Café, Kentucky Fried Chicken (KFC), Krispy Kreme, Magnolia Bakery, Marble Slab Creamery, McDonald's, P.F. Chang's, Pizza Hut, Starbucks, Subway, and T.G.I. Friday's. The spillover effects of the Syrian crisis have led to declines in Lebanon's tourism industry, including for the restaurant and hospitality sector.

Franchising opportunities are also available in the area of clothing, and numerous U.S. and international brands have opened stores in Lebanon. Franchising has great potential in the services sector, as well. Major service-related American franchises in Lebanon include Berlitz, Century 21, Chem Dry, Coldwell Banker, Hertz Car Rental, New Horizons, Thrifty Car Rental, and Ziebart.

In April 2008, the Lebanese Franchise Association (LFA) signed a memorandum of understanding with the International Franchise Association to foster international training and sharing of information. LFA hosted its third Beirut International Franchise Forum (BIFEX) on April 17&18, 2013 at Phoenicia Beirut. The forum aimed at gathering franchisors and potential franchisees from the Middle East. For more information about LFA, visit <http://www.lfalebanon.com>.

## Direct Marketing

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With over \$180 million spent annually in 2012 on real advertising, the advertising industry has proven to be the most effective marketing channel in Lebanon. Advertising commonly relies on TV, radio, and billboards. Compared to 29 percent growth in online advertising spending, ArabAd reported that radio and TV advertising gained 11 and eight percent respectively, while newspaper and magazine ads grew five percent.

Marketing can be also achieved through trade fairs and exhibitions. Numerous international fairs are held in Lebanon every year, with significant participation from European, Asian, Middle Eastern, and, increasingly, U.S. companies. For additional information about trade fairs in Lebanon, please go to <http://export.gov/lebanon/tradefairsinlebanon/index.asp>.

## Joint Ventures/Licensing

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

- 1 - Completion of preliminary legal task
- 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

For detailed information please visit IDAL's website:

[http://www.idal.com.lb/Content/uploads/Setting\\_Up\\_a\\_Joint\\_Stock\\_Company.pdf](http://www.idal.com.lb/Content/uploads/Setting_Up_a_Joint_Stock_Company.pdf)

Licenses are usually issued by the concerned ministries or through the Investment Development Authority of Lebanon (IDAL). Further information about IDAL and its services is available at <http://www.idal.com.lb>.

## **Selling to the Government**

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The Council for Development and Reconstruction (CDR), a public authority established in 1977, is the government body responsible for all the major projects of reconstruction and development in Lebanon. The CDR is accountable to the Council of Ministers and coordinates its sector-based actions with the concerned ministries. These projects are usually carried out through public tenders, although purchases are occasionally made via direct contract when attractive financing protocols are offered. More information about projects to be awarded and ongoing projects can be found at [http://www.cdr.gov.lb/eng/select\\_projects.asp](http://www.cdr.gov.lb/eng/select_projects.asp)

The Lebanese government comprises 22 ministries that can carry out public tenders, which are usually published on the ministries' websites. A list of ministries and their websites can be found in chapter nine. U.S. companies can apply directly for these tenders or can rely on local agents to bid on their behalf.

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Most products imported to Lebanon enter either through the Beirut - Rafic Hariri International Airport (RHIA) or the Beirut Port. Foreign exporters rely on local companies both to receive the imported products at the Beirut Port and Beirut - RHIA after they are cleared by local or international expeditors from the customs authority and to distribute them subsequently in the market. Although traditional markets and souks exist in Lebanon, most products are distributed through modern retail stores, shopping malls, department stores and supermarket chains spread throughout the country.

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

## Selling Factors/Techniques

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The Lebanese market is generally considered to be free and price sensitive. Sales material can be in English, French, or Arabic. Many European and Asian brands introduced into the market have managed to gain considerable market share, but high-quality U.S. products are still valued by high-end consumers who appreciate quality, technology, innovation, and added value.

Exclusive rights are a common practice in the Lebanese market, and Lebanese companies usually request exclusive rights when signing agency agreements with foreign companies. Therefore, U.S. companies are encouraged to work with one exclusive agent to represent their products in Lebanon. It is also advisable that U.S. companies consult with lawyers when doing business in Lebanon. A list of lawyers can be found at <http://lebanon.usembassy.gov/attorneys.html>.

## Electronic Commerce

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E-commerce is in its early stages in Lebanon. Some e-commerce ventures, such as online shops, auctions, services, and content publishing, have been established. These ventures remain limited due to the continuing lack of a legal and regulatory framework for e-transactions. Moreover, the Lebanese populace has yet to be convinced of the reliability and safety of online transactions, and Internet and telecommunications prices remain relatively high. In 2004, the European Union financed the establishment of a project in Lebanon to promote the development of e-commerce. More information on this project can be found at <http://www.economy.gov.lb/index.php/project/2/12>.

## Trade Promotion and Advertising

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Lebanon is considered a regional center for the advertising industry, with offices serving most of the Arab region, including the Gulf countries. Lebanon itself enjoys a sophisticated domestic audience and a thriving media sector. There are 13 television stations, 18 newspapers, over 30 magazines, and many radio stations.

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

There are many Arabic-language dailies in Lebanon, as well as the English-language *Daily Star* (<http://www.dailystar.com.lb>) and the French-language *L'Orient Le Jour* (<http://www.lorientlejour.com>). Most newspapers have websites displaying the latest news on Lebanon.

The following are major trade fair organizers in Lebanon:

- BIEL Center (<http://www.bielcenter.com>)

- Confex-Lebanon (<http://www.confex-lebanon.com>)
- Hospitality Services (<http://www.hospitalityservices.com.lb>)
- Iktissad Events (<http://www.iktissadevents.com>)
- International Fairs and Promotion (<http://www.ifpexpo.com>)
- Promofair (<http://www.promofair.com.lb>)

Major business magazines are the English-language Lebanon Opportunities (<http://www.opportunities.com.lb>), Executive Magazine (<http://www.executive-magazine.com>), Today's Outlook (<http://www.todaysoutlook.com>), Arab Ad Magazine (<http://www.arabadmag.com>), the French-language Le Commerce du Levant (<http://www.lecommercedulevant.com>), and the Arabic-language Bloomberg Businessweek, and Al-Morakeb Al-Inmai (<http://www.almorakebalinmai.com>).

## Pricing

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Imported goods are subject to customs duties and a value-added tax (VAT) of 10 percent. The Consumer Protection Department at the Ministry of Economy and Trade sets the price of local Lebanese flat bread (note that other types of bread, such as baguettes or sliced sandwich bread, are not affected by these regulations), 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, and the Ministry of Health also controls the price of pharmaceuticals.

## Sales Service/Customer Support

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A number of leading Lebanese companies have sales service and customer support units, and such services are critical to maintaining market share. Lebanon has passed and implemented a Consumer Protection Law, which calls for the establishment of mechanisms for better protection of consumers. The Consumer Protection Directorate at the Ministry of Economy and Trade has a call center (1739) to receive consumer's claims.

## Protecting Your Intellectual Property

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### IPR Climate in Lebanon

Lebanon's intellectual property (IP) legislation is generally compliant with international standards, and enforcement has improved in recent years. Challenges remain, however, particularly in the pharmaceutical industry and optical media. It is advisable that U.S. companies register their patents and trademarks at the Ministry of Economy and Trade (MoET) before introducing them into the marketplace. We also recommend contacting a local lawyer whenever confronted with an IPR violation. A list of lawyers practicing in Lebanon is available at the U.S. Embassy's website at <http://lebanon.usembassy.gov> or from the Department of State's American Citizen

Services Office in the Bureau of Consular Affairs at <http://www.travel.state.gov>.

Improvements in the IP enforcement regime in 2007 led the United States Trade Representative to move Lebanon from “Priority Watch List” to “Watch List,” where it has remained through 2012.

Problems persist, however, including with the widespread availability of pirated optical discs. Registration of copycat and counterfeit pharmaceuticals also remains problematic, although the Government of Lebanon (GoL) issued a decree in 2008 aimed at improving the protection of undisclosed information. Counterfeiting of trademarked goods continues. The judiciary must improve the implementation of IP laws. There are several new IP laws and amendments to old laws pending parliamentary ratification that, if passed, would increase IP rights protection. Parliament approved Lebanon’s accession to the WIPO so-called Internet Treaties - WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonograms Treaty (WPPT) - in 2010. Lebanon has yet to submit its instruments of ratification, however, arguing that it must ensure passage of necessary amendments to the Copyright Law before it can implement the treaties. Other legislation, including laws needed to comply with the latest act of the Berne Convention for the Protection of Literary and Artistic Works, are also pending in parliament.

### **Protecting Your Intellectual Property in Lebanon:**

Several general principles are important for effective management of IP rights in Lebanon. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Lebanon than in the United States. Third, rights must be registered and enforced in Lebanon under local laws. Your U.S. trademark and patent registrations will not protect you in Lebanon. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. Most countries, however, do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions. In Lebanon, new products are officially protected when the patents, trademarks, and industrial designs are deposited with the MoET, without further examination. Copyrights are protected and enforced without registration; registration is optional for Lebanese and foreign right holders.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Lebanese market. The MoET launched online trademark registration in January 2013, which can be found at <https://portal.economy.gov.lb>.

It is vital that companies understand that IP is primarily a private right, and that the U.S. Government generally cannot enforce rights for private individuals in Lebanon. It is the responsibility of the rights’ holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Lebanese law. The U.S. Commercial Service can provide a list of local lawyers upon request. The list can be found at: <http://lebanon.usembassy.gov/attorneys.html>.

While the U.S. Government stands ready to assist, there is little the U.S. Embassy in Lebanon can do if rights holders have not taken the fundamental steps necessary to

securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. Government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Lebanon require constant attention. Work with legal counsel familiar with Lebanese laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, either Lebanese or U.S.-based. These include:

- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)
- American Lebanese Chamber of Commerce (Amcham)
- Chamber of Commerce, Industry and Agriculture Beirut (CCIAB)
- Chamber of Commerce, Industry and Agriculture Saida (CCIAS)
- Chamber of Commerce, Industry and Agriculture Tripoli (CCIAT)
- Chamber of Commerce, Industry and Agriculture Zahle (CCIAZ)
- Association of Lebanese Industrialists (ALI)
- Professional Computer Association (PCA)

## **IP Resources**

A wealth of information on protecting IP is freely available to U.S. rights holders. Some resources for companies regarding IP include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at [www.StopFakes.gov](http://www.StopFakes.gov).

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at [www.stopfakes.gov](http://www.stopfakes.gov).
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: [http://www.abanet.org/intlaw/intlproj/iprprogram\\_consultation.html](http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html)
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.StopFakes.gov](http://www.StopFakes.gov) This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Lebanon at: [www.export.gov/Lebanon](http://www.export.gov/Lebanon)

## Due Diligence

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U.S. firms wishing to do business in Lebanon are encouraged to conduct due diligence on their potential partners. 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. More information about ICP can be found at [http://export.gov/Lebanon/eg\\_lb\\_035710.asp](http://export.gov/Lebanon/eg_lb_035710.asp).

## Local Professional Services

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American Lebanese Chamber of Commerce: <http://www.amcham.org.lb>  
 Chamber of Commerce, Industry and Agriculture Beirut and Mount Lebanon: <http://www.ccib.org.lb>  
 Chamber of Commerce, Industry and Agriculture of Sidon and South Lebanon: <http://www.cciias.org.lb>  
 Chamber of Commerce, Industry and Agriculture of Tripoli and North Lebanon: <http://www.cciat.org.lb>

Chamber of Commerce, Industry and Agriculture of Zahle and Bekaa: <http://www.cciaz.org.lb>  
Association of Lebanese Industrialists: <http://www.ali.org.lb>  
Professional Computer Association: <http://www.pca.org.lb>

## Web Resources

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U.S. Commercial Service: <http://www.export.gov/Lebanon>  
U.S. Embassy in Lebanon: <http://lebanon.usembassy.gov>  
Council for Development and Reconstruction (CDR): <http://www.cdr.gov.lb>  
Investment Development Authority of Lebanon (IDAL): <http://www.idal.com.lb>  
Ministry of Economy & Trade (MOET): <http://www.economy.gov.lb>  
Al-Iktissad Wal Amal: <http://www.iktissadevents.com>  
Arab Ad Magazine: <http://www.arabdmag.com>  
BIEL Center: <http://www.bielcenter.com>  
Daily Star: <http://www.dailystar.com.lb>  
Executive Magazine: <http://www.executive-magazine.com>  
Hospitality Services: <http://www.hospitalityservices.com.lb>  
International Fairs and Promotion: <http://www.ifpexpo.com>  
Le Commerce du Levant: <http://www.lecommercedulevant.com>  
Lebanon Opportunities: <http://www.opportunities.com.lb>  
L'Orient Le Jour: <http://www.lorientlejour.com>  
Naharnet: <http://www.naharnet.com>  
Promofair: <http://www.promofair.com.lb>  
Today's Outlook: <http://www.rigidhost.com/~outlookm/index.php>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

### **Commercial Sectors**

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- [Medical Equipment \(MED\)](#)
- [Education Services \(EDS\)](#)
  
- [Agriculture Sector](#)

## Apparel (APP)

### Overview

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	566,000	606,000	580,000	580,000
Total Local Production	210,000	210,000	210,000	210,000
Total Exports	83,000	77,000	80,000	80,000
Total Imports	439,000	473,000	450,000	450,000
Imports from the U.S.	10,000	9,000	10,000	10,000
Exchange Rate: 1 USD	LL1507.5	LL1507.5	LL1507.5	LL1507.5

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports)*

*Data Sources: Lebanese Customs statistics – Section 11 / Chapters 61, 62.*

Lebanon has traditionally attracted a large number of Arab tourists and Lebanese expatriates who significantly boost retail activity in the country, resulting in steady growth in the apparel sector. The current political and security instability in Lebanon due to spillover effects from the Syrian crisis has discouraged tourists from coming to Lebanon and negatively affected the growth of the apparel industry.

U.S. apparel exports to Lebanon reached \$9 million in 2012, constituting around two percent of total apparel imports to Lebanon. Many U.S. brands, including American Eagle Outfitters, Tommy Hilfiger, Nautica, Marc Jacobs, Tory Burch, Seven Jeans, Rock and Republic Jeans, Citizens of Humanity Jeans, True Religion Jeans, Nike, and Polo Ralph Lauren are very popular in the Lebanese market.

### Sub-Sector Best Prospects

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Demand for casual wear in Lebanon is increasing. Consequently, demand for U.S. apparel is expected to grow, since many Lebanese consider U.S. brands to be the leader in casual wear, according to industry specialists.

Lebanese buyers regularly travel 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

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The U.S. Commercial Service provides a wide range of services, including the Gold Key Service and the International Partnership Search, which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes events and exhibitions to promote U.S. products and services in Beirut.

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Lebanese Customs Authority: <http://www.customs.gov.lb>

U.S. Commercial Service: <http://www.export.gov/lebanon>

Contact for the Senior Commercial Specialist in charge of the apparel sector:  
Naaman Tayyar, Email: [Naaman.Tayyar@trade.gov](mailto:Naaman.Tayyar@trade.gov).

## Automotive (AUT)

### Overview

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	1,433,000	1,420,000	1,440,000	1,440,000
Total Local Production	0	0	0	0
Total Exports	37,000	39,000	36,000	36,000
Total Imports	1,480,000	1,459,000	1,476,000	1,476,000
Imports from the U.S.	196,000	204,000	225	225,000
Exchange Rate: 1 USD	LL 1507.5	LL 1507.5	LL 1507.5	LL 1507.5

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports)*

*Data Sources: Lebanese Customs statistics – Section 17 / Chapter 87*

The automotive sector in Lebanon witnessed a decline of nine percent in 2012, with total imports valued at \$1.459 billion. U.S. automotive exports to Lebanon increased by four percent in 2012 to reach \$204 million, representing 14 percent of total Lebanese automotive imports. According to local importers, the automotive market in Lebanon is passing through a wait-and-see period due to the political and security instability in Lebanon as a result of the conflict in Syria, and is expected to maintain the 2012 figures for the coming two years.

### Sub-Sector Best Prospects

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Demand for Sport Utility Vehicles (SUVs) in Lebanon has been growing. According to private sector sources, around 10 percent of cars imported into Lebanon are SUVs. This percentage is expected to increase due to SUVs' heavy-duty performance on poor quality roads throughout the country. Lebanese buy American 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 is increasing because they have demonstrated a quality advantage over foreign competitors.

### Opportunities

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The Lebanese Car Importers Association co-organizes the Motor Show, a bi-annual trade fair for the automotive industry in Lebanon. The Motor Show presents significant opportunities for U.S. companies to introduce their products and services to the Lebanese market. For more information, visit <http://www.promofair.com.lb>.

### Web Resources

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Lebanon Motor Show: <http://www.promofair.com.lb>

Lebanese Customs Authority: <http://www.customs.gov.lb>

U.S. Commercial Service: <http://www.export.gov/lebanon>

Contact for the Senior Commercial Specialist in charge of the automotive sector:

Naaman Tayyar, Email: [Naaman.Tayyar@trade.gov](mailto:Naaman.Tayyar@trade.gov).

## Drugs/Pharmaceuticals (DRG)

### Overview

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	955,000	956,000	985,000	985,000
Total Local Production	18,000	18,000	18,000	18,000
Total Exports	36,000	32,000	33,000	33,000
Total Imports	973,000	970,000	1,000,000	1,000,000
Imports from the U.S.	85,000	105,000	141,000	141,000
Exchange Rate: 1 USD	LL 1507.5	LL 1507.5	LL 1507.5	LL 1507.5

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports)*

*Data Sources: Lebanese Customs statistics – Section 6 / Chapter 30*

With more than 50 pharmaceutical importers, Lebanon is the leading market of imported pharmaceutical drugs in the Levant. The pharmaceutical market in Lebanon was valued at over \$1 billion in 2011, with potential growth of more than five percent yearly. Patented drugs constitute around 50 percent of the market, and over-the-counter (OTC) and generic drugs constitute around 25 percent each. Local pharmaceutical production is weak due to the high costs involved, and there is a lack of local quality control including local counterfeiting of drugs; as a result, imports constitute over 95 percent of the total available products in the market.

According to the Lebanese Customs Authority, total pharmaceutical imports into Lebanon reached \$970 million in 2012, of which \$105 million were imported from the United States. Local production covers less than five percent of the market and is mainly focused on manufacturing drugs under license for international companies.

There are many challenges facing the pharmaceutical sector in Lebanon. The high cost of pharmaceuticals, is a particular challenge. Moreover, the legal framework governing pharmaceuticals is weak and constitutes a barrier to foreign investments, mainly for the introduction of new drugs. Registration of copycat and counterfeit pharmaceuticals remains problematic.

### Sub-Sector Best Prospects

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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

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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 the Gold Key Service and the International Partnership Search, which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial

Service organizes activities to promote U.S. products and services in Lebanon. For more information about the U.S. Commercial Service's events and services, visit <http://www.export.gov/lebanon>.

## **Web Resources**

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Ministry of Public Health: <http://www.moph.gov.lb>

Lebanese Customs Authority: <http://www.customs.gov.lb>

U.S. Commercial Service: <http://www.export.gov/lebanon>

Contact for the Senior Commercial Specialist in charge of the drug/pharmaceutical sector: Naaman Tayyar, Email: [Naaman.Tayyar@trade.gov](mailto:Naaman.Tayyar@trade.gov).

## Medical Equipment (MED)

### Overview

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Unit: USD thousands

	2011	2012	2013 (estimated)	2014 (estimated)
Total Market Size	239,000	271,000	289,000	289,000
Total Local Production	1,000	1,000	1,000	1,000
Total Exports	8,000	8,000	6,000	6,000
Total Imports	246,000	278,000	294,000	294,000
Imports from the U.S.	63,000	75,000	84,000	84,000
Exchange Rate: 1 USD	LL 1507.5	LL 1507.5	LL 1507.5	LL 1507.5

*Total Market Size = (Total Local Production + Total Imports) – (Total Exports)*

*Data Sources: Lebanese Customs statistics – Section 18 / Chapter 90.*

According to the Lebanese Customs Authority, Lebanon's imports of medical equipment reached \$278 million in 2012, out of which \$75 million were imported from the United States. U.S. medical exports to Lebanon increased by 19 percent in 2012 compared to 2011, and U.S. market share exceeded 26 percent. According to local experts, medical imports into Lebanon during the coming two years are expected to witness the same growth that occurred in 2012, in part due to the influx of Syrians fleeing to Lebanon, many of whom have required medical assistance.

### Sub-Sector Best Prospects

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According to local experts, U.S. medical products are characterized by their high quality and competitive value due to the weakness of the dollar in relation to the euro.

### Opportunities

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Lebanon is an ideal location for establishing a regional office to cover the Levant, including Iraq, since 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 the Gold Key service and the International Partnership Search which help U.S. companies explore opportunities in Lebanon. Moreover, the U.S. Commercial Service organizes events and exhibitions to promote U.S. products and services in Beirut. For more information about the U.S. Commercial Service's events and services, visit <http://www.export.gov/lebanon>.

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Ministry of Public Health: <http://www.moph.gov.lb>

Lebanese Customs Authority: <http://www.customs.gov.lb>

U.S. Commercial Service: <http://www.export.gov/lebanon>

Contact for the Senior Commercial Specialist in charge of the medical equipment sector: Naaman Tayyar, Email: [Naaman.Tayyar@trade.gov](mailto:Naaman.Tayyar@trade.gov).



## Education Services (EDS)

### Overview

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	2010/2011	2011/2012
Total Market Size	192,138	192,522
Total Lebanese Students enrolled in universities	160,226	166,289
Total Foreign Students enrolled in universities	31,912	26,233
Lebanese Students in the U.S.	1,462	1,350

*(Figures are estimates in numbers of students and based on Institute of International Education (IIE) and the Lebanese Ministry of Education statistics)*

Lebanon has one of the best educational systems in the Middle East. There are currently 192,522 students enrolled in public and private universities throughout Lebanon, and over 1,300 Lebanese students are currently studying in the United States.

### Sub-Sector Best Prospects

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The number of Lebanese students in the United States decreased by 7.7 percent during the 2011/2012 school year compared to 2010/2011 due to improvements in the advanced Lebanese educational system and the increasing cost of education in the United States.

U.S. educational franchises are doing well in Lebanon. The U.S. franchise New Horizon, which provides computer training, captures over 40 percent of the Lebanese market. The U.S. franchise Berlitz, which provides language training, has approximately 25 percent of the market.

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Institute of International Education (IIE): <http://www.iie.org/en>

Ministry of Education and Higher Education: <http://www.higher-edu.gov.lb>

<http://www.crdp.org/CRDP/default.htm>

Contact for the Commercial Assistant in charge of the education services sector:  
Maya Barhouche, Email: [Maya.Barhouche@trade.gov](mailto:Maya.Barhouche@trade.gov).

### Agricultural Sectors

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According to Lebanese customs statistics (chapters 1-24), Lebanon's total agricultural imports reached \$3.289 billion in 2012. Of that total, \$123 million, or 3.7 percent of the total, were from the United States. Major U.S. agricultural exports to Lebanon include residues from the food industries (\$29 million), edible fruits and nuts (\$24 million), cereals (\$21 million), miscellaneous edible preparations (\$19 million), animal or vegetable fats and oils (\$7 million), tobacco (\$4 million), meat (\$4 million), dairy products (\$2 million), beverages, spirits, and vinegar (\$2 million).

### Web Resources

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Lebanese Customs Authority: <http://www.customs.gov.lb>

Contact for the Senior Commercial Specialist in charge of the agriculture sector:  
Naaman Tayyar, Email: [Naaman.Tayyar@trade.gov](mailto:Naaman.Tayyar@trade.gov).

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## Chapter 5: Trade Regulations, Customs and Standards

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### Import Tariffs

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More than 83 percent of imported goods are subject to duties equal to or below five percent. The Lebanese customs website (<http://www.customs.gov.lb>) provides a searchable database that displays import duties by tariff number. European goods can benefit from up to a 72 percent discount on the customs fees in accordance with the EC and EF agreements, and goods from several Arab countries are exempted from customs fees in accordance with the Greater Arab Trade Free Trade Area (GAFTA) Agreement.

### Trade Barriers

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Trade barriers affect less than one percent of imports and exports of goods and can be imposed by 10 different Lebanese government state bodies. Such measures include prohibitions and requirements for licenses, technical certificates, veterinary certificates, and phyto-sanitary certificates. All goods subject to import and export prohibitions could be also prohibited from transiting Lebanon. A limited number of goods (e.g. weapons) are subject to more than one trade measure. To find out whether a specific product is subject to non-tariff barriers, consult the Lebanese customs website at <http://www.customs.gov.lb> or Lebanon's Non-Tariff Measure Survey published on the World Trade Organization (WTO) trade section of the Ministry of Economy and Trade's website at [http://www.economy.gov.lb/public/uploads/files/6663\\_7005\\_5324.pdf](http://www.economy.gov.lb/public/uploads/files/6663_7005_5324.pdf).

### Import Requirements and Documentation

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**\*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 from the Social Security Office (must not be 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 from the Social Security Office (must not be 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

## U.S. Export Controls

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Lebanon is not subject to special sanctions. In principle, all exports require a license, though in practice the vast majority of U.S. exports fall under a “general license” that allows export without obtaining permission from BIS in the U.S. Department of Commerce (<http://www.bis.doc.gov>). When doing business with Lebanon, U.S exporters should consider the below U.S. export regulations:

- For a number of items, specific export licenses are required. These items include products whose high-tech nature implies that export may involve a national security risk. Contacting BIS will enable an exporter to determine whether or not a specific item requires a license. If a specific license is required, one of the considerations will be the reliability of the end-user. Government agencies and companies with a solid business reputation are more likely to be granted a license.

- U.S. companies need to verify whether the U.S. government has blacklisted a particular Lebanese company or individual as a result of past violations of export regulations or for other reasons. U.S. companies should consult the BIS Denied Persons List and the Treasury Department Office of Foreign Assets Control's Specially Designated Nationals List, which are available online at <http://www.bis.doc.gov/dpl/default.shtm> and <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>.

## Temporary Entry

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There are two types of permits for the entry of temporary 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 outside Lebanon or displayed in free zones. This permit is valid for six months and renewable provided that such period shall not be for more than two years.

The director general of Customs may 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, referring to the article number 278 of the Lebanese Customs Law, might 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 play grounds.
- 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 by using ATA books rather than the regular entry declarations. The period of import is set at six months.

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

## Labeling and Marking Requirements

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Labels should include the net weight of the product, manufacture, 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 Hebrew labels are not accepted. For

more information, please contact the Ministry of Economy and Trade at <http://www.economy.gov.lb>.

## **Prohibited and Restricted Imports**

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Prohibited imports that are strictly prohibited by laws, regulations, and decisions of relevant authorities or by virtue of the International Agreements in which Lebanon is a party or a member include the following:

- Cedar seeds and seedlings (to protect Lebanese cedar species)
- Chemical improvers 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
- Goods bearing false marks and labels indicating their origin
- Goods manufactured in or originating from Israel

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

## **Customs Regulations and Contact Information**

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Lebanon follows the harmonized system for its tariff regime. Lebanon's modern customs law simplifies and expedites customs procedures, adopts international standards for the valuation of goods, applies modern and fair dispute settlement procedures, allows for electronic declaration of goods, and fosters the development of industrial and free zones. This law has reduced delays and administrative burdens in clearing imported products through customs at the airport and ports, but exporters are advised to contact local customs agents to expedite the clearing process. Customs has been very active in introducing online operations for its automated clearance system, thereby allowing traders and custom brokers to enter and track customs declarations online. When fully implemented, users will be able to register online, as well as assess and pay declarations directly from their bank accounts.

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

**Key contacts:**

## **General Directorate of Customs**

Beirut, Lebanon

Tel: 961-1-980060/1/2/3

Fax: 961-1-983256

## **Higher Council for Customs**

Beirut, Lebanon

Tel: 961-1-988500/1

Fax: 961-1-988080

### **Standards**

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- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
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### **Overview**

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The Lebanese Standards Institution, known as LIBNOR, is the sole authority in Lebanon charged with issuing, publishing, and amending Lebanese standards. 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. For instance, the Metrology Law and new technical regulations were passed in parliament last year.

### **Standards Organizations**

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LIBNOR has signed the WTO/TBT Code of Good practice for the preparation, adoption and application of standards, and is taking active role in the international standardization activities. 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 also available through LIBNOR's website (<http://www.libnor.org>), and is updated annually.

LIBNOR is a member of ISO and AIDMO, Affiliate member of CEN and is the codex Alimentarius Contact point in Lebanon.

***NIST Notify U.S. Service***

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>.

## Conformity Assessment

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The following six 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.
- The central laboratory at the Ministry of Public Health (for food products).
- The laboratory of the Agricultural Research Institute at the Ministry of Agriculture (for food products).
- The American University of Beirut laboratory of chemistry and pharmacology.
- The French Medical Institute laboratory of chemistry and pharmacology at Saint Joseph University.
- The nuclear medicine laboratory at Notre Dame du Liban Hospital.
- The National Council for Scientific Research laboratory under the Lebanese Atomic Energy Commission.
- The Quality Control Center laboratory at the Chamber of Commerce, Industry, and Agriculture of Tripoli and North Lebanon.
- The Food Quality Center laboratory at the Chamber of Commerce, Industry, and Agriculture of Zahle and the Bekaa.

## Product Certification

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LIBNOR is the sole authority to give the right to use the Lebanese Conformity Mark (NL Mark). This mark proves 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 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 responsibility agreements with U.S. organizations.

### **Accreditation**

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Conseil Libanais D'Accreditation (Colibac), which is attached to the Ministry of Industry, is the only accreditation body in Lebanon. COLIBAC is not yet functional, and some of the Lebanese Laboratories are accredited by foreign accreditation bodies. The IRI chemical and micro-biological laboratories are accredited.

### **Publication of Technical Regulations**

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Lebanese Standards are voluntary, but when approving Lebanese Standards, and based on the recommendation of the relevant Technical committee, LIBNOR Board of Directors may ask for the mandatory application of a standard if it is affecting Public Health or Safety. In this case, a decree from the council of Ministers is published based on the request of the Ministry of Industry. Because Lebanon is not yet a WTO member, there is no formal procedure for notification. U.S. entities can comment on technical regulations via e-mail to LIBNOR. LIBNOR has also established a WTO/TBT enquiry point which became functional starting 2012.

### **Labeling and Marking**

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Labels on containers and packages require the display of the size, weight or quantity of the goods contained therein, manufacture, production and expiry date, ingredients, and the country of origin. The consumer protection division at the Ministry of Economy and Trade currently enforces the law. Failure to comply with the requirements subjects the violator to penalties.

### **Contacts**

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LIBNOR is the national inquiry point 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](mailto:info@libnor.org)  
**Website:** <http://www.libnor.org>

The standards point of contact at the U.S. Embassy in Beirut can be reached at <http://www.export.gov/lebanon>.

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

Lebanon has neither a free trade arrangement nor a bilateral investment treaty with the United States, although on December 1, 2006, the two countries signed a Trade and Investment Framework Agreement (TIFA). The TIFA helps both countries promote an attractive investment climate, expands trade relations, and removes impediments to trade and investment.

Lebanon has sought to accede to the WTO. Having gained observer status in 1999, Lebanon held its seventh working party meeting in October 2009. Accession has been stalled for several years, however, due to a lack of engagement from the Lebanese government.

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.

In 2004, Lebanon and the European Free Trade Association (EFTA) signed a free trade agreement (FTA). In November 2010, Lebanon and Turkey signed an association agreement establishing a free trade area that will reduce barriers to the free movement of goods, services, capital, and people between the two countries over the next 10 years. Lebanon has also signed the Greater Arab Free Trade Area Agreement (GAFTA), which gradually replaced the bilateral FTAs signed with Arab countries including Tunisia, Morocco, Egypt, Iraq, Jordan, Syria, and the Gulf Cooperation Council states. A regional Economic and Trade Association Council between Lebanon, Syria, Jordan, and Turkey was announced in July 2010.

Lebanon has signed bilateral investment agreements with the following countries (in alphabetical order): Armenia, Australia, Austria, Azerbaijan, Bahrain, Belarus, Belgium/Luxemburg, Benin, Bulgaria, Cameroon, Canada, Chad, Chile, China, Cuba, Cyprus, Czech Republic, Egypt, Finland, France, Gabon, Germany, Greece, Guinea, Hungary, Iceland, Iraq, Italy, Jordan, Kuwait, Malaysia, Mauritania, Morocco, Netherlands, Nigeria, OPEC Fund, Pakistan, Qatar, Romania, Russia, Slovakia, South Korea, Spain, Sudan, Sultanate of Oman, Sweden, Switzerland, Syria, Tunisia, Turkey, Ukraine, the United Arab Emirate, the United Kingdom, and Yemen.

Lebanon has signed bilateral tax conventions with 32 countries, but not with the United States.

More information about trade agreements can be found at the Ministry of Economy and Trade's website at <http://www.economy.gov.lb>.

Lebanese Customs Authority: <http://www.customs.gov.lb>.  
LIBNOR: <http://www.libnor.org>.  
Ministry of Economy and Trade: <http://www.economy.gov.lb>.  
Ministry of Industry: <http://www.industry.gov.lb>.  
Bureau of Industrial Security (BIS): <http://www.bis.doc.gov>.

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### Openness to Foreign Investment

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Lebanon is a country that, by tradition, remains open to foreign direct investment. Over the last nine years, the Government of Lebanon (GoL) has passed several laws and decrees to encourage such investment. The Investment Development Authority of Lebanon (IDAL) possesses the authority to award licenses and permits for new investment in specific sectors. IDAL also has the authority to grant special incentives, exemptions, and facilities to large projects, whether implemented by local or foreign investors. IDAL has further expanded its support to encourage agricultural exports through a new program, the Agri-Plus program, providing financial incentives and different promotional and marketing activities to qualified exporters. IDAL also facilitates the creation of strategic international-local partnerships through joint ventures, equity participation, acquisition, and other vehicles. It provides legal and administrative advice as well as sectoral studies to support potential investors. IDAL received more than 60 inquiries for potential investment projects in 2012, and processed 13 of these projects deemed eligible to benefit from incentives based on the Investment Law no. 360 (an increase of 30 percent over 2011); the 13 projects are in the fields of tourism, industry, agriculture and technology, have a cumulative value of \$480 million, and are estimated to generate 1,500 jobs.

Lebanon has many investment-enabling strengths that have encouraged foreign companies to set up offices in the country. Lebanon's key advantages include a free-market economy, the absence of controls on the movement of capital and foreign

exchange, a well-developed banking system, a highly-educated labor force, good quality of life, and limited restrictions on investors. Political risk perceptions remain high in 2013, however, given the continuing turmoil in Syria and in the region, and its adverse impact on Lebanon.

The Lebanese economy recorded a sluggish performance in 2012 for the second consecutive year and continued to witness a slowdown in the first quarter of 2013, though it continued to avoid a contraction in real terms and maintain monetary and financial stability. Many attributed the economic slowdown to spillover from the Syrian crisis into the domestic political and security environment, which discouraged investment and tourism and affected Lebanese exports via land routes. Some mitigating factors, such as an influx of returning Lebanese expatriates and increased spending by Syrians in Lebanon, helped to partially alleviate these negative trends. In its April 2013 World Economic outlook, the IMF estimated Lebanon's real GDP growth at 1.5 percent for 2012, two percent for 2013, and four percent for 2014. Growth continues to be driven mostly by household consumption, as investors adopt a wait-and-see attitude, delaying major investment decisions. Financial inflows recorded a slight increase over the corresponding period of 2011, but for the second year in a row were not enough to offset the country's rising trade deficit. Lebanon recorded a balance of payments (BoP) deficit of \$1.5 billion in 2012, compared to \$2 billion in 2011, and in the first quarter of 2013, the BoP recorded a slight deficit of \$62.2 million compared to \$373 million in the corresponding period of 2012.

While the public deficit and public debt could be a growing issue of concern for investors, the debt-to-GDP ratio has remained almost stable over the last two years, closing at 139.5 percent in 2012, reversing the downward trend that otherwise prevailed since 2006. Banking and economic organizations are worried about a worsening of the public deficit in 2013 due to an anticipated increase in public sector wages in the absence of corresponding revenue enhancement measures. Given the high liquidity in the domestic banking sector, the GoL should not face difficulties in rolling over sovereign maturities in 2013. The Central Bank publicly asserted that it will continue to maintain monetary and financial stability – reassuring investors that there will be no debt defaults and no currency depreciation.

Banking sources believe that prospects for the medium-term would be encouraging in the event of a settlement of the Syrian crisis and implementation of structural reforms. The launching of the first bid round for offshore oil and gas exploration on April 30, 2013, opened the door for foreign investment, and in the long-term has the potential to expand output levels and income per capital and reduce Lebanon's public debt.

Some issues continue to cause frustration among local and foreign businessmen. Impediments include red tape and corruption, arbitrary licensing decisions, complex customs procedures, archaic legislation, an ineffectual judicial system, high taxes and fees, flexible interpretation of laws, and weak enforcement of intellectual property rights. These factors have pushed the World Bank/International Finance Corporation (IFC) in its 2013 report to rank Lebanon 115 out of 185 countries worldwide and 11 out of 19 MENA countries in terms of ease of doing business. Lebanon improved in only one out of the 10 indicators considered: registering property (up three spots). Lebanon's scores fell in the categories of starting a business, dealing with construction permits, getting electricity, getting credit, protecting investors, paying taxes, and trading across borders. Its ranking remained unchanged in the categories of enforcing contracts and resolving

insolvency.

The government continues to express a strong commitment to improving the business environment as well as encouraging domestic and foreign investment and public-private partnerships, but some efforts have slowed. The Ministry of Economy and Trade's (MoET) amendments to the Code of Commerce to further streamline business and intellectual property legislation are still pending parliamentary approval. The MoET has revitalized efforts to support micro and medium-sized enterprises and start-up firms. It also introduced e-registration for trademarks. A revised Public-Private Partnership (PPP) Law is being discussed in the Budget and Finance parliamentary committee, and official sources believe it could take several months to pass, after parliamentary elections expected later this year. Ratification of the PPP legislation could open new opportunities for local and international private sector investment in Lebanon. In 2012, 55 foreign companies, including three U.S. companies, opened offices or branches in Lebanon, according to statistics from the MoET.

Lebanon received mixed results in the World Bank's 2011 World Governance Indicators. The results showed minor improvement year-on-year, but still reflected a weak level of governance in Lebanon. Regarding individual indicators used in the survey, Lebanon's ranking improved in terms of government effectiveness, and regressed in terms of voice and accountability (measuring citizens' ability to participate in government selection, freedom of expression, freedom of association, and a free media), political stability, regulatory quality (measuring market-friendly policies and laws), rule of law, and control of corruption. Meanwhile, The World Economic Forum's 2012-2013 Global Competitiveness Index ranked Lebanon 91 out of 144 countries worldwide in terms of the level and quality of institutions, policies, and factors that determine the productivity of a country. According to the report, the top five most problematic factors for doing business in Lebanon include inadequate supply of infrastructure, inefficient government bureaucracy, governmental instability, corruption, and policy instability.

While the priority for the GoL is to maintain stability given regional political turmoil, it recorded progress on sectoral fronts: work continued to upgrade and expand telecommunications services; the Ministry of Energy and Water (MoEW) launched tenders to increase electricity production by 700 megawatts (MW) and contracted two barges to provide 270 MW of additional power; and the cabinet appointed the Petroleum Authority (PA) Board and launched the first offshore licensing round for oil exploration. These projects offer opportunities for U.S. technology and investors.

Lebanon is consistently rated near the bottom of the world in terms of internet download speed, but the sector saw some notable improvements during 2012. The Ministry of Telecommunications (MoT) finalized Lebanon's connection to the submarine IMEWE (India-Middle East-Western Europe) ultra high capacity fiber optic submarine cable, which has gradually resulted in higher internet speeds across the country. The MoT is preparing a comprehensive plan for the telecommunications sector that it expects to launch by mid-2013. The plan includes amendments to Law 431 (on the privatization of telecommunications, endorsed in 2002) taking into consideration new developments in the information technology (IT) sector such as mobile virtual network operators, liberalization of services, content providers, and other issues. The ministry's new plan for the sector appears to represent a retreat, however, from the scope of earlier privatization commitments it made under previous governments; it keeps ownership of underlying infrastructure and control over telecommunications revenues firmly in the ministry's

hands. The plan will need cabinet approval before it can be implemented, while the amendments to Law 431 will require action by the Parliament. Meanwhile, the MoT continued its expansion plan for mobile networks. The MoT is implementing projects to improve landline and mobile network infrastructure, to enhance coverage and quality of service, and to expand internet bandwidth. The MoT started broadband expansion, contracting with two companies to connect local telephone centers with fiber optic networks, while Lebanon started negotiations with Cyprus for the construction of a new cable, Europa, to upgrade an older cable and further improve the country's connectivity. In the mobile sector, the MoT launched 3G services in October 2011 available across the country. Limited 4G data services were launched in May 2013 and will gradually expand in scope and geographical coverage. In September 2012, Beirut Digital District, a pilot project for a state-of-the art business incubator and accelerator was launched, while the MoT hopes to set up additional hubs outside the capital. Meanwhile, the GoL continues to contract the management of the two government-owned cellular companies to private operators, whose management contract were renegotiated in January 2012 for one year, and was later extended until June 2013. In December 2011, the Telecommunications Regulatory Authority (TRA) renewed a total of 22 licenses for data and service providers, and there is potential for additional licensing when political conditions improve.

As for the power sector, the MoEW tendered in 2012 three projects to increase power production by 700 MW for a total cost of \$850 million, implementing Law 181 dated September 2011. The ministry contracted in 2012 two new power plants using reciprocating engines for Jieh (south of Beirut) and Zouk (north of Beirut) providing a total of around 280 MW and contracted the construction of a 530 MW power plant in Deir Ammar (north Lebanon) in the first quarter of 2013. As a result of the tendering process, the total capacity that would be added to the power system will be closer to 800 MW. These projects are part of the MoEW policy paper for the power sector endorsed by the cabinet in June 2010, which aims to reach gradually 4000 MW generation capacity in 2014.

On November 7, 2012, the cabinet appointed the six members of the Petroleum Authority (PA) Board and endorsed on December 27 the timeline for soliciting and reviewing bids for the first round of licensing for offshore oil exploration. In line with the cabinet-endorsed timeline, the Minister of Energy and Water publicly announced on April 18, 2013, a list of 46 international companies, including four U.S. firms, that were shortlisted to participate in Lebanon's offshore licensing. On April 30, the minister launched the first offshore licensing round with a November 4 deadline for submission of bids. The minister aims to announce the short-listed bidders in December 2013, with the bid contracts projected to be signed in February/March 2014. All information and documents are available on the PA website: <http://www.lpa.gov.lb>.

Lebanon submitted a unilateral claim of the southern limit of its EEZ to the United Nations in July 2010. Lebanon endorsed the Maritime Law, covering delimitation of maritime borders and its entire EEZ, in August 2011. Despite a maritime dispute between Lebanon and Israel over some 860 square km, the GoL is moving forward with exploratory activities in waters that are not claimed by Israel, which constitute the vast majority of Lebanon's declared exclusive economic zone.

In March 2012, the cabinet approved the national water sector strategy that included construction of dams, hill lakes, transmission and distribution networks, storage tanks

and consumer meters presented by the MoEW. Moreover, on October 2012, the cabinet passed the national strategy for the wastewater sector. The ministry is keen to attract private sector participation to water and wastewater projects. If implemented, both plans offer good opportunities for U.S. technology.

Other infrastructure projects also offer opportunities to foreign investors. The Council for Development and Reconstruction (CDR) is responsible for tendering and procuring funding for government physical infrastructure projects (electricity, telecommunications, roads, and public transport); social infrastructure (education, public health, social and economic development, land use, and environment); basic services (water supply, wastewater, and solid waste management); and productive sectors (agriculture, irrigation, ports, airports, tourism, and government buildings). Public infrastructure opportunities lie primarily in roads and highways, ports, electricity, education, solid waste management, wastewater, and water supply. As of the end of 2012, the CDR possessed a total of \$1.5 billion in loans and protocols ratified by parliament but not yet disbursed.

A foreigner can establish a business under the same conditions that apply to a Lebanese national, provided the business is registered in the Commercial Registry. Foreign investors who do not manage their business from Lebanon do not need to apply for a work permit. However, foreign investors who own and manage their business from Lebanon must apply for an employer work permit and a residency permit. The employer work permit stipulates that the investor's share in the capital not be less than \$67,000 and that the investor pledge to hire three Lebanese and register them at the National Social Security Fund (NSSF) within six months. All companies established in Lebanon must abide by the Lebanese Commercial Code and regulations and are required to retain the services of a lawyer. The judiciary upholds the sanctity of contracts. There are no sector-specific laws on acquisitions, mergers, or takeovers, except for bank mergers. Bidding criteria are clear and non-discriminatory, but the evaluation process is often opaque.

Lebanese law does not differentiate between local and foreign investors, except in land acquisition (see property section below). Foreign investors can generally establish a Lebanese company, participate in a joint venture, or establish a local branch or subsidiary of their company without difficulty. Specific requirements apply for holding and offshore companies, real estate, insurance, media (television and newspapers), and banking.

The establishment of joint-stock corporations, limited liability, and offshore and holding companies is allowed under Lebanese law. A joint-stock corporation (Societe Anonyme Libanaise - SAL) is governed by Legislative Decree No. 304, dated January 24, 1942, under the Commercial Code. Limitations related to foreign participation include a general limitation on management participation (Article 144 stipulates that the majority of the board of directors should be Lebanese); indirect limitation with regard to acquisition of capital shares (Article 147); limitation on capital shares with regard to public utilities (Article 78); and limitation on capital shares and management with regard to exclusive commercial representation (Legislative Decree No. 34/67, dated August 5, 1967). In the financial sector, most establishments, including banking and insurance, must take the form of a joint-stock company.

A limited liability company (Societe a Responsabilite Limitee - SARL) is governed by Legislative Decree No. 35, dated August 5, 1967. It can be fully owned by non-

Lebanese, and the management of the company can be controlled by non-Lebanese.

Holding and offshore companies follow the legal form of a joint-stock corporation and are governed by Legislative Decree No. 45 (on holdings) and Legislative Decree No. 46 (on offshore companies), both dated June 24, 1983, and amended by Law No. 19, dated September 5, 2008. A foreign non-resident chairman/general manager of a holding or an offshore company is exempt from the obligation of holding work and residency permits. Law No. 772, dated November 2006, exempts holding companies from the obligation of having two Lebanese persons or legal entities on their board of directors. All offshore companies must register with the Beirut Commercial Registry. Offshore banking, trust, and insurance companies are not permitted in Lebanon.

Law No. 296, dated April 3, 2001, which amended the 1969 Law No. 11614, governs foreign acquisition of property. The new law eased legal limits on foreign ownership of property to encourage investment in Lebanon, especially in industry and tourism; abolished discrimination for property ownership between Arab and non-Arab nationals; and lowered real estate registration fees from six percent for Lebanese and 16 percent for foreigners to five percent for both Lebanese and foreign investors. The law permits foreigners to acquire up to 3,000 square meters of real estate without a permit; acquiring more than 3,000 square meters requires cabinet approval. Cumulative real estate acquisition by foreigners may not exceed three percent of total land in each district. Cumulative real estate acquisition by foreigners in the Beirut region may not exceed 10 percent of the total land area. The law prohibits acquisition of property by individuals not holding an internationally recognized nationality. This restriction is primarily aimed at preventing Palestinian refugees residing in Lebanon from permanently settling in the country.

Measure	Year	Index/Ranking
TI Corruption Index	2012	128
Heritage Economic Freedom	2013	91
World Bank Doing Business	2013	115

## Conversion and Transfer Policies

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There are no restrictions on the movement of capital, capital gains, remittances, dividends, or the inflow and outflow of funds. The conversion of foreign currencies or precious metals is unfettered. Foreign currencies are widely available and can be purchased from commercial banks or money dealers at market rates. There are no delays in remitting investment returns except for the normal time required by the banks to carry out transactions. There are no surrender requirements for profits earned overseas.

## Expropriation and Compensation

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Land expropriation in Lebanon is relatively rare. The Law on Expropriation (Law No. 58, dated May 29, 1991, Article One), as well as Article 15 of the Constitution, clearly

specifies that expropriation must be “for the public utility” and calls for fair and adequate compensation. Compensation is paid at the time of expropriation and is often perceived as below market value. The government does not discriminate against U.S. investors, companies, or their representatives in expropriation.

The government, with the agreement of the parliament, established three real estate companies to encourage reconstruction and development in Greater Beirut: private corporation Solidere for Beirut’s downtown commercial center, public company Elyssar for the southwest suburbs of Beirut, and public company Linord for northern Beirut. While Linord has been dormant for years, Elyssar’s projects have stalled for the last six years. These companies have been granted the authority to expropriate certain lands for development, although in doing so they have faced serious legal challenges from landowners and squatters. Several court cases are still pending against Solidere after 17 years of litigation.

## **Dispute Settlement**

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Over the last few years, the government has faced problems with previously awarded contracts and resorted to international arbitration to resolve them. In 2005, the International Chamber of Commerce’s Arbitration Court issued rulings favorable to the two private operators of the cellular network, Cellis (which is two-thirds owned by France Telecom) and Libancell, whose contracts were terminated by the government in 2001. The government negotiated a settlement and paid them compensation. The government has also recently settled a dispute with a Chinese contracting company working to expand the northern port of Tripoli.

Cases in Lebanese courts are not settled rapidly because of archaic procedures, a shortage of judges, inadequate support structures, and a traditional slowness in the handling of cases. Commercial litigation in Lebanese courts takes, on average, eight to 10 years. Politicians and powerful lobbying groups sometimes interfere in the court system. Local courts accept investment agreements drafted subject to foreign jurisdiction, if they do not contradict Lebanese law. Judgments of foreign courts are enforced subject to the «exequatur» obtained.

The commercial code (Book No. 5, Articles 459-668) and the penal code govern insolvency and bankruptcy. By law, a secured creditor has a right to share in the assets of a bankrupt party. Verdicts involving monetary values in contract cases are made according to the currency of the contract or its equivalent in Lebanese Lira at the official conversion rate on the day of the payment. Workers can resort to the Labor court and the National Social Security Fund to recover pay and benefits from local and foreign firms in bankruptcy.

International arbitration is accepted as a means for settling investment disputes between private parties. The Lebanese Center for Arbitration was created by local economic organizations, including the four Lebanese chambers of commerce, industry, and agriculture. The Center acts as an arbitrator in solving domestic and international conflicts related to trade and investment. Its statutes are similar to those of the International Chamber of Commerce in Paris.

Lebanon has an administrative judicial system that handles all kinds of disputes involving the state. The government accepts binding international arbitration of investment disputes related to contracts between foreign investors and the state. In the case of a concession or a project granted by contract by the state, the government does not accept binding international arbitration unless the contract includes an arbitration clause that obtained prior approval by cabinet decree. However, there is an exception for investors of countries that have achieved a signed and ratified investment protection agreement with Lebanon that stipulates international arbitration in case of dispute. Lebanon is a member of the International Center for the Settlement of Investment Disputes (ICSID - Washington Convention). In 2007 Lebanon ratified the New York Convention of 1958 on the recognition and enforcement of foreign arbitral awards. Lebanese law is in conformity with both conventions.

## Performance Requirements and Incentives

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The law imposes no performance requirements on investments. There are no requirements on foreign investors regarding geographic location, amount of local content, import substitution, export expansion, technology transfer, offset requirements, or source of financing. Investors are not required to disclose proprietary information as part of the regulatory approval process, except in the case of banks, which must obtain the Banque du Liban's (BdL) approval for transfer of ownership of shares in most cases (BdL circulars are posted on <http://www.bdl.gov.lb>).

Foreign investors enjoy the same incentives as local investors. Foreigners doing business in Lebanon through a company, factory, or office must have work and residency permits. There are no discriminatory or excessively onerous visas, residence, or work permit requirements. Registration with a chamber of commerce is required for the import and handling of a limited number of products that are subject to control requirements for safety reasons, but products with special import requirements constitute less than one percent of total tradable goods. Registration at the chambers of commerce is required for ensuring that established facilities meet safety, handling, and storage requirements.

The Investment Law divides Lebanon into three investment zones, with different incentives provided in each zone, and it encourages investments in the fields of technology, information, telecommunications and media, tourism, industry, and agriculture and agro-industry. Incentives include facilitating issuance of permits for foreign labor, tax incentives ranging from a 50 percent tax reduction for five years on income tax and tax on the distribution of dividends to total exemption of these taxes for 10 years starting from the date of operation (tied to the issuance of the first invoice), and exempting companies that list 40 percent of their shares on the Beirut Stock Exchange from income tax for two years. The Investment Law also allows for the introduction of tailor-made incentives through package deals for large investments projects, regardless of the project's location, including tax exemptions for up to 10 years, reductions on construction and work permit fees, and a total exemption on land registration fees. IDAL may exempt joint-stock companies that benefit from package deal incentives from the obligation of having a majority of their board of directors be Lebanese (Law No. 771, dated November 2006). Investors who seek to benefit from facilities in the issuance of work permits under «package deals» must hire two Lebanese for every foreigner and

register them with the NSSF.

Other laws and legislative decrees provide tax incentives and exemptions depending on the type of investment and its geographical location. Industrial investments in rural areas benefit from tax exemptions of six or 10 years, depending on specific criteria (Law No. 27, dated July 19, 1980, Law No. 282, dated December 30, 1993, and Decree No. 127, dated September 16, 1983). Exemptions are also available for investments in south Lebanon, Nabatiyeh, and the Bekaa Valley (Decree No. 3361, dated July, 2, 2000). For example, new industrial establishments manufacturing new products will benefit from a 10-year income tax exemption. Factories currently based on the coast that relocate to rural areas or areas in south Lebanon, Nabatiyeh, and the Bekaa Valley benefit from a six-year income tax exemption.

The government reduces to five percent the tax on dividends for companies listed on the Beirut Stock Exchange (BSE), companies that open up 20 percent of their capital to Arab companies listed on their country's stock exchange or foreign companies listed on the stock exchange of OECD countries, and companies that issue Global Depository Receipts (GDRs) amounting to a minimum value of 20 percent of their shares listed on the BSE.

Domestic and foreign investors may benefit from a 4.5 percent subsidy on interest on new loans granted after 1/1/2012 amounting to up to \$10 million per project (with a ceiling of \$40 million) provided by banks, financial institutions, and leasing companies to industrial, agricultural, tourism, and information technology establishments. The subsidy extends for a maximum of seven years, with a grace period of two years. Investors can also benefit from loan guarantees from Kafalat, a semi private financial institution that assists small and medium-sized enterprises (SME) in accessing subsidized commercial bank loans, with a grace period of two years.

Domestic and foreign investors may also benefit from new regulations issued by the BdL in summer 2009 and valid until December 31, 2013, exempting commercial banks from obligatory reserves on Lebanese Lira and U.S. dollar deposits against new loans for housing, business and educational premises, education, and environmentally friendly projects. This change enables banks to grant loans at lower interest rates, and in the fall 2010, the BdL expanded this program to help lending for all projects that save energy. The BdL launched in January 2013 a financial package of approximately \$1.33 billion in Lebanese Lira loans to commercial banks to boost economic growth; this new program of incentives aims to stimulate lending at a reduced cost for housing loans, investment in productive sectors, and energy-saving and renewable energy projects for a one-year term.

Customs exemptions are granted to industrial warehouses for export purposes. Companies located in the Beirut Port or the Tripoli Port Free Zone benefit from customs exemptions and are exempt from the value-added tax (VAT) for export purposes. They are also not required to register their employees with the NSSF if they provide equal or better benefits.

The right to private ownership is respected in Lebanon. Foreign private entities can establish, acquire, and dispose of interests in business enterprises and can engage in all kinds of remunerative activities.

## **Protection of Property Rights**

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The concept of a mortgage exists, and secured interests in property, both movable and real, are recognized and enforced. Such security interests must be recorded in the Commercial Registry and the Real Estate Registry. The Real Estate Law governs acquisition and disposition of all property rights by Lebanese nationals, while Law No. 296, dated April 3, 2001, governs real estate acquisition by non-Lebanese (see 1 - property section).

Lebanon's legislation generally aims to provide Trade-Related Intellectual Property Rights (TRIPS) intellectual property rights (IPR) protection, although Lebanon is not a member of the World Trade Organization (WTO). The MoET Intellectual Property Protection Office (IPPO) has spearheaded efforts to improve the IPR environment, but increased political will and additional resources are needed. In collaboration with WIPO, MoET conducted several public and in-house seminars in 2012, focusing on raising awareness and improving technical capabilities. The IPPO is also collaborating with the European Patent Office to publish registered patents in Lebanon and implement a new industrial property automation system for administrative processes from application reception to registration, including post-registration actions such as amendments, assignment, renewal, and annuities. The MoET officially launched online trademark registration in January 2013 as part of its overall efforts to enhance its online services portal.

In 2011, the GoLand and the U.S. Government began work on developing an action plan and setting a bilateral IPR working group to foster communication and sharing of best practices on IPR issues, although the working group has not convened since. The U.S. Trade Representative's Special 301 annual review of intellectual property protection worldwide has kept Lebanon on its watch list since 2008. The establishment of the Cyber Crime and Intellectual Property Unit at the Internal Security Forces (ISF) in 2006 has led to moderate progress in IPR enforcement. During 2012, the government raided a number of shops and warehouses and seized counterfeit material. Although cable television piracy persists, following a series of lawsuits from major cable TV operators, illegal cable providers are now paying a fee to the respective right holders. The IIPA has noted incremental progress in copyright protection in recent years, although serious problems remain.

According to the Business Software Alliance (BSA), the software piracy rate in Lebanon was 71 percent representing a commercial value of unlicensed software of \$52 million. Unauthorized copies of internationally patented pharmaceuticals continue to be approved by the Ministry of Public Health, although Decree No. 571 issued in 2008 contains requirements on the treatment of undisclosed information in registration applications.

Existing intellectual property rights 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. Amendments to the current law remain under discussion by the relevant ministries. Registration of copyrights in Lebanon is not mandatory, and copyright protection is granted without the need for any registration.

-- A modern and TRIPS-compatible Patent Law, approved in 2000, provides general protection for semiconductor chip layout designs and plant varieties, but no adequate coverage is provided for trade secrets. Amendments to the Patent Law, regarding undisclosed information, are still being studied by the relevant ministries. The Lebanese legal regime does not require examination, prior to registration, of patents 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 Council of Ministers approved the draft of a new industrial design and trademark law in October 2007 and a geographical indications law in May 2007, and both now await parliamentary ratification. While the 1924 Law on Industrial Property does not require examination of trademarks and calls for simple deposit, partial examination of trademarks prior to registration became the norm starting in 2001. Registration of industrial and commercial trademarks takes about two weeks.

-- Lebanon signed the Singapore Treaty on Trademarks in December 2006, and the treaty is awaiting parliamentary ratification.

-- Lebanon's parliament ratified the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty (WPPT) in February 2010. Ratification documents have not yet been deposited with WIPO, however, because implementation of these treaties requires an amendment to Lebanon's copyright law that has been submitted and is still awaiting parliament's ratification.

-- Lebanon signed a Trade and Investment Framework Agreement (TIFA) with the United States in November 2006. (See section B.)

-- Lebanon began pursuing WTO accession in 1999, but has done little in recent years to advance this process. A USAID-funded technical assistance project staffed by consultants from PricewaterhouseCoopers and Booz Allen Hamilton worked with the GoL from May 2000 to October 2007 (and with Middle East Partnership Initiative funding from November 2007 to September 2009) to revise, update, and draft appropriate laws to facilitate WTO accession. In December 2009, USAID renewed this project, contracting Booz Allen Hamilton to continue providing support for Lebanon's WTO accession for the next three years, with an emphasis on bolstering the private sector's capacity to hold the government accountable for needed trade reforms. The project officially ended in October 2012.

## Transparency of Regulatory System

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Private sector companies should be wary when bidding for public projects. Transparency, clear regulations, and fair consideration of bids have never been the rule

in Lebanon. There is no one specific law regulating all aspects of government procurement in Lebanon. Government administrations often award contracts by mutual agreement, without calling for a tender, and the government does not always establish clear rules of the game.

In Lebanon, the procedures necessary for business entry, operation, and exit are not streamlined. However, the process does not discriminate against foreign investors.

Red tape plagues bureaucratic procedures. International companies are faced with an unpredictable, opaque operating environment and often encounter unanticipated obstacles or costs late in the process. Even so, according to the World Bank's Doing Business 2012 report, it still takes entrepreneurs five steps and nine days to start a business in Lebanon, compared to the average of 8.2 steps and 20.9 days in the MENA region. The report may be accessed at <http://www.doingbusiness.org>.

The MoET launched in December 2011 a project to assess and redesign the overall business processes of the ministry. The purpose is to improve the quality of the services offered to citizens, reduce the number of complaints and automate value-added processes. Currently, IPR trademark registration, trade statistics and market surveillance reports are available online at <http://www.economy.gov.lb>.

The government does not publish proposed laws and regulations in draft for public comment. Even so, the normal practice when preparing legislation is to form a drafting committee composed of both public and private sector stakeholders. However, Telecom Law No. 431 requires the TRA to issue regulations in draft for public consultation in an effort to ensure full transparency and enable the general public to play a role in shaping future regulations. In general, legal, regulatory, and accounting systems are consistent with international norms.

Lebanon still lacks an access to information law that aims at promoting transparency at both the private and public sector levels. According to Transparency International (TI)'s Lebanon chapter, the Lebanese Transparency Association (LTA), several ministries took initiatives to promote transparency, while the Lebanese Parliament failed to enact new legislation. In 2012, the Ministry of Finance (MoF) updated its website to include a section on e-taxation allowing citizens to acquire an electronic tax ID to assist them in facilitating tax declarations. Citizens with a tax ID are no longer obliged to physically visit the tax departments to declare their taxes. The new tax inquiry section also allows citizens to identify the amount of tax on their properties without visiting the tax departments. The Ministry of Tourism inaugurated the first one-stop shop to process licensing requests from private developers of touristic facilities. Initiated in collaboration with the Minister of State for Administrative Reform, the office will be fully operational as of early 2013. MoET and Trade continued publishing its consumer protection newsletter, inaugurated in 2010.

The MoF has increased disclosure and publication of information building up to 10 regular publications by 2011 on public finance, debt, foreign trade, and foreign aid, in addition to thematic reports and annual budget brief notes, all available online. The monthly report "Salaries, Wages and Related Benefits" was launched in February 2011. The "Citizen Budget 2010," developed in collaboration with the Lebanese Transparency Association (LTA) to facilitate the ordinary citizen's understanding of the government budget revenues and spending was also published and disseminated in 2011.

As part of the National Network for Access to Information, the LTA, MoF and other stakeholders, helped draft laws on access to information and whistleblower protection, both which still await parliamentary ratification. In July 2012, LTA was commissioned by the World Bank Institute to implement a three-month quick win project aimed at promoting access to information in Lebanon, in collaboration with the Lebanese Development Network (LDN), Maharat Foundation and The Lebanese Parliamentarians Against Corruption (LEBPAC).

Under its Lebanon Anti-Bribery Network, the LTA also launched the Code of Ethics and Whistleblower Protection for small and medium enterprises (SMEs) and provided a workshop for owners and directors of companies on the importance of ethics and on ways of applying the code.

## **Efficient Capital Markets and Portfolio Investment**

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Lebanon places no restrictions on the movement of capital in or out of the country, whether for investment or other purposes. The government permits the free exchange of currencies, precious metals, and monetary instruments, both domestically and internationally. According to the World Bank's latest estimates, remittance inflows to Lebanon remained almost constant at \$7.5 billion for 2012, or 15.6 percent of total remittances to the MENA region. Lebanon is considered by the World Bank to be one of the top recipients of remittances relative to the size of its economy. Remittances as a share of GDP reached 18.1 percent in 2012, the highest in the region and one of the highest among developing countries.

Credit is allocated on market terms, and foreign investors can get credit facilities on the local market. The private sector has access to overdrafts and discounted treasury bills, in addition to a variety of credit instruments, such as housing, consumer, or personal loans, and loans to SMEs. The International Finance Corporation (IFC) and the European Investment bank (EIB) have been separately extending financial facilities through the Lebanese banking sector to help SMEs in specific productive sectors, such as high-tech, industry, and tourism. Since 2007, the Overseas Private Investment Corporation (OPIC) has extended \$300 million in credit line guarantees through Citibank to select Lebanese banks for private sector lending.

The Beirut Stock Exchange (BSE) quotes six commercial banks, 28 sovereign Eurobond issues (26 in U.S. Dollars, one in Euros, and one in Lebanese Lira), and four companies, including Solidere, one of the largest publicly held companies in the region. Trading is a combination of auction and continuous trading. In spring 2008, the BSE authorized e-trading. Legislation allows the listing of tradable stocks or papers on the BSE. On August 4, 2011, the Parliament endorsed both the Insider Trading Law and the Capital Markets Law to regulate and supervise capital market activity. The BSE suffers from lack of liquidity and efficiency with low trading volumes in the absence of significant institutional and foreign investors and an annual trading volume of only 4.1 percent of market capitalization in 2012. The weak market turnover is discouraging investors from committing funds to the market and is discouraging issuers from seeking listings on the BSE. On June 27, 2012, the cabinet appointed the National Council for Financial

Markets in Lebanon, which would act similarly to the U.S. Securities and Exchange Commission, in an attempt to provide more confidence to foreign investors and stimulate market activity. The Capital Markets Law calls for the corporatization and then privatization of the BSE within a two-year period from the date this Council is appointed. Lebanon hosts the headquarters of the Arab Stock Exchange Union.

The banking regulatory system is transparent and consistent with international norms. Banks conform to Bank for International Settlement (BIS) standards and International Accounting Standards (IAS). In 2011, the BdL issued three circulars for corporate governance in the banking sector, and in January 2013 it issued a comprehensive circular with more stringent regulations on compliance in banks and financial institutions.

Lebanon has legislation regulating issuance of and trading in bank equities. Law No. 308 on unification of bank shares allows banks to increase their capitalization and shareholder base, as well as to optimize trading of bank shares on the BSE. Parliament has ratified a law on asset securitization. There are no restrictions on portfolio investment, and foreign investors can invest in Lebanese equity and fixed income paper.

The banking system enjoys a high financial standing with a capital adequacy ratio of 11.6 percent in December 2012 (compared to eight percent as set by Basel II) and sound liquidity, with a foreign currency prime liquidity ratio exceeding 45 percent of foreign currency deposits. The Lebanese banking sector has complied with Pillar I and II of the Basel II Accord (new capital adequacy ratio and supervisory review process on economic capital of banks respectively). The BdL and the Banking Control Commission (BCC) will continue issuing new circulars requiring banks to comply with Pillar III (transparency and market discipline) of Basel II. The BdL and the BCC have established a steering committee to follow up on the new Basel III Accord. In December 2011, the BdL issued a circular that sets an agenda for the implementation of Pillar I of Basel III with more conservative rules, such as raising total equity capital adequacy ratio to reach progressively 12 percent in 2015 (compared to the eight percent required by Basel III). Lebanese banks are preparing to be FATCA compliant.

International banks established in Lebanon, such as Standard Chartered Bank, Emirates Lebanon Bank, HSBC, and Citibank, remain active. Many sectors are dominated by traditional businesses in the hands of commercially powerful families. The government is trying to improve the transparency of such firms in order to help solidify an emerging capital market for company shares.

The total domestic assets of Lebanon's five largest commercial banks reached about \$84.6 billion in 2012 (or about 52.7 percent of total banking assets), according to BdL data. Meanwhile, the total consolidated assets of Lebanon's five largest commercial banks reached about \$101.6 billion in 2012. About 3.5 percent of total loans were estimated as non-performing by end-February 2013, maintaining the same level since end-2011. Banks maintained around 75.6 percent provisions against non-performing loans as of February 2013, while the remaining 24.4 percent are covered by adequate collateral.

Lebanon is a member of the Middle East and North Africa Financial Action Task Force (MENAFATF) and received its first MENAFATF Mutual Evaluation during the Tenth Plenary held November 9-11, 2009, in Beirut. Lebanon was upgraded from «partially compliant» to «largely compliant» on several core recommendations, including timely

feedback by Lebanon's financial intelligence unit (FIU). As a result of this improvement, Lebanon was subject to only a normal review, and presented its first Follow Up report highlighting progress achieved during the 14th MENAFATF Plenary in September 2011 with a second follow up report submitted during the 17th MENAFATF Plenary in April 2013. The next follow up report will be submitted to the 19th MENAFATF Plenary in the first half of 2014.

## **Competition from State Owned Enterprises**

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The GoL has a monopoly in the utility sector (Ogero for telecom landlines, and two mobile companies; Electricite du Liban-EDL for electricity production and transmission; and four water authorities); for a casino (Casino du Liban, a mixed public-private enterprise); in tobacco procurement, manufacturing, and sales (La Regie des Tabacs et Tombacs); as well as for the national airline (Middle East Airlines-MEA), whose monopoly was extended by the cabinet on September 5, 2012, for twelve years ending in 2024. Other major SOEs or public institutions include the Beirut, Tripoli, Sidon, and Tyre ports; the Rashid Karami International Fair (in northern Lebanon); the Sport City Center; and two real estate development entities, ELYSSAR and LINORD. The GoL also owns shares in Intra Investment Co., a mixed public-private investment company, and the latter owns 96.62 percent of Finance Bank – a Lebanese commercial bank.

While, by law, electricity production is restricted to EDL, there are numerous private investors operating generators across the country that sell electricity to citizens at much higher prices than EDL during power cuts. This sector remains unregulated. EDL has awarded a few concessions to privately-owned companies for power distribution in specific regions, and these companies have expressed interest in producing electricity to meet customer demand. In mid-2012, three private companies contracted by EDL began handling bill collection, maintenance, and power distribution services. Moreover, the GoL continues to contract the management of the two cellular companies to two private operators.

The SOEs and public institutions are subject to oversight by the concerned ministries. Public institutions need the approval of concerned ministries for major business decisions. They have independent boards staffed primarily by politically-affiliated individuals appointed by the cabinet in public institutions and by shareholders in SOEs. The SOEs and public institutions are required by law to publish an annual report and submit their books for independent audits as well as send their books to the Court of Audit.

The GoL currently has no plans to privatize SOEs or public institutions. MEA has put on hold its plans to list 25 percent of its shares on the BSE as a first step toward privatization pending an improvement in investor confidence in order to ensure that its shares will not be undervalued when traded on the BSE.

## **Corporate Social Responsibility**

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In the last four years, Lebanese firms and member firms of the American-Lebanese Chamber of Commerce have become increasingly aware of corporate social responsibility (CSR), good governance, and the value of providing information to customers. Firms who pursue CSR are viewed favorably. The LTA reports that more companies are approaching it for corporate governance assessments and its corporate governance guidelines and toolkits for family-owned enterprises and listed companies.

## Political Violence

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Political violence spiked in 2012 due to spillover effects from the Syrian conflict. The massive car bomb explosion in Beirut that killed Wissam al-Hassan, a senior official in Lebanon's Internal Security Forces, along with two others and wounded more than 100 bystanders on October 19, 2012 represented one of the largest and most deadly attacks against a public official since the 2005 assassination of former Prime Minister Rafiq Hariri. Sporadic clashes were witnessed across the country, but especially in Tripoli, where supporters and opponents of the Syrian regime sometimes employed heavy weaponry in upsurges of violence with severe clashes in May, June, August, and December 2012 and again in May 2013 that were ongoing as of the time of publication. Press reports put the death toll of the clashes in 2012 at around 47; more than 30 have been killed in the fighting during May 2013. The fighting in August resulted in the destruction of downtown shops and businesses in and around Tripoli. Demonstrators in Tripoli protesting the controversial amateur anti-Muslim video burned to the ground a co-located Kentucky Fried Chicken (KFC) and Hardee's restaurant on September 14, 2012. Lebanese security forces have repeatedly deployed to areas of violence to stop fighting and provided additional security to American franchise restaurants in the weeks following the KFC/Hardee's attack.

There were numerous instances of incursions by Syrian forces across the border into Lebanese territory (much of the border is undemarcated, contributing to further instability on the border). Cross-border shelling against towns in the north and in the Bekaa valley happen almost daily. In August 2012, the United States designated the terrorist organization Hizballah for its ongoing support to Syrian President Bashar al-Asad and its fighting in support of the regime. As of May 2013, Hizballah continued to accelerate its engagement in the fighting in Syria on behalf of the regime and some Lebanese Sunni individuals and groups have supported the Syrian opposition.

On February 1, 2013, armed clashes between an army patrol and gunmen on the outskirts of Arsal village in the Bekaa resulted in the death of an officer, a soldier, and one suspect. According to a press statement issued by the army, "the army patrol was chasing someone suspected by the courts of several terrorist operations in the outskirts of the town of Arsal when the patrol fell into an armed ambush." Three more soldiers were killed in an ambush on their position on the outskirts of Arsal in May 2013; the army was investigating the incident as of time of publication.

During the year, numerous incidents of kidnapping for ransom were reported.

Lebanon is one of several countries for which the U.S. Department of State has issued Travel Warnings because of long-term, protracted conditions that make a country dangerous or unstable. U.S. companies and visitors are advised to assess carefully the

situation in Lebanon by consulting the Department's Travel Warning and its Consular Information Sheet at <http://travel.state.gov>. These documents contain essential security and safety information on travel to Lebanon.

The U.S. government considers the potential threat to U.S. Embassy personnel assigned to Beirut sufficiently serious to require them to live and work under significant security restrictions. These practices limit, and may occasionally prevent, the movement of U.S. Embassy officials and the provision of consular services in certain areas of the country. U.S. citizen visitors are encouraged to contact the Embassy's Consular Section for the most recent safety and security information concerning travel to Lebanon.

## Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

**U.S. Foreign Corrupt Practices Act:** In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

**Other Instruments:** It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International

Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. Lebanon is a signatory to the UN Anticorruption Convention, but generally all countries prohibit the bribery and solicitation of their public officials.

**OECD Antibribery Convention:** The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. Lebanon is not a signatory to the OECD Antibribery Convention.

**UN Convention:** The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. Lebanon ratified the UN Anticorruption Convention in April 2009.

**OAS Convention:** In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) Lebanon is neither a member of the OAS, nor a signatory to the OAS Convention.

**Council of Europe Criminal Law and Civil Law Conventions:** Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was

established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see [www.coe.int/greco](http://www.coe.int/greco)). Lebanon is not a signatory to the Council of Europe Criminal Law and Civil Law Conventions.

**Free Trade Agreements:** While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. Lebanon has neither a bilateral investment treaty (BIT) with the U.S. nor an agreement on the avoidance of double taxation. However, the U.S. has signed a Trade and Investment Framework Agreement (TIFA) with the Government of Lebanon in December, 2006 to help promote an attractive investment climate, expand trade relations, and remove obstacles to trade and investment between the two countries.

**Local Laws:** U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

**Assistance for U.S. Businesses:** The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at <http://www.trade.gov/cs>.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at [tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

**Guidance on the U.S. FCPA:** The Department of Justice’s (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department’s present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ’s Fraud Section Website at [www.justice.gov/criminal/fraud/fcpa](http://www.justice.gov/criminal/fraud/fcpa). Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further

information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

### **Corruption in Lebanon**

There is rampant corruption when dealing with the Lebanese public sector. According to TI's 2012 Corruption Perception Index (CPI), Lebanon ranked 128 out of 174 countries worldwide and 14 out of 21 MENA countries. Although this ranking represented an improvement of six spots in TI's worldwide ranking compared to 2011, Lebanon remained among the top 50 most corrupt countries in the world. TI noted that the country's "deeply entrenched nepotism networks" made civil society efforts against corruption very difficult, while anti-corruption legislation exists but is not properly enforced. The LTA blames political paralysis for preventing the passage of various legal reforms (including draft laws against illicit enrichment, access to information, and whistle blower protection) on which the organization has been closely involved to combat corruption. The index measures the perception of corruption by public officials and politicians and focuses on corruption in the public sector, defined as an abuse of official power for private interests. LTA's website : <http://www.transparency-lebanon.org>.

The International Finance Corporation (IFC) and the LTA signed an MOU on October 11, 2007, to establish the Institute of Directors (IoD, on Corporate Governance) in Lebanon, which became operational in 2010. The IFC provided a \$250,000 grant for the institute, which will provide training courses on corporate governance, offer consultancy services, carry out research and educational activities, and organize awareness-raising private sector events in Lebanon and the MENA region. In 2011, the IoD launched a guidebook focused on Corporate Governance stories and solutions in the MENA region.

The Ministry of Tourism launched the Lebanese Observatory for Transparency in December 2012, which is aimed at fighting corruption, raising the level of transparency, and identifying achievements and practices in transparency that would constitute a role model for the community. The observatory hopes to attract Lebanon's youth to discuss and debate methods and policies that would help fight corruption and, therefore, raise confidence in the country's institutions and values.

Lebanon has laws and regulations to combat corruption, but these laws are not always enforced. According to Lebanese law, it is a criminal act to give or accept a bribe. The penalty for accepting a bribe is imprisonment for up to three years, with hard labor in some cases, and a fine equal to at least three times the value of the bribe. Bribing a government official is also a criminal act. The Central Inspection Directorate is responsible for combating corruption in the public sector, while the public prosecutor is responsible for combating corruption in the private sector. In April 2009, Lebanon ratified the UN Convention against Corruption. Lebanon is not a signatory to the OECD Convention on Combating Bribery.

Corruption is more pervasive in government contracts (primarily in procurement and public works), taxation, and real estate registration than in private sector deals. It is widely believed that investors routinely pay bribes to win government contracts, which are often awarded to companies close to powerful politicians. The MoF has implemented reforms aimed at enhancing transparency and fighting corruption including requiring taxpayers to file exclusively through mail and to pay through banks or Liban Post. In 2007, an automated document tracking system for taxpayers' inquiries was implemented and a 24/7 call center was launched, as well as a service enabling taxpayers to handle the Built Property Tax transactions through Liban Post. In 2008, the Tax Procedures Code was ratified, unifying tax procedures, specifying deadlines for tax transactions and defining taxpayers' rights and obligations. The MoF launched a portal in 2010, providing access to economic, financial and fiscal information. E-registration and e-filing were launched but are yet to be implemented. The MoF also initiated the development and distribution of the tax calendar in order to increase taxpayers' awareness of their rights and obligations. In 2011, the Revenues and VAT Directorates were merged at the MoF and the collection function was transferred to the regional tax offices. In August 2012, the MoF launched the Built Property Tax online service on its portal enabling inquiries for due Built Property Tax. Also, starting September 2012, taxpayers were able to register to the e-services through the MoF portal. These services are expected to decrease corruption in the tax sector.

On the customs front, and to ensure trade facilitation, transparency, and security, remote filing of manifests and declarations was introduced in 2011. A new version of the ASYCUDA WORLD software (Automated System for Customs Data) was implemented to fill the gaps of the previous version. Transit trade applications can also be now filled online. Work has begun for Lebanon's Industrial Research Institute to submit its certificate of conformity online to further facilitate trade procedures. Customs also established an Intelligence Unit to detect counterfeiting and fraudulent operations. Nonetheless, there were press reports in 2012 of corruption and bribery in the operations of Lebanese Customs at major facilities such as the Port of Beirut. Members of the business community reported that bribery was sometimes the only way to avoid lengthy and expensive delays in the processing of imported products at the ports. Lebanese Customs hopes to implement e-payment of customs operations in the near future, a step that many hope will help combat corruption.

### **Anti-Corruption Resources**

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: [http://www.oecd.org/department/0,3355,en\\_2649\\_34859\\_1\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/department/0,3355,en_2649_34859_1_1_1_1_1,00.html). See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.

- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html).
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009). TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

## Bilateral Investment Agreements

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The U.S. has neither a bilateral investment treaty (BIT) with Lebanon, nor an agreement to prevent double taxation, although Lebanon has expressed an interest in signing both. Preliminary discussions for a BIT began in 2001 but have been pending ever since.

In November 2006, the United States Trade Representative (USTR) and the MoET signed a Trade and Investment Framework Agreement (TIFA). Apart from pledging to

foster an environment conducive to mutual trade and investment, the TIFA requires both parties to set up a United States-Lebanon Council on Trade and Investment that would meet twice a year or more to consult on trade and investment impediments and any other issues of concern. The council, which has not yet been set up, will seek and consider the views of private sector representatives in both countries. Under the TIFA, the United States and Lebanon agreed to a consultation mechanism that may be activated by either party within 60 days in the event of a dispute or other development affecting trade relations.

Lebanon signed the Euro-Mediterranean Partnership (ENP) agreement in 2002, and the interim agreement entered into force in March 2003. The final agreement came into force in April 2006 and the tariff reductions on imported products from the EU started in 2008. In 2012, Lebanon and the EU reviewed the ENP action plan and agreed on a new one covering the 2013-2017 period. In 2004, Lebanon and the European Free Trade Association (EFTA) signed an FTA. In November 2010, Lebanon and Turkey signed an association agreement establishing a free trade area that will reduce barriers to the free movement of goods, services, capital, and people between the two countries over the next 10 years. Lebanon has 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, and the Gulf Cooperation Council states. A regional Economic and Trade Association Council between Lebanon, Syria, Jordan, and Turkey was announced in July 2010.

Lebanon has signed bilateral investment agreements with the following countries (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, Kuwait, Malaysia, Mauritania, Morocco, Netherlands, OPEC Fund, Pakistan, Qatar, Romania, Russia, Slovakia, South Korea, Spain, Sudan, Sultanate of Oman, Sweden, Switzerland, Syria, Tunisia, Turkey, Ukraine, the United Arab Emirate, the United Kingdom, and Yemen.

Lebanon has signed bilateral tax conventions with 32 countries, but not with the United States.

## **OPIC and Other Investment Insurance Programs**

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On February 10, 1981, Lebanon and the United States signed an OPIC agreement in Beirut, but no investment using OPIC insurance coverage was undertaken until 1996. OPIC is currently engaged with Lebanon in three areas: insurance, financing, and investment. Since 2006, OPIC has worked with Citibank on a program that offers loans to the private sector (SMEs, retail, and housing) through selected Lebanese commercial banks. This program began in January 2007, and to date, OPIC has provided \$300 million in credit line guarantees.

The Lebanese government's National Investments Guarantee Corporation (NIGC) continues to insure new investments against political risks, riots, losses due to non-convertibility of currencies, and transfer of profits. Other major trade/investment insurance programs operating in Lebanon include COFACE (France), ECGD (UK),

HERMES (Germany), SACE (Italian), and IAIGC (Arab Consortium). Lebanon has been a member of the Multilateral Investment Guarantee Agency (MIGA), part of the World Bank, since 1994.

The average U.S. dollar value of the local currency has been pegged by the BdL at Lebanese Lira (LL) 1,507.5 to the dollar for the last 16 years; however, the dollar continues to trade in the business market at LL 1,500. The GoL has repeatedly expressed its commitment to maintaining a stable currency. With record high foreign assets (excluding gold) of \$37.3 billion as of the end of April 2013, the BdL has the ability to maintain a stable \$/LL rate for some time. Lebanon has one of most heavily dollarized economies in the world; as of March 2013, 65.2 percent of bank deposits were dollarized, and businesses commonly accepted payment (and returned change) in a combination of LL and U.S. dollars.

## Labor

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The 1946 Labor Law provides for written and oral contracts and specifies a maximum workweek of 48 hours (with several exceptions, notably in agriculture corporations). The law provides for the right of association and the right to organize and bargain collectively. Lebanon is a member of the International Labor Organization (ILO) Convention.

Lebanon's working population (aged 15 and above) totals 1.2 million, including foreign residents but excluding the seasonal work force, according to CAS's 2011 Labor Market in Lebanon report. CAS estimated Lebanon's population in 2007 at 3.75 million, excluding Palestinians in the refugee camps and seasonal workers. Based on this, the IMF has extrapolated the population estimate to reach 3.96 million for 2011. According to CAS, unemployment (aged 15-64) reached 6 percent in 2009, and rates were higher among women (10 percent) than men (five percent). The unemployment rate is somewhat attenuated because large numbers of Lebanese citizens seek work outside Lebanon, including in Arab countries and the Gulf.

Local unskilled labor is in short supply. Arab (mainly Syrians, Egyptians, and Palestinian refugees), Asian, Indian, and African laborers are hired to work in construction, agriculture, industry, and households.

Lebanon has a General Labor Confederation (CGTL), recognized by the government, whose membership is limited exclusively to Lebanese workers. The CGTL's activities are mainly limited to demanding cost-of-living increases and other social benefits for workers. The general labor-management relationship remains difficult and the Labor Law is not always properly enforced. Given its own political bias, the CGTL has been sometimes accused of working for its political interests and of being ineffective in fighting for workers' rights. Recently, it has been overshadowed by other labor groupings, most notably the Union Coordination Committees, having lobbied the GoL to pass a salary scale for public and private sector workers.

## Foreign-Trade Zones/Free Ports

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Foreign-owned firms have the same investment opportunities as Lebanese firms. Lebanon has two free zones in operation, the Beirut Port and the Tripoli Port. The WTO-compatible Customs Law issued by Decree No. 4461 fosters the development of free zones. The GoL also passed Law No. 18, dated September 5, 2008, to set up a Special Economic Zone (SEZ) in Tripoli to attract investment in trade, industry, services, storage, and other services and granting investor tax exemptions and other privileges. By the end of 2011, USAID had provided technical assistance to the GoL for preparing a feasibility study for Tripoli SEZ (TSEZ). The next steps for the GoL include appointing the TSEZ Authority, amending some laws and decrees, and implementing them to develop the zone.

## Foreign Direct Investment Statistics

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There are no official statistics available on foreign direct investment (FDI). IDAL estimated inflows of \$4 billion, close to the 2011 level but 20 percent less than in 2010. Banking sources estimated that construction and real estate account for the largest part of foreign investment.

The Institute of International Finance noted that FDI in Lebanon totaled \$1.1 billion in 2012, constituting a decline of 68 percent from 2011 or 2.68 percent of GDP.

European and Asian companies have won most of the government contracts in the fields of electricity, water, telecommunications, transportation, and infrastructure. This could be attributed to the unstable political and security situation in Lebanon that discouraged U.S. companies from bidding on projects, bilateral financial protocols signed between Lebanon and some European countries that provide grants and soft-term loans, or corruption and/or undue influence in bidding and contracting processes. However, U.S. companies have won contracts in solid waste treatment and landfill and some contracts in the power sector, air transport, and media.

The U.S. Embassy in Beirut tracks U.S. companies' activities in the Lebanese market. The Embassy actively lobbies to support U.S. companies bidding on projects, providing equal support to all U.S. bidders via letters and direct meetings with senior Lebanese government officials and demanding fair consideration of U.S. companies that are bidding on business opportunities in Lebanon. In some cases, the Embassy and the U.S. Department of Commerce have provided higher-level advocacy from Washington. The Embassy encourages U.S. companies bidding on projects to contact the Embassy's Economic/Commercial Section for assistance and advocacy.

## Web Resources

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Association of Lebanese Banks: <http://www.abl.org.lb>

Bank of Lebanon: <http://www.bdl.gov.lb>

Council for Development and Reconstruction (CDR): <http://www.cdr.gov.lb>

Investment Development Authority of Lebanon (IDAL): <http://www.idal.com.lb>

Ministry of Economy and Trade (MoET): <http://www.economy.gov.lb>

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## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
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### **How Do I Get Paid (Methods of Payment)**

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Lebanon has no restrictions on currency conversions and transfers, and no foreign exchange controls affect trading. Around 43 percent of international trade is financed through letters of credit, and the remaining portion is financed through direct transfers. There are no credit rating agencies or collection agencies currently operating in Lebanon. Banks and sovereign Eurobonds are the only entities rated by international rating agencies.

### **How Does the Banking System Operate**

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Lebanon has one of the most sophisticated banking sectors in the region. Bank secrecy is strictly enforced, and the Banque du Liban (BdL, the central bank) regulates all financial institutions and money exchange houses. In April 2001, Lebanon adopted Law No. 318, which created a framework for lifting bank secrecy, mandated suspicious transaction reporting, required financial institutions to obtain and maintain records of customer identification information, and facilitated access to banking information and records by judicial authorities.

Foreigners can open accounts in banks operating in Lebanon and get credit on market terms; however, due to the Internal Revenue Service's implementation of the Foreign Account Tax Compliance Act (FATCA), banks may request more information from U.S. citizens seeking to open accounts, and some banks have reportedly refused to open new accounts for U.S. citizens altogether. The Banking Control Commission (BCC) closely monitors bank credits, and all credit transactions are subject to timely and accurate disclosure. The National Institute for the Guarantee of Deposits (NIGD) insures up to LL 5 million (about \$3,317) of Lebanese and foreign currency deposits in commercial banks. Bank financial statements are in compliance with international accounting standards. Independent auditors audit annual accounts, and most banks utilize internationally recognized accounting firms.

### **Foreign-Exchange Controls**

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Lebanon imposes no foreign exchange controls. The foreign exchange market provides free currency convertibility and perfect capital mobility.

## **U.S. Banks and Local Correspondent Banks**

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

### **CITIBANK N.A.**

Bloc A, 3<sup>rd</sup> floor  
Berytus Park, Park Avenue  
Beirut Central District  
P.O.Box 11-1535  
Beirut, Lebanon  
Tel: 961-1-962447  
Fax: 961-1-962443  
<http://www.citigroup.com>

### **BNY MELLON (Representative Office)**

Atrium Bldg, 3rd floor  
Maarad Street, Nejmeh Square  
P.O.Box 2011-4102  
Beirut, Lebanon  
Tel: 961-1-988788  
Fax: 961-1-989001  
<http://www.bnymellon.com>

### **JP MORGAN CHASE BANK (Representative Office)**

Bloc B, 16th floor, Suite No.1601  
Clemenceau Street, Gefinor Center,  
Beirut, Lebanon  
P.O.Box 11-5133  
Beirut, Lebanon  
Tel: 961-1-739583  
Fax: 961-1-739581  
<http://www.jpmorgan.com>

Below is a list of the top 10 Lebanese commercial banks (ranked by assets as of December 2012) with correspondent U.S. banking arrangements:

### **AUDI BANK S.A.L. – Audi Saradar Group**

Banque Audi Plaza, Bab Idriss  
Omar Daouk Street  
P.O.Box 11-2560  
Beirut, Lebanon  
Tel: 961-1-994000  
Fax: 961-1-990555  
<http://www.banqueaudi.com>

### **BLOM BANK S.A.L.**

BLOM Bank Bldg  
Rashid Karamah St, Verdun  
P.O.Box: 11-1912  
Beirut, Lebanon  
Tel: 961-1-738938; 961-1-743300  
Fax: 961-1-738946  
<http://www.blom.com.lb>

**BYBLOS BANK S.A.L.**

Byblos Bank Tower,  
Elias Sarkis Avenue, Ashrafieh  
P.O.Box: 11-5605  
Beirut, Lebanon  
Tel: 961-1-335200  
Fax: 961-1-339436  
<http://www.byblosbank.com.lb>

**FRANSABANK S.A.L.**

Fransabank Center, Hamra Street  
P.O.Box: 11-0393  
Beirut, Lebanon  
Tel: 961-1-340180/8; 01-745761/4  
Fax: 961-1-354572  
<http://www.fransabank.com>

**BANKMED S.A.L.**

Mediterranee Group Center  
482 Clemenceau Street  
P.O.Box: 11-0348  
Beirut, Lebanon  
Tel: 961-1-373937  
Fax: 961-1-362706  
<http://www.bankmed.com.lb>

**BANK OF BEIRUT S.A.L.**

Bank of Beirut Bldg  
Foch Street, Beirut Central District,  
P.O.Box: 11-7354  
Beirut, Lebanon  
Tel: 961-1-972972  
Fax: 961-1-983999  
<http://www.bankofbeirut.com.lb>

**SOCIETE GENERALE DE BANQUE AU LIBAN S.A.L.**

Sehnaoui Bldg, Riad El-Solh Street  
P.O.Box: 11-2955  
Beirut, Lebanon  
Tel: 961-1-980783  
Fax: 961-1-980785  
<http://www.sgbl.com.lb>

**BANQUE LIBANO-FRANCAISE S.A.L.**

Beirut Liberty Plaza  
Rome Street, Hamra  
P.O.Box 11-0808  
Beirut, Lebanon  
Tel: 961-1-791332  
Fax: 961-1-791332 x 1318  
<http://www.eblf.com>

**CREDIT LIBANAIS S.A.L.**

5<sup>th</sup> Floor, Sofil Center  
Charles Malek Ave, Ashrafieh  
P.O.Box: 16-6729  
Beirut, Lebanon  
Tel: 961-1-200028/9  
Fax: 961-1-325713  
<http://www.creditlibanais.com.lb>

**Bank of Beirut and the Arab Countries S.A.L.**

BBAC Bldg., 250 Clemenceau Street  
Hamra, Beirut  
Tel: 961-1-366630  
Fax: 961-1-365200  
<http://www.bbacbank.com>

*Source: Association of Banks in Lebanon (ABL)*

**Project Financing**[Return to top](#)

Project financing in Lebanon derives from various sources and is not always clearly defined. According to the Council for Development and Reconstruction (CDR), the government's executive body for redevelopment, at the end of 2012, the cumulative total amount of secured foreign financing amounted to \$9.774 billion, comprised of grants, soft loans, commercial loans, export credits and medium-term loans. As of the end of 2012, CDR had a total of \$1.4 billion in loans (including financing for the private sector) awaiting parliament's approval. In addition, CDR had nearly \$600 million in grants, most of which were pledges that pre-dated the 2007 Paris III donor conference and were earmarked for public investments in reconstruction following the July 2006 war. The CDR has already spent around 95 percent of this assistance. Although donors pledged another \$1.7 billion in project financing at the Paris III conference, the CDR has a limited absorptive capacity and targets annual spending at around \$750 million.

About 30 foreign financing sources are involved in CDR's reconstruction plan, but 10 main financing sources have contributed over 90 percent of the agency's total foreign financing. These are the World Bank, the Arab Fund for Economic and Social Development, the European Investment Bank, the Islamic Development Bank, the Governments of Saudi Arabia, Italy, and France, and commercial banks.

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov>

SBA's Office of International Trade: <http://www.sba.gov/oit>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Association of Lebanese Banks: <http://www.abl.org.lb>

Banking Control Commission of Lebanon: <http://www.bccl.gov.lb>

Central Bank of Lebanon: <http://www.bdl.gov.lb>

Council for Development and Reconstruction: <http://www.cdr.gov.lb>

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## Chapter 8: Business Travel

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### **Business Customs**

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Lebanese are somewhat formal in their business dealings yet at the same time, they will strive to be hospitable. The most common greeting in business is the handshake with direct eye contact. Punctuality is generally expected for business meetings. Meetings are generally conducted in French, Lebanese Arabic, 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.

Lebanon uses the metric system of weights and measures, and the monetary unit is the Lebanese pound (LL), also called the lira. There are no exchange controls, and U.S. dollars circulate freely. Cash is the most common method of payment in Lebanon, but payment by check or credit card is possible nearly everywhere. Bank ATM machines are widespread, and cash may be withdrawn in Lebanese pounds or U.S. dollars.

### **Travel Advisory**

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U.S. companies and visitors are advised to assess carefully the situation in Lebanon by consulting the Department's Travel Warning and its Consular Information Sheet at [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_948.html](http://travel.state.gov/travel/cis_pa_tw/cis/cis_948.html). These documents contain essential security and safety information on travel to Lebanon.

U.S. citizens are advised to maintain valid travel documents and enroll with the Department of State or the U.S. Embassy Beirut through the State Department's Smart Traveler Enrollment Program website <https://travelregistration.state.gov/>.

### **Visa Requirements**

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Visas are required for entry into Lebanon and may be obtained at Lebanese embassies and consulates (<http://www.lebanonembassyus.org>). Citizens of the following countries can obtain an entry visa upon the arrival at the Rafic Hariri International Airport (RHIA): Andorra, Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, GCC Countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates), Germany, Greece, Ireland, Italy, Japan, Jordan, Luxembourg, Netherlands, Norway, Portugal, Romania, Spain, Sweden, Switzerland, Turkey, and United States of America.

Travelers whose passports contain Israeli stamps or visas are routinely refused entry at the airport. If holders of Arab passports possess passports that contain Israeli stamps or visas, they may be subject to arrest and imprisonment. Persons, including dual national Lebanese, suspected of having traveled to or via Israel may also be subject to interrogation or detention.

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa>

U.S. Embassy in Lebanon: <http://lebanon.usembassy.gov>

## Telecommunications

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International calls are expensive. The domestic public phone network (managed by the traditional public operator – OGERO) is generally reliable. Lebanon has two GSM networks that are owned by the government but are managed by two private companies (Zain Group and Orascom Telecom). Various private cellular telephones and fax facilities exist. Prepaid cellular cards are widely available, and cellular phones may be rented for the duration of a visit. Internet service is available starting at a monthly subscription fee of about \$18 (including ten percent VAT) for limited access and is accessible to visitors at many hotels and internet cafes. DSL, ADSL, HDSL and wireless broadband internet connections are available in Lebanon, though the service is slower than what is commonly available in the United States. The Ministry of Telecommunications (MoT) launched 3G services in October 2011, with services now available across the country. Limited 4G data services became operational in May 2013 and will gradually expand in scope and geographical coverage.

For more information, please visit <http://www.mpt.gov.lb>

## Transportation

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Lebanon lacks adequate public transportation, but private, un-metered taxis and shared cabs are abundant in and around the capital. Please check the Department's Travel Warning for details: [http://travel.state.gov/travel/cis\\_pa\\_tw/cis/cis\\_948.html#crime](http://travel.state.gov/travel/cis_pa_tw/cis/cis_948.html#crime). Rental cars are readily available at a daily cost of \$30 and up, depending on the type and model of the car. Although many international airlines serve Beirut, a 1984 U.S.

Presidential Determination prohibits direct air links between the United States and Lebanon.

## Language

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

## Health

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Most pharmaceuticals and health-related products are readily available in the local market. American companies such as Pfizer, Merck Sharp & Dohme (MSD), and Johnson & Johnson have representative offices in Lebanon. Private hospitals in Beirut and surrounding areas provide modern care, but doctors and hospitals normally expect immediate cash payment for services if a client does not show evidence of locally accepted health insurance coverage.

## Local Time, Business Hours, and Holidays

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Local time is GMT +2 in the winter, and GMT +3 in the summer.

Government offices hours are as follows:

- 8:00 a.m. - 2:00 p.m. Monday through Thursday
- 8:00 a.m. - 11:00 a.m. on Friday
- 8:00 a.m. - 1:00 p.m. on Saturdays

Bank counters are generally open on the following schedule:

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

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

The following dates are considered holidays in Lebanon during 2013:

New Year's Day (January 1); Armenian Christmas Day (January 6); Prophet Mohammad's Birthday (January 24); St. Maroun's Day (February 9); Commemoration of PM Rafik Hariri's assassination (February 14); Annunciation Day (March 25); Good Friday Western Rite (March 29); Easter Monday, Western Rite (April 1); Labor Day (May 1); Good Friday Eastern Rite (May 3); Easter Monday, Eastern Rite (May 6); Feast of Ramadan (Variable); Assumption Day (August 15); Feast of Al-Adha (Variable); Moslem New Year- Al-Hejra (Variable); Ashoura (Variable); Independence Day (Nov. 22) and Christmas Day (Dec. 25).

In the case of Lebanese holidays which fall on Saturday or Sunday, Lebanese government regulations prohibit the granting of an alternate day of holiday, except for Labor Day.

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 ATA (Admission Temporaire) carnet, which can be exclusively obtained from the Chambers of Commerce. 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.

For more information, please visit:

[http://www.customs.gov.lb/customs/laws\\_regulations/Trader\\_guides.asp](http://www.customs.gov.lb/customs/laws_regulations/Trader_guides.asp)

<http://www.ccib.org.lb/Services/ATA.aspx>

**Web Resources**

Chamber of Commerce Industry and Agriculture of Beirut and Mount Lebanon:

<http://www.ccib.org.lb>

Lebanese Customs Authority: <http://www.customs.gov.lb>

Lebanese Embassy in the U.S.: <http://www.lebanonembassyus.org>

Ministry of Telecommunications: <http://www.mpt.gov.lb>

Ministry of Economy and Trade: <http://www.economy.gov.lb>

State Department Visa Website: <http://travel.state.gov/visa>

U.S. Embassy in Lebanon: <http://lebanon.usembassy.gov>

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## Chapter 9: Contacts, Market Research and Trade Events

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### Contacts

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#### Ministries

- Ministry of Administrative Reform: <http://www.omsar.gov.lb>
- Ministry of Agriculture: <http://www.agriculture.gov.lb>
- Ministry of Culture: <http://www.culture.gov.lb>
- Ministry of Displaced: <http://www.ministryofdisplaced.gov.lb>
- Ministry of Education & Higher Education: <http://www.higher-edu.gov.lb>
- Ministry of Economy and Trade: <http://www.economy.gov.lb>
- Ministry of Energy and Water: <http://www.energyandwater.gov.lb>
- Ministry of Environment: <http://www.moe.gov.lb>
- Ministry of Finance: <http://www.finance.gov.lb>
- Ministry of Foreign Affairs and Emigrants: <http://www.emigrants.gov.lb>
- Ministry of Industry: <http://www.industry.gov.lb>
- Ministry of Information: <http://www.ministryinfo.gov.lb>
- Ministry of Interior and Municipalities: <http://www.moim.gov.lb>
- Ministry of Justice: <http://www.justice.gov.lb>
- Ministry of Labor: <http://www.clu.gov.lb/english/ministry/index.html>
- Ministry of National Defense: <http://www.lebarmy.gov.lb>
- Ministry of Post and Telecommunications: <http://www.mpt.gov.lb>
- Ministry of Public Health: <http://www.moph.gov.lb>
- Ministry of Public Works and Transport: <http://www.transportation.gov.lb>
- Ministry of Social Affairs: <http://www.socialaffairs.gov.lb>
- Ministry of Tourism: <http://mot.gov.lb>
- Presidency of the Council of Ministers: <http://www.pcm.gov.lb>

#### Public Agencies

- Central Bank of Lebanon: <http://www.bdl.gov.lb>
- Council for Development and Reconstruction: <http://www.cdr.gov.lb>
- Investment Development Authority of Lebanon: <http://www.idal.com.lb>
- National Archives: <http://www.can.gov.lb>
- OGERO: <http://www.ogero.gov.lb>
- Port of Beirut: <http://www.portdebeyrouth.com>

#### Trade Association

- American Lebanese Chamber of Commerce: <http://www.amcham.org.lb>
- Association of Banks in Lebanon: <http://www.abl.org.lb>

- Association of Lebanese Industrialists: <http://www.ali.org.lb>
- Beirut Chamber of Commerce, Industry and Agriculture: <http://www.ccib.org.lb>
- Beirut Trader's Association: <http://www.beiruttraders.org>
- International Chamber of Commerce: <http://www.iccwbo.org>
- Lebanese Businessmen Association: <http://www.rdcl.org.lb>
- Lebanese Franchise Association: <http://www.lfalebanon.com>
- Professional Computer Association: <http://www.pca.org.lb>

## Market Research

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To view market research reports produced by the U.S. Commercial Service, please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

## Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

<http://www.iktissadevents.com>

<http://www.confex-lebanon.com>

<http://www.ifpexpo.com>

<http://www.promofair.com.lb>

<http://www.bielcenter.com>

<http://www.hospitalityservices.com.lb>

<http://www.export.gov/Lebanon>

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## Chapter 10: Guide to Our Services

The President's National Export Initiative aims to double exports over five years by marshaling Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: <http://www.export.gov>

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: [http://export.gov/lebanon/eg\\_lb\\_035718.asp](http://export.gov/lebanon/eg_lb_035718.asp)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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