Doing Business in Lebanon:

2016 Country Commercial Guide for U.S. Companies

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Doing Business in Lebanon

Market Overview

- Lebanon was the 73rd largest market for U.S. exports in 2015, according to U.S. Department of Commerce statistics. The Lebanese Customs Authority reported that Lebanon's total imports in 2015 reached USD 18.069 billion, of which USD 1.024 billion came from the United States.

- In 2015, the United States ranked as Lebanon's fifth largest trading partner behind China, Italy, Germany, and France. According to Lebanese Customs statistics, major U.S. exports to Lebanon were vehicles (USD 280 million), machinery and electrical instruments (USD 158 million), products of chemical industries (USD 189 million), mineral fuel and oil (USD 78 million), prepared foodstuffs, beverages and tobacco (USD 58 million), and vegetable products (USD 48 million).

- GDP growth is estimated at one percent in 2015, with nominal GDP is estimated at USD 51.2 billion in 2015, according to the IMF. Inflation was negative in 2015 and is forecast to remain so in 2016 (IMF). Lebanon's Central Bank Governor projects growth to reach two percent in 2016.

- Lebanon's economy follows a laissez-faire model. The economy is highly dollarized and the average exchange rate is stable at Lebanese Pounds (LBP) 1507.5 to the dollar. The country has no restrictions on the movement of capital, capital gains, remittances, dividends, or the inflow and outflow of funds. 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. The business climate will remain sensitive to domestic and regional political and security developments. Spillover from the Syrian crisis will continue to impact growth, which is expected to remain below potential in the near term.

- The U.S. Government has neither a bilateral investment treaty (BIT) with Lebanon nor an agreement on the avoidance of double taxation. The U.S. Government signed a Trade and Investment Framework Agreement (TIFA) with Lebanon in 2006. Since 1999, Lebanon has had observer status at the World Trade Organization (WTO), but has yet to accede to the organization. In 2002, Lebanon signed an association agreement with the European Union that entered into force in 2006.

- There are many good reasons for U.S. companies to export to Lebanon. Lebanese consumers are fond of U.S. products, given their high quality and competitive price. English is widely spoken in the business community. Lebanon has a developed banking sector. Payments for business transactions are often made in U.S. dollars, and nearly all Lebanese banks have American correspondent banking relationships that facilitate financial transactions between U.S. exporters and Lebanese importers.

Market Challenges

- Starting a new business in Lebanon is relatively simple. According to the World Bank's Doing Business 2016 report, it takes entrepreneurs only nine days to start a business in Lebanon,

compared to the average of 19 days in the MENA region. The report may be accessed at http://www.doingbusiness.org.

- According to the 2015 Transparency International's (TI) Corruption Perception Index (CPI), Lebanon ranked 123 out of 168 countries worldwide, and 12 out of 17 Middle East North Africa (MENA) countries, with a score of 28 out of 100 points (whereby zero is considered highly corrupt and 100 the most uncorrupt). Foreign and local companies have complained about impediments such as arbitrary licensing decisions, complex customs procedures, archaic legislation, an ineffectual judicial system, high taxes and fees, high telecommunication charges and slow Internet speeds, poor power provision, uneven 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. As per U.S anti-boycott regulations, U.S. companies must refrain from certifying that their products do not come from Israel. If there appears to be any request that might be in support of boycotts, companies should contact the Bureau of Industrial Security (BIS) in the U.S. Department of Commerce (http://www.bis.doc.gov).

Market Opportunities

- The Council for Development and Reconstruction (CDR) is the Lebanese government's executive body responsible for tendering major projects, procuring financing for these projects, and supervising their execution. Major projects exist in transportation, electricity, telecommunications, education, solid and water waste. These projects are listed at http://www.cdr.gov.lb/eng/home.asp.

- Significant investment opportunities for international companies exist in the energy, water and wastewater, oil and gas, safety and security, franchising, ICT, and healthcare sectors. More information about electricity and water projects can be found at http://www.energyandwater.gov.lb. More information about Lebanon's oil and gas opportunities can be found at http://www.lpa.gov.lb. More information about Lebanon's franchising sector can be found at http://www.lfalebanon.com.

Market Entry Strategy

- 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. Information is available at http://export.gov/lebanon/servicesforu.s.companies/index.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. More information is available at http://investinlebanon.gov.lb.

Political 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 Background Notes.
http://www.state.gov/p/nea/ci/le/index.htm.

Selling U.S. Products and Services

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

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 theInternational Partner Search (IPS). More information can be found at http://export.gov/lebanon/servicesforu.s.companies/index.asp.

Establishing an Office

A foreigner who wishes to establish a business branch in Lebanon must apply for a residency permit from the Directorate of General Security (aka Sûreté Générale in French) 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. More information is available at http://investinlebanon.gov.lb.

Franchising

Franchising in Lebanon has experienced notable growth in the late 1990s. With the successful establishment of international brand names and their continuous expansion across the country, franchising has become one of the fastest growing business sectors in Lebanon. Moreover, Lebanese consumers are well educated, exposed and very receptive to western franchise concepts.

Franchising opportunities are extensive in the food business. Reports indicate that the size of the current food franchise market is estimated at more than USD $80 million. Major U.S. fast food outlets, including Baskin-Robbins, Burger King, Chili's, Domino's Pizza, Dunkin' Donuts, Hardee's, Kentucky Fried Chicken (KFC), Magnolia Bakery, McDonald's, P.F. Chang's, Pinkberry, Pizza Hut, Shake Shack, Starbucks, Subway, Cheese Cake Factory and T.G.I. Friday's, are widely present in the Lebanese market. Lebanese have also created their own franchising business concepts, locally and regionally most notably in the restaurant industry. This trend confirms the success of the franchising concept in Lebanon

Franchising is also available in the areas of clothing and services. Related American franchises in Lebanon include Berlitz Languages, Florsheim, Century 21 Real Estate, Coldwell Banker, Hertz, Avis, New Horizons, RE/MAX International, and Ziebart.

Franchised hotels also witnessed growth in Lebanon, with many local hotels partnering with international chains, to the benefit of local proprietors taking advantage of the chains' name recognition and international reservation networks. Hilton, Four Seasons, Movenpick, Crowne Plaza, Inter-Continental and Holiday Inn are already managing hotels in Lebanon.

The Lebanese Franchise Association (LFA) hosts the annual Beirut International Franchise Forum (BIFEX), which offers significant opportunities by gathering franchisors and potential franchisees from around the Middle East. More information about LFA is available at http://redirect.state.sbu/?url=http://www.lfalebanon.com.

Direct Marketing

Lebanon's advertising expenditures constantly rank amongst the highest in region. After having peaked in 2010 at USD 161.4 million, advertising spending slumped in the following years as Lebanon's economic situation worsened. However, a gradual recovery occurred in 2014 with advertising expenditure reaching USD 160.1 million annually.

Television advertising represents the biggest share of total advertising spending with a value exceeding USD 50 million. Out-of-Home and Cinema Advertising represented the second largest share of total advertising spending with a value exceeding USD 25 million. Cinema advertising expenditure does not exceed USD two million. Newspapers represent around 15 percent of total advertising spending, exceeding USD 20 million. Meanwhile, magazines accounted for seven percent of total advertising expenditure. Digital advertising has steadily expanded over the past few years, exceeding USD 15 million, and radio advertising exceeds USD five million.

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, andincreasingly, U.S. companies. Additional information can be found at http://export.gov/lebanon/tradefairsinlebanon/index.asp.

Joint Ventures/Licensing

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

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

Detailed information is available on IDAL's website http://investinlebanon.gov.lb/Content/uploads/Joint_Stock_Company.pdf.

Licenses are usually issued by the concerned ministries or through IDAL. More information is available at http://investinlebanon.gov.lb.

Selling to the Government

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

CDR reports to the Council of Ministers (i.e. Cabinet) 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 is available at http://www.cdr.gov.lb/eng/select_projects.asp.

Ministries can issue tenders below LBP 100 million (USD 66,335); these are published on the ministries' websites and in local newspapers. However, for tenders exceeding the threshold, the public tendering department is responsible for launching these tenders, unless the cabinet authorizes the relevant ministry to launch the tender directly. U.S. companies can apply directly for these tenders or can rely on local agents to bid on their behalf.

Lebanon does not abide by the WTO-Government Procurement Agreement (Lebanon is not a member of the World Trade Organization). Lebanon has a public procurement law that is outdated, and a new law, which is currently under review by the World Bank, needs to be approved by the cabinet.

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (World Bank)

The U.S. Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the World Bank. These institutions lend billions of dollars to developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Office to the World Bank (http://export.gov/worldbank).

Web Resources

Commercial Liaison Office to the World Bank http://export.gov/worldbank.

Distribution and Sales Channels

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 subsequently to distribute them 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).

Express Delivery

Local and international express delivery companies are common and reliable in Lebanon. Libanpost is Lebanon's national post office.

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

Selling Factors and Techniques

The Lebanese market is generally considered to be open and price sensitive. Sales materials can be in English, French, or Arabic. Many European and Asian brands 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 for U.S. companies to consult with local lawyers when doing business in Lebanon. A list of local lawyers is available at http://lebanon.usembassy.gov/attorneys.html.

E-Commerce

E-commerce is widely used in Lebanon. Some E-commerce ventures, such as online shops, auctions, services (travel, banking and entertainment), and content publishing have been established. These ventures remain limited due to the continuing lack of a legal and regulatory framework for e-transactions. Internet and telecommunications prices remain relatively high.

Trade Promotion and Advertising

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 17 television stations, over 40 printed and online newspapers, over 30 magazines, and more than 10 radio stations.

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

There are more than 12 Arabic-language dailies in Lebanon, as well as the English-language Daily Star (http://www.dailystar.com.lb) and the French-language L'Orient Le Jour (http://www.lorientlejour.com). Most newspapers are also available online.

Below are major trade fairs organizers in Lebanon:

- BIEL Center (http://www.bielcenter.com).
- Confex-Lebanon (http://www.confex-lebanon.com).
- E Square (http://www.esquareme.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 Lebanon Opportunities (http://www.opportunities.com.lb), Executive Magazine (http://www.executive-magazine.com), Arab Ad Magazine (http://www.arabadmag.com), and Le Commerce du Levant (http://www.lecommercedulevant.com).

Pricing

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 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.

Sales Service/Customer Support

A number of leading Lebanese companies have sales service and customer support units, as such services are critical to maintaining market share. Lebanon has 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 hotline (1739) to receive consumer's claims.

Due Diligence

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 is available at https://build.export.gov/lebanon/eg_lb_035710.

Local Professional Services

- Khalil Masri & Fils Sarl (http://masri.com.lb).
- 5 Index - Online business directory (http://5index.com).

Principle Business Associations

- American Lebanese Chamber of Commerce (http://www.amcham.org.lb).

The American Lebanese Chamber of Commerce Amcham has over 180 active members. Major U.S. companies present in Lebanon, including Microsoft, Cisco, Citi and Pfizer, are members of Amcham.

- Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon (http://www.ccib.org.lb).
- Chamber of Commerce, Industry and Agriculture of Sidon and South Lebanon(http://www.ccias.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).
- Lebanese Franchise Association (http://www.lfalebanon.com).

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

Limitations on Selling U.S. Products and Services

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

Selling U.S. Products and Services Web Resources

U.S. Commercial Service http://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://investinlebanon.gov.lb.
Ministry of Economy & Trade (MoET) http://www.economy.gov.lb.

Trade Regulations, Customs, and Standards

Import Tariff

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.

In general, European goods are exempted from customs fees in accordance with the European Mediterranean Association Agreement and the European Free Trade Association (EFTA) agreement effective March 1, 2015, with minor exceptions. In addition, goods from several Arab countries are also exempted from customs fees in accordance with the Greater Arab Free Trade Area (GAFTA) Agreement.

Trade Barriers

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.

Import Requirements & Documentation

Import processing requires the following documents

- Declaration form based on the Single Administrative Document (SAD);
- Bill of lading;
- Packing list;
- Commercial invoice (original);
- Delivery order (to prove ownership of goods);
- Quietus from the Social Security Office (must not have expired at the day of registration of SAD), required only for commercial and trade establishments;
- Contract of sale between importer and seller in the country of exportation, or a letter of credit from the bank stating that the invoice value is paid or will be paid in a specified time limit (may be requested for value verification only in case customs officers doubt the invoice value);
- Certificate of origin issued by the authorized party of the country of exportation if the invoice does not mention the origin of the goods, or in case the importer wishes to benefit from preferential treatment if the exporter is not approved by the customs authorities of the exporting country;
- Depending on the type of imported good, a number of other documents may also be required, including import licenses, certificates of conformity to mandatory standards, or phyto-sanitary certificates.

Export processing requires the following documents

- Declaration form based on the Single Administrative Document (SAD)
- Packing list;
- Commercial invoice (original);
- Export order;
- Quietus from the Social Security Office (must not have expired at the day of registration of SAD), required only for commercial and trade establishments;
- Certificate of origin issued by the Ministry of Industry and certified by the Lebanese Customs Authorities for exporting goods to Europe in accordance with protocol number 4 with the EU;
- Depending on the type of exported good, a number of other documents may also be required including export licenses, certificates of conformity and export certificates for quality verification for all food products of plant origin, and agricultural health certificates.

U.S. Export Controls

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 exports without obtaining permission from the Bureau of Industry and Security (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/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list and http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx.

A list that consolidates 11 export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available at http://developer.trade.gov/consolidated-screening-list.html.

Temporary Entry

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 from Lebanon or displayed in free zones. This permit is valid for six months and is renewable, provided that the total period shall not be for more than two years.

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

- Equipment and machinery used in public works, archeology, cinema, and journalism.
- Items intended or used for maintenance and repair.
- Items temporarily imported for display or use in public or private exhibitions, seasonal fairs, forums, theaters, artistic shows, and playgrounds.
- Jewelry and ornaments intended for display in public exhibitions. Empty containers or packages to be filled in Lebanon and re-exported or full containers or packages to be emptied in Lebanon and then re-exported.

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

The products mentioned above may be temporarily imported by using "Admission Temporaire/Temporary Admission" (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 with Articles 282 and 283 of the Lebanese Customs Law.

More information can be found on
http://www.customs.gov.lb/customs/laws_regulations/trader_guides.asp.

Labeling/Marking Requirements

Labels should include the net weight of the product, the 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 labels in Hebrew are not accepted. For more information, please contact the Ministry of Economy and Trade at http://www.economy.gov.lb.

Prohibited & Restricted Imports

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 (technical measure)
- Goods bearing false marks and labels indicating their origin (intellectual property)
- Goods manufactured in or originating from Israel (arab boycott measure)

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

Customs Regulations

Lebanon 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

Trade Standards

Overview

The Lebanese Standards Institution (LIBNOR) is a public institution underthe Ministry of Industry. Established in 1962, LIBNOR is the sole authority in Lebanon charged with issuing, publishing, and amending Lebanese standards as well as granting the Lebanese Conformity Mark NL. A number of state bodies (including the Ministries of Telecommunications, Energy and Water, Industry, Public Health,

Environment, Agriculture, Economy and Trade, and Public Works and Transport) issue technical regulations related to products in the form of ministerial decisions and decrees issued by the cabinet.

Standards

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

LIBNOR is a member of the International Organization for Standardization (ISO), the Codex Alimentarius Commission, the Arab Industrial Development and Mining Organization (AIDMO), and an affiliate member of the European Committee for Standardization (CEN).

NIST Notify U.S. Service

Member countries of the WTO are required under the Agreement on Technical Barriers to Trade 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 https://tsapps.nist.gov/notifyus/data/index/index.cfm.

Conformity Assessment

The following nine 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 JosephUniversity.
- 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

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 of conformity with standards and purchase requirements. Certificates of conformity or quality issued by foreign companies, such as SGS and Veritas, are also honored in Lebanon.

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

Accreditation

The Lebanese Accreditation Council (Conseil Libanais D'Accréditation -COLIBAC), under 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

Lebanese standards are voluntary, but when approving Lebanese standards and based on the recommendation of the relevant technical committee, LIBNOR's Board of Directors may ask for the mandatory application of a standard if it affects public health or safety. In this case, a decree from the Council of Ministers (i.e. the Cabinet) is published based on the request of the Ministry of Industry. Because Lebanon is not a WTO member yet, there is no formal procedure for notification. U.S. entities can comment on technical regulations via e-mail to LIBNOR. LIBNOR established a WTO/TBT inquiry point in 2012.

Contact Information

LIBNOR is the national inquiry point in Lebanon on standards and technical regulations resulting from conversion of standards.

LIBNOR
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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.

Trade Agreements

Lebanon has traditionally been a country with a free and open trade regime. Efforts towards trade liberalization have focused on the European Union (EU), the 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 is designed to help both countries promote an attractive investment climate, expand trade relations, and remove impediments to trade and investment. However, no meetings have been held under the Agreement to date.

Having gained observer status to the WTO in 1999, Lebanon held its seventh working party meeting in October 2009. The accession process 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, Austria, Azerbaijan, Bahrain, Belarus, Belgium/Luxemburg, Benin, Bulgaria, Canada, Chad, Chile, China, Cuba, Cyprus, Czech Republic, Egypt, Finland, France, Gabon, Germany, Greece, Guinea, Hungary, Iceland, Iran, Italy, Jordan, Korea (South), Kuwait, Malaysia, Mauritania, Morocco, Netherlands, OPEC Fund, Pakistan, Qatar, Romania, Russia, Slovak Republic, Spain, Sudan, Sultanate of Oman, Sweden, Switzerland, Syria, Tunisia, Turkey, United Arab Emirates, Ukraine, United Kingdom, and Yemen.

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

More information about trade agreements can be found on the Ministry of Finance website at http://www.finance.gov.lb/en-US/finance/InvestmentTaxAgreements/Pages/default.aspx.

Licensing Requirements for Professional Services

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

Trade Regulation Web Resources

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 Finance http://www.finance.gov.lb.
Ministry of Industry http://www.industry.gov.lb.
Bureau of Industrial Security (BIS) http://www.bis.doc.gov.

Investment Climate Statement

Executive Summary

Lebanon is open to foreign direct investment. Its many advantages include a free-market economy, the absence of controls on the movement of capital and foreign exchange, a well-developed banking system with strong financial soundness indicators, a highly-educated labor force, good quality of life, and limited restrictions on investors. However, issues that continue to cause frustration among local and foreign businesses include corruption, political risk, red tape, arbitrary licensing, outdated legislation, an ineffectual judicial system, high taxes and fees, lack of transparency, and weak enforcement of intellectual property rights.

Lebanon has not had a president since May 2014 and political deadlock has led to a stalemate in electing a successor. The ongoing vacancy and broader political paralysis have debilitated an already divided cabinet and parliament and stalled progress on major decisions that require political consensus. This has contributed to a perception of domestic political risk that encourages emigration and discourages economic activity. However, Central Bank stimulus packages since January 2013, totaling USD 4.8 billion, have partially compensated for these negative impacts on the economy. These stimulus packages and an increase in domestic consumption of goods and services (in part from the presence of an estimated 1.5 million Syrians in Lebanon) helped Lebanon achieve GDP growth of one percent in 2015 (IMF).

In 2016, external political risk perceptions also remain high, given the negative impact of the continuing turmoil in Syria and the region on the Lebanese economy. The vacant presidency, a tense security environment, and the travel warnings/bans on Lebanon imposed by some Gulf countries exacerbate these already significant challenges. As a result, many investors have maintained a wait-and-see approach.

Declining oil prices and sluggish GCC country economies led to a decline in remittances. Overseas remittances to Lebanon decreased from USD 7.40 billion in 2014 to USD 7.16 billion in 2015, according to the World Bank. Although the public deficit, which reached 6.4 percent of GDP in 2015, remains an issue of concern for investors, the Government of Lebanon (GoL) should not face difficulties in financing its deficit and rolling over sovereign maturities coming due in 2016. The domestic banking sector remains strong and the continued growth in deposits in private banks is sufficient to finance the borrowing needs of the economy. The Central Bank continues to publicly assert that it will maintain monetary and financial stability – reassuring investors that there will be no debt defaults or currency depreciation.

The business climate remains sensitive to domestic and regional political and security developments. Spillover from the Syrian crisis will continue to impact growth, which is expected to remain below potential until the crisis abates. In addition to political divisions, political paralysis and vested interests have blocked structural reforms and legislation to stimulate growth, encourage private sector development, and create jobs.

Lebanon welcomes U.S. investment. Significant potential opportunities for U.S. companies exist in the energy sector, particularly for oil and gas exploration and power production. However, political paralysis in Lebanon has delayed the first bid round for offshore oil and gas exploration and authorities have not yet set a new date. Other investment opportunities include the fields of information and communication technology, healthcare, safety and security, environment, and franchising.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2015	123 of 168	transparency.org/cpi2015/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	123 of 189	doingbusiness.org/rankings
Global Innovation Index	2015	74 of 141	globalinnovationindex.org/content/page/data-analysis
U.S. FDI in partner country ($M USD, stock positions)	2014	USD 17.38	www.bdl.gov.lb
World Bank GNI per capita	2014	USD 10,030	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness to and Restrictions upon Foreign Investment

Attitude toward Foreign Direct Investment

Traditionally, Lebanon has remained open to foreign direct investment (FDI). The Investment Development Authority of Lebanon (IDAL) is the national entity responsible for promoting investment in Lebanon and 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 and SME projects regardless of whether implemented by local or foreign investors (Investment Law No. 360). IDAL also facilitates strategic international and local partnerships through joint ventures, equity

participation, acquisition, and other mechanisms. It provides legal and administrative advice as well as sectorial studies to support potential investors. Updated information on IDAL and its incentives can be found on its website http://www.investinlebanon.gov.lb.

The government is committed to improving the business environment and encouraging domestic and foreign investment and public-private partnerships (PPP). Nevertheless legislative efforts have stalled. For example, a draft PPP law and the Ministry of Economy and Trade's (MoET) amendments to the Lebanese Commercial Code, which would streamline business and intellectual property legislation, await consensus and are still pending in parliament.

Other Investment Policy Reviews

Lebanon is not a member of either the Organization for Economic Co-operation and Development (OECD) or the World Trade Organization (WTO). The United Nations Conference on Trade and Development (UNCTAD) last performed an investment policy review in 2003. IDAL publishes reports on key sectors, which are available online at http://investinlebanon.gov.lb/en/sectors_in_focus.

Laws/Regulations of Foreign Direct Investment

A foreigner may establish a business under the same conditions as a Lebanese national, provided that 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 within Lebanon must apply for an employer work permit and a residency permit. Employer work permits stipulate that a foreign investor's capital contribution cannot be less than USD 67,000 and that the investor must also hire three Lebanese and register them at the National Social Security Fund (NSSF) within the first six months of employment.

Companies established in Lebanon must abide by the Lebanese Commercial Code and are required to retain the services of a lawyer to serve as a corporate agent. Local courts are responsible for enforcing contracts. There are no sector-specific laws on acquisitions, mergers, or takeovers, with exception of bank mergers.

Lebanese law does not differentiate between local and foreign investors, except in land acquisition (see "Real Property" section). 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.

Under Lebanese law, the establishment of joint-stock corporations, limited liability, and offshore and holding companies are allowed. However, offshore and holding companies must be joint-stock corporations (Société Anonyme Libanaise - SAL). These are governed in separate chapters under the Lebanese Commercial Code.

As a one-stop-shop for investors, IDAL has a website (http://investinlebanon.gov.lb) that provides updated information on investment legislation, regulations and starting a business. IDAL's proposed

changes to laws and regulations on foreign direct investment, including amending requirements for IT companies to benefit from IDAL incentives, are still pending government approval.

Business Registration

The Ministry of Justice publishes all required procedures, documents and payments needed to conclude the registration of any Lebanese company on its website at http://www.justice.gov.lb/CP/viewpage.aspx?id=589&language=2. According to the Ministry of Economy and Trade (MoET), the registration process takes approximately one day and a notary public is required. There is no other way to register businesses. Foreign companies are required to register electronically – a list of documents and procedures are published on the Ministry of Economy and Trade's website http://portal.economy.gov.lb. IDAL also provides a user-friendly portal for doing businesses in Lebanon and outlines all necessary requirements at http://investinlebanon.gov.lb/en/doing_business.

MoET established a small and medium-sized (SMEs) enterprise unit in 2005 to provide services to SMEs located and operating in Lebanon. The unit focuses on policy and governance, improving Lebanon's business environment, offering linkages within the business community, and advice on financing. MoET defines enterprises with less than 10 employees as micro-enterprises, those with less than 50 employees as small enterprises, and those with less than 100 employees as medium enterprises. In 2014, the unit launched Lebanon's SME Strategy: A Roadmap to 2020, but the Ministry has yet to implement its proposals.

Industrial Promotion

IDAL currently focuses on promoting investments in the following sectors: agriculture, agro-industry, industry, information technology, media, technology, telecommunications, and tourism. Information on sectors and incentives provided are available on IDAL's website and through conferences and meetings with stakeholders, including an annual meeting with the Association of Industrialists.

Privatization Program

Lebanon's laws for the privatization of the telecommunications sector (Law 431) and the power industry (Law 462) were drafted in 2002. However, political dysfunction stalled their implementation.

Parliament passed a two-year law authorizing the cabinet to issue Independent Power Producers (IPP) licenses to investors in April 2014. It later amended the law to extend its application through April 2018. Little has been done to date, but the Ministry of Energy and Water, the Ministry of Finance, and the Higher Council for Privatization (HCP) are collaborating with the IFC and the World Bank to explore next steps.

According to the HCP, there is currently considerable support by the political, business, banking and academic communities for the passage of Public-Private Partnership (PPP) legislation. The Sub-Committee of the Budget and Finance Parliamentary Committee has resumed discussions of a revised PPP Law. In anticipation of the passage of the PPP bill, the HCP issued and published guidelines for PPP in

February 2014 on its website http://www.hcp.gov.lb. Ratification of PPP legislation would open new opportunities for local and international private sector investment in Lebanon.

The Capital Markets Law calls for the corporatization and subsequent privatization of the Beirut Stock Exchange (BSE) within a two-year period from the date that the Capital Markets Authority (CMA) is appointed. The cabinet appointed the CMA in June 2012 but has yet to undertake serious action to corporatize the BSE.

Screening of FDI

There are no mechanisms in place to screen FDI in Lebanon.

Competition Law

Lebanon has not enacted a law that governs competition. Local courts review transactions for competition-related claims.

Conversion and Transfer Policies

Foreign Exchange

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. Lebanon's Central Bank, the Banque du Liban (BdL), posts a daily local currency-exchange rate on its website http://www.bdl.gov.lb. On average, the local currency (the Lebanese Lira, or Pound, LBP) has been pegged to the USD at LBP 1,507.5 per USD 1 since 1988. However, the dollar continues to trade on the local economy at LBP 1,500. BdL is committed to maintaining a stable currency. Lebanon has one of the most heavily dollarized economies in the world and businesses commonly accept payment (and return change) in a combination of LBP and USD.

Remittance Policies

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.

Lebanon is a founding member of the Middle East and North Africa Financial Action Task Force (MENAFATF). Its most recent mutual evaluation can be found at http://www.menafatf.org/MER/MutualEvaluationReportoftheLebaneseRepublic-English.pdf. Parliament endorsed four new laws to comply with international Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) standards in 2015: Law No. 44 amending the Law on Fighting Money Laundering and the Financing of Terrorism, Law No. 42 Declaring the Cross-Border Transportation of Money, Law No. 43 on the Exchange of Tax Information, and Law No. 53 authorizing the Lebanese Government to accede to the International Convention for the Suppression of the Financing of Terrorism. As a result, Lebanon

was placed on "regular follow-up" review status during the MENA FATF 23rd Plenary in Doha on April 23-25, 2016.

In February 2016, the Financial Action Task Force (FATF) concluded that Lebanon has a sound framework to criminalize terrorist financing, and that the terrorist financing offence criminalizes all of the activities specified in UNSCR 2178. It also noted that Lebanon has a comprehensive legal framework and mechanism to implement targeted financial sanctions pursuant to UNSCRs 1267/1989 and 1988, and UNSCR 1373.

Expropriation and Compensation

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, specifies that expropriation must be for public utility and calls for fair and adequate compensation. Compensation is paid at the time of expropriation, but is often perceived as below fair market value. The government does not discriminate against foreign investors, companies, or their representatives when dealing with expropriations.

The government, with the agreement of the parliament, established three real estate companies in the mid-1990s to encourage reconstruction and development in Greater Beirut: private corporation Solidere, for Beirut's downtown commercial center; private corporation Linord, for northern Beirut; and public institution Elyssar, for the southwest suburbs of Beirut. However, Linord has been dormant for years and Elyssar's projects have stalled since 2007. The government granted these three companies the authority to expropriate certain lands for development as per the Law on Expropriation. They have, however, faced serious legal challenges from landowners and squatters. Several court cases are still pending against Solidere after 20 years of litigation.

Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Lebanon has a civil (Roman and Codified Law) legal system inspired from the French civil procedure code (three degrees of jurisdictions). Ownership of property is enforced by registering the deed in the property registry. Lebanon has a written commercial law and contractual law. Lebanon has commercial, civil and penal courts, but no specialized courts to hear intellectual property (IP) claims. Civil and/or penal courts adjudicate IP claims. Lebanon has an administrative court, the State Council, which handles all kinds of disputes involving the state.

Lebanon has a labor court in each of the eight governorates to hear claims of unfair labor practices. The current judicial process is generally competent and reliable on a procedural basis. However, compensation sometimes is perceived not to be fair.

Bankruptcy

The Commercial Code (Book No. 5, Articles 459-668) and the Penal Code govern insolvency and bankruptcy. By law, a secured creditor has the right to a share of 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 Pounds 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.

Investment Disputes

In the past, the government has faced challenges related to previously awarded contracts and resorted to international arbitration for resolution. To post's knowledge, there are no known new cases. In 2010, the government settled a dispute with a Chinese contracting company working to expand the northern port of Tripoli.

International Arbitration

International arbitration is accepted as a means to settle investment disputes between private parties. The Lebanese Centre for Arbitration was created in 1995 by local economic organizations, including the Lebanese chambers of commerce, industry, and agriculture. The Centre resolves domestic and international conflicts related to trade and investment. Its statutes are similar to those of the International Chamber of Commerce (ICC) in Paris, and its conciliation and arbitration rules are modeled on those of the Paris ICC.

The government accepts international arbitration related to investment disputes. In cases involving concessions or State projects, the government does not accept binding international arbitration unless the contract includes an arbitration clause that was obtained through prior approval by cabinet decree. However, there is an exception for investors from countries that have a signed and ratified an investment protection agreement with Lebanon that stipulates international arbitration in case of dispute.

ICSID Convention and New York Convention

Lebanon is a member of the International Center for the Settlement of Investment Disputes (ICSID Convention). Lebanon ratified the 1958 Recognition and Enforcement of Foreign Arbitral Awards (New York Convention) in 2007. Lebanese law conforms to both conventions.

Duration of Dispute Resolution – Local Courts

Cases in Lebanese courts are not resolved quickly due to shortage of judges, inadequate administrative staff and technology, and poor case management. Resolution of commercial litigation in Lebanese courts takes on average five or six years. Enforcement of a court decision on average takes between six months and two years. Politicians and powerful lobby groups sometimes interfere in the court system. Local courts accept investment agreements drafted subject to foreign jurisdiction, provided that they do not contradict Lebanese law. Judgments of foreign courts are enforced subject to the “exequatur” obtained.

Performance Requirements and Investment Incentives

WTO/TRIMS

Lebanon is not a member of the WTO, but has held observer status since 1999.

Investment Incentives

Lebanese legislation does not impose 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 Central Bank approval for transfer of ownership of shares in most cases (BdL circulars are posted on http://www.bdl.gov.lb).

Lebanon's Investment Law encourages investments in the fields of technology, information, telecommunications and media, tourism, industry, and agriculture and agro-industry. The law divides the country into three investment zones, with different incentives provided in each zone. Incentives include facilitating issuance of permits for foreign labor, tax incentives that range from a 50 percent tax reduction for five years on income tax and tax on the distribution of dividends to a total exemption from these taxes for 10 years starting from the date of operation (tied to the issuance of the first invoice). Companies that list 40 percent of their shares on the Beirut Stock Exchange are exempt from income tax for two years. The Investment Law also allows for the introduction of tailor-made incentives through package deals for large investment projects, regardless of the project's location. These may include 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 to have a majority of a board of directors be Lebanese (Law No. 771, dated November 2006). Investors who seek to benefit from work permit incentives under "package deals" must hire two Lebanese for every foreigner and register them with the NSSF. Several amendments to the Investment Law are currently awaiting parliamentary approval and would expand incentives provided to companies and increase the pool of start-ups operating in the ICT sector.

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 or10 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. In April 2014, parliament enacted a law to reduce income tax on industrial exports by 50 percent.

More information can be found on IDAL's website
http://investinlebanon.gov.lb/en/doing_business/investment_incentives.

The government reduces the dividend tax from ten to five percent for companies listed on the BSE. It also reduces the dividend tax to five percent for companies that open up 20 percent of their capital to Arab companies listed on their country's stock exchange or for foreign companies listed on the stock exchange of OECD countries, and for 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 for new loans granted after 1/1/2012, for amounts up to USD 10 million per project (with a ceiling of USD 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. This program has been extended until the end of 2016. Investors can also benefit from loan guarantees from Kafalat, a semi-private financial institution that helps SMEs to access subsidized commercial bank loans, with a grace period of two years for projects in Lebanon.

Domestic and foreign investors may also benefit from regulations that the Central Bank implements to stimulate economic activity. Since January 2013, the BdL launched a total of approximately USD five billion in several stimulus packages available to commercial banks to increase lending to the private sector at a reduced cost for housing loans, investment in productive sectors, energy-saving and renewable energy projects, and to finance new projects or develop existing ones. Moreover, in August 2013, the BdL issued circular No. 331 authorizing banks to directly invest in technology start-ups up to three percent of equity by providing banks, with interest-free facilities over a maximum period of seven years. The Central Bank also issued a circular indicating that, in cooperation with the EU, it will continue to subsidize loans of USD five million or less that are extended to finance environmentally-friendly energy projects.

The government grants customs exemptions 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.

Research and Development

U.S. and other foreign firms may participate in government authority-financed and/or subsidized research and development programs.

Performance Requirements

The government mandates local employment and the Ministry of Labor issues an annual list of jobs restricted to Lebanese. Foreign and local participation in the board of directors is specified in the status of the companies, according to Lebanese commercial law. Foreign investors enjoy the same incentives as local investors.

Foreigners doing business in Lebanon through a company, factory, or office must hold work and residency permits. There are no discriminatory or excessively onerous visas, residence, or works permit requirements. Registration with a chamber of commerce is required to import and handle 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 with a chamber of commerce is required to ensure that established facilities meet safety, handling, and storage requirements.

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 be not less than USD 67,000, and that the investor pledges to hire three Lebanese and register them at the National Social Security Fund (NSSF) within six months.

Data Storage

Lebanon does not follow any "forced localization" policy, nor require foreign IT providers to turn over source code or provide access to surveillance. Lebanon's Central Bank requires all banks to keep data backups in Lebanon, while service providers are required to do the same.

Right to Private Ownership and Establishment

Foreign private entities may establish, acquire, and dispose of interests in business enterprises, and may engage in all kinds of remunerative activities.

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 those in banking and insurance, must take the form of a joint-stock company.

A limited liability company (Société à Responsabilité Limitée - SARL) is governed by Legislative Decree No. 35, dated August 5, 1967. It may be 100 percent owned and managed by a 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, amended the 1969 Law No. 11614 and governs foreign acquisition of property. The 2001 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 (around 32,000 square feet) of real estate without a permit but requires cabinet approval for acquisitions exceeding this threshold. 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 individuals not holding an internationally recognized nationality from acquiring

property. This restriction is widely believed to be primarily aimed at preventing Palestinian refugees residing in Lebanon from permanently settling in the country.

Protection of Property Rights

Real Property

The right to private ownership is respected in Lebanon. 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.

Intellectual Property Rights

Although Lebanon is still not a member of the WTO, Lebanon's intellectual property rights (IPR) legislation is generally compliant with Trade-Related Intellectual Property Rights (TRIPS). However, IPR enforcement is weak. The MoET's Intellectual Property Protection Office (IPPO) has spearheaded efforts to improve the IPR regime but suffers from limited financial and human resources, and insufficient political will within the GoL. Lebanon's Internal Security Forces (ISF) and Customs also play a role in enforcement. The understanding of IPR within the Lebanese judiciary has improved somewhat in recent years but gaps remain in awareness of the economic repercussions of IPR violations, judicial prosecution of IPR cases, and strong court decisions with punishments prohibitive enough to prevent other infringements. The MoET's new draft laws and amendments to existing laws to improve the IPR environment are pending parliamentary approval.

Existing IPR laws cover copyright, patent, trademarks, and geographical elements. Lebanon's 1999 Copyright Law largely complies with WTO regulations and needs only minor amendments to become fully compatible. However, amendments to the current law have been stalled in parliament since 2007. Registration of copyrights in Lebanon is not mandatory, and copyright protection is granted without the need for any registration. 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, since this would also require amendments to the copyright law.

Drafts of new industrial design, trademark, and geographical indications laws have also been pending in parliament since 2007. The MoET is willing to push for all pending legislation to pass in parliament. The MoET launched an online registration service in January 2013 for copyrights and trademarks on https://portal.economy.gov.lb. This service simplified the registration process and over 80percent of registrations of trademarks and copyrights now take place online. Due to the complexity of copyrights and patents, registration is still accepted in person at the Ministry. The switch from a deposit system to an objection system for trademarks also remains stalled due to the need for parliamentary approval. However, the MoET noted that it implements the objection system in practice.

A modern TRIPS-compatible Patent Law, approved in 2000, provides general protection for semiconductor chip layout designs and plant varieties. Data protection and undisclosed information fall under Article 47 of the Patent Law, but current provisions for pharmaceutical registration are subject to

interpretation. Generic manufacturers in Lebanon are not prohibited from using original data (e.g., data published on the U.S. Food and Drug Administration website) to register competing products that are identical to original products. Decree No. 571 on the conditions of registering, importing, marketing, and classifying pharmaceuticals, which should have improved the process of drug registration and reduced the number of copycat drugs being registered, still leaves some room for interpretation. There are no current plans to amend the Patent Law to reduce counterfeit drugs found in the market. 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 ISF's Cybercrime and IP Unit tracks seizures of counterfeit goods but does not make this information publically available. Lebanese Customs also plays a direct role in IPR enforcement by seizing counterfeits and an indirect role as part of its efforts to combat smuggling. The U.S. Trade Representative's Special 301 annual review of intellectual property protection worldwide has kept Lebanon on its watch list since 2008. Given insecurity, political instability, and spillover from the Syrian crisis in 2015, the GoL underscored the significant difficulty that it faced in enforcing IPR.

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

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at http://www.wipo.int/directory/en.

Resources for Rights Holders

Mr. Robert Palmer
Economic Officer
+961-4-542600/543600
Beirutembassyinvestment@state.gov
The embassy's list of lawyers can be found at http://lebanon.usembassy.gov/attorneys.html.

Protecting Your Intellectual Property in Lebanon

Several general principles are important for effective management of intellectual property ("IP") rights in Lebanon. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Lebanon than in the United States. Third, rights must be registered and enforced in Lebanon, under local laws. For example, 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. In Lebanon, new products are officially protected when the patents, trademarks, and industrial designs are deposited with the MoET. The switch from a deposit system to an objection system for trademarks also remains stalled due to the need for parliamentary approval. However, the MoET noted that it implements the objection system in practice. 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 copyright and trademark registration in January 2013, available at https://portal.economy.gov.lb.

It is vital that companies understand that IP is 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 IP 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 is available at: http://lebanon.usembassy.gov/attorneys.html.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these 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 USG 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 responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. 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, both Lebanon or U.S.-based. These include:

- U.S. Chamber of Commerce.
- 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 of Beirut and Mount Lebanon (CCIAB).
- Chamber of Commerce, Industry and Agriculture of Sidon and South Lebanon (CCIAS).
- Chamber of Commerce, Industry and Agriculture of Tripoli and North Lebanon (CCIAT).
- Chamber of Commerce, Industry and Agriculture of Zahle and Bekaa (CCIAZ).
- Association of Lebanese Industrialists (ALI).

- Lebanese Franchise Association (LFA).
- Professional Computer Association (PCA).

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property 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 visit 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**, or visit http://www.uspto.gov.

- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**, or visit http://www.copyright.gov.

- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the "Resources" section of the STOPfakes website at http://www.stopfakes.gov/resources.

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit www.stopfakes.gov/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. You can get contact information below for the IP attaché who covers the following countries:

CHINA

Beijing, China
Joel Blank
joel.blank@trade.gov

Guangzhou, China
Timothy Browning
timothy.browning@trade.gov
Shanghai, China
Michael Mangelson
michael.mangelson@trade.gov

Southeast Asia

Vacant – contact Dominic Keating
Dominic.Keating@USPTO.GOV

South America
Vacant – contact Dominic Keating
Dominic.Keating@USPTO.GOV

Geneva, Switzerland
Deborah Lashley-Johnson
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Mexico, Central America and the Caribbean
Todd Reves
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India & South Asia
Vacant – contact Dominic Keating
Dominic.Keating@USPTO.GOV

Middle East & North Africa
Aisha Y. Salem
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Lima, Peru
Ann Chaitovitz
Ann.chaitovitz@trade.gov

Russia, the C.I.S. and Georgia
Donald Townsend
donald.townsend@trade.gov

Transparency of the Regulatory System

Local and foreign private sector companies should be wary when bidding for public projects, given lack of transparency, clear regulations, and fair consideration of bids. Lebanon has a Procurement Law that regulates public procurement. However, public institutions have separate procurement regulations under the guidelines of the Procurement Law. Government administrations often award contracts by mutual agreement, without calling for a tender, and the government does not always establish clear procedures for the process.

The procedures necessary for business entry, operation, and exit are not streamlined and excessive regulation plagues bureaucratic procedures. However, the process does not discriminate against foreign investors. International companies face an unpredictable and opaque operating environment and often encounter unanticipated obstacles or costs late in the process. Even so, according to the World Bank's 2016 Doing Business report, it takes entrepreneurs 15 days to start a business in Lebanon, compared to the average of 19 days in the MENA region. The report may be accessed at http://www.doingbusiness.org.

Currently, IPR trademark registration, economic and trade indicators, and market surveillance reports, are available online at: http://www.economy.gov.lb.

The government does not publish proposed draft laws and regulations for public comment but usually forms a drafting committee composed of both public and private sector stakeholders. However, Telecom Law No. 431 requires the Telecommunication Regulatory Authority (TRA) to issue regulations in draft for public consultation to promote transparency and enable the general public to shape future regulations. There have been no new regulations since the TRA board expired in February 2012. In general, legal, regulatory, and accounting systems are consistent with international norms. Publicly listed companies adhere to international accounting standards.

Lebanon still lacks an access to information law to promote transparency in the private and public sectors. According to Transparency International's Lebanon chapter, the Lebanese Transparency Association (LTA), several ministries undertook transparency initiatives in 2015. The Lebanese Parliament, however, has failed to enact new transparency-related legislation to date. As part of the National Network for Access to Information, the LTA, Ministry of Finance (MoF), and other stakeholders helped draft laws on access to information and whistleblower protection, both which have awaited parliamentary ratification since 2009 and 2010, respectively. In the meantime, the MoF continued to organize workshops, raise awareness, and build capacity of civil servants on access to information and whistleblower protection.

Efficient Capital Markets and Portfolio Investment

There are no restrictions on portfolio investment, and foreign investors can invest in Lebanese equities and fixed income paper. Lebanon places no restrictions on the movement of capital into or out of the country for investment or other purposes. The government permits the free exchange of currencies, precious metals, and monetary instruments, both domestically and internationally. There are no restrictions on payments and transfers for current international transactions.

Credit is allocated on market terms, and foreign investors can obtain 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, as well as corporate loans and loans to SMEs.

Lebanon's banking regulatory system is transparent and consistent with international norms. Banks conform to Bank for International Settlement (BIS) standards and International Accounting Standards (IAS). Legislation exists that regulates the issuance and trading of 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.

Government legislation allows the listing of tradable stocks or papers on the Beirut Stock Exchange (BSE). Currently, the BSE lists six commercial banks, 21 sovereign Eurobond issues (19 in U.S. dollars, one in euros, and one in Lebanese Pounds), and four companies, including Solidere, one of the largest publicly held companies in the region. Trading is more active in listed banks' instruments and occurs in a combination of auction and continuous trading, with e-trading authorized in 2008. In 2011, Parliament endorsed both the Insider Trading Law and the Capital Markets Law to regulate and supervise capital market activity. However, the BSE suffers from a lack of liquidity and low trading volumes in the absence of significant institutional and foreign investors, and had an annual trading volume of only five percent of market capitalization in 2015. Weak market turnover discourages investors from committing funds to the market and discourages issuers from seeking listings on the BSE. Traditional businesses held by

commercially powerful families dominate most sectors. The government is trying to improve the transparency of such firms to help solidify an emerging capital market for company shares.

To stimulate market activity, the Capital Markets Authority (CMA) in Lebanon, analogous to the U.S. Securities and Exchange Commission, issued several regulations to regulate disclosure policy of joint stocks and mutual funds as well as to encourage investment in start-up companies. In 2014, the CMA started receiving technical assistance from the World Bank to prepare regulations for the development of capital markets. More information can be found on: www.cma.gov.lb. Lebanon hosts the headquarters of the Arab Stock Exchange Union.

Money and Banking System, Hostile Takeovers

The banking system enjoys high financial standing and boasts a capital adequacy ratio of 14.4 percent as of June 2015 (higher than Basel III requirements), sound liquidity, and a foreign currency prime liquidity ratio exceeding 47 percent of foreign currency deposits. The total domestic assets of Lebanon's five largest commercial banks reached approximately USD 101 billion as of the end of 2015 (or about 51.5 percent of total banking assets), according to BdL data. About 3.6 percent of total loans were estimated as non-performing by end-February 2016. Banks maintained approximately 68.5 percent of provisions against non-performing loans as of February 2016. The remaining 31.5 percent were covered by adequate collateral.

Lebanon's Central Bank imposes strict compliance with regulations on banks and financial institutions. There are no restrictions in Lebanon on a foreigner or non-resident's ability to open a bank account in local currency or foreign currencies. However, banks have stringent inquiry mechanisms to ensure compliance with international and domestic regulations. They implement Lebanon's anti-money laundering and combating terrorism financing laws. Banks also uphold Know-Your–Customer requirements and other regulations to combat tax evasion, inquire about the purpose of opening a new account, about the source of funds to be placed into an account, and to discover other relevant information. Lebanese banks are compliant with the Foreign Account Tax Compliance Act (FATCA).

There are no specific rules on hostile takeovers but no hostile takeovers have ever occurred on either the Beirut Stock Exchange or in the banking sector. By regulation, any investor should inform the BSE when her/his portfolio of shares in any of the listed companies reaches 10 percent. Moreover, any shareholder with more than five percent of a bank's share capital must obtain prior approval from the Central Bank to acquire additional shares in that bank, and must inform the Central Bank when selling shares.

Competition from State-Owned Enterprises

The GoL maintains monopolies in the utility sector (Ogero for telecom landlines and two mobile companies, Electricité du Liban (EdL) for electricity production and transmission, and four water authorities), a casino (Casino du Liban, a mixed public-private enterprise), tobacco procurement, manufacturing, and sales (La Régie des Tabacs et Tombacs), as well as the national airline (Middle East Airlines), whose monopoly is scheduled to end in 2024. Other major state-owned enterprises or public institutions include the Beirut, Tripoli, Sidon, and Tyre ports, the Rashid Karami International Fair (in northern Lebanon), the Sport City Center, and real estate development institution Elyssar. The GoL also owns shares in Intra Investment Co., a mixed public-private investment company, which owns 96.62 percent of Finance Bank – a Lebanese commercial bank.

There is no uniform definition of State-Owned Enterprises (SOEs) and each has separate internal by-laws. Decree 4517 (dated 1972) establishes two types of public institutions, one administrative category that involves public enterprises like the Lebanese University, and a second that holds commercial aspects like EdL and La Régie. The Ministry of Finance maintains an unpublished list of SOEs and public institutions. SOEs and public institutions may purchase or supply goods or services from the private sector or foreign firms. Procurement is governed by separate regulations but under the same terms and conditions as public procurement. SOEs and public institutions benefit from certain tax exemptions.

Although law restricts electricity production to EdL, numerous private investors operate unregulated generators across the country and sell electricity to citizens at significantly higher rates during the country's frequent power cuts. EdL awarded several concessions to privately-owned companies for power distribution in specific regions, and these companies are interested in producing electricity to meet customer demand. In April 2014, parliament granted the cabinet the authority through 2018 to license private companies to generate electricity. Since 2012, EDL contracted three private companies to manage bill collection, maintenance, and power distribution. Two private operators also hold contracts from the government to manage the country's two cellular companies to two private operators.

Lebanon's SOEs report to shareholders whereas public institutions are subject to oversight by the concerned ministries as well as by the Ministry of Finance. Public institutions require the approval of concerned ministries for major business decisions. SOEs may independently prepare their budgets, which must be approved only by their board of directors. The SOEs and public institutions are required by law to publish an annual report, and to submit their books for independent audits as well as to send their books to the Court of Audit.

The GoL currently has no plans to privatize SOEs or public institutions. Middle East Airlines has postponed plans to list 25 percent of its shares on the BSE as a first step toward privatization. It is reportedly awaiting improvement in investor confidence to ensure that its shares will not be undervalued when traded on the BSE.

OECD Guidelines on Corporate Governance of SOEs

SOEs and public institutions have independent boards staffed primarily by politically-affiliated individuals, appointed by the cabinet for public institutions, and by shareholders for SOEs. The board of SOEs and public institutions always include a Government Commissioner appointed by the cabinet who reports to the concerned ministries. SOEs do not currently adhere to the Organization for Economic and Cooperative Development (OECD) Corporate Governance Guidelines.

Sovereign Wealth Funds

Lebanon does not have any sovereign wealth funds. Lebanon's Hydrocarbon Law mentions that proceeds generated from oil and gas exploration would be deposited in a Sovereign Wealth Fund. Creating the fund requires a separate law, which the government has yet to draft. Lebanon currently receives no proceeds from natural resources that could flow into a sovereign wealth fund.

Responsible Business Conduct

Lebanese firms are increasingly aware of corporate social responsibility (CSR), including on environmental, social, and governance issues. This is true for the banking sector as well as companies in telecom, real estate, and industry, which are slowly creating sustainable supply chains or pursuing social initiatives to appeal to consumers. The government also encourages corporate engagement in solving national economic, social, and environmental problems. The Lebanese Standards Institution (LIBNOR), part of the Ministry of Industry, leads efforts to expand the use of the ISO 26000 standard on Social Responsibility (SR) in Lebanon, one of the eight pilot countries in the Middle East. The project is funded by the Swedish International Development Cooperation Agency (SIDA).

The Central Bank of Lebanon works closely with banks to direct their financial resources towards projects that improve society and the environment. This includes issuing circulars to create favorable environmental and educational loans, encourage entrepreneurship through private equity investments, and facilitating improved governance through customer protection. In 2015, the banking sector started to implement Central Bank Circular No. 134, requiring banks to apply measures to ensure transparent and fair dealings with their customers, a reflection of the CSR principles of corporate governance and consumer protection. It also established the Institute for Finance and Governance (IFG). The IFG cooperates with the Central Bank to organize conferences on topics such as good governance in the banking sector, economic and monetary policy, and banking regulations.

Several business ethics and corporate governance codes exist, including the business association 'Rassemblement de Dirigeants et Chefs d'Entreprises Libanais' (RDCL, or the Group of Lebanese Business Owners) "Code of Business Ethics," and the Lebanese Code of Corporate Governance (CG), written under the auspices of the Lebanese Transparency Association (LTA). However, these codes are strictly voluntary and the government provides no incentives or enforcement for their adoption.

The Lebanese Transparency Association 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. CSR Lebanon, a Beirut-based company established in 2010, raises awareness and providing the necessary tools to promote CSR in Lebanon and the Middle East.

Lebanon seeks implementation of a number of international codes and standards to increase transparency and governance in government and the private sector. The Association of Banks in Lebanon adopted the Corporate Governance Guidelines for Banks Operating in Lebanon in January 2011. CSR Lebanon advocates for the principles of the United Nations Global Compact and was the first to introduce them to the private sector.

In 2013, Beirut-based business development advisory Capital Concept launched its Governance & Integrity Rating and becoming the first such firm recognized by Lebanon's Central Bank to review and rate the banking sector in Lebanon and the MENA region. In 2015, it also launched Shareholder-Rights, a registered online platform and publication initiative to rate and review companies' commitment to corporate governance and investor rights.

Political Violence

Political violence continued in 2015 due in part to spillover effects from the Syrian conflict. The situation remained somewhat stable with the implementation of the government's security plan in 2014 in Tripoli

and in villages in the Bekaa Valley along the Syrian border. In August 2014, clashes erupted in the northeastern town of Arsal between Lebanese Army (LAF) personnel and Islamic militants aligned with the Islamic State of Iraq and the Levant (ISIL) and al-Nusra Front. Nineteen LAF members and 40 to 45 Syrians and Lebanese citizens died and 90 to100 individuals were wounded. Islamic militants took 29 LAF and Internal Security Forces members hostage, executed four members, and released six members. On December 1, 2015, al Nusra Front released 16 others in a prisoner exchange with the LAF, although nine remain in ISIL captivity. On November 5, 2015, ISIL killed seven Sunni religious figures in Arsal reportedly due to their cooperation in prisoner hostage negotiations with the Lebanese government and al-Nusra. On November 12 2015, ISIL claimed responsibility for two suicide bombings in the Bourj al-Barajneh neighborhood (Dahiyeh surburbs) of Beirut that killed 43 and injured more than 200 people. ISIL claimed the attack specifically targeted "heretics" in a predominantly Shiite area and vowed to continue attacks. However, the various security forces responded to the attacks with alacrity and all those involved in the suicide bombing cell responsible for the Bourj al-Barajneh attacks were soon arrested or killed. On February 3, 2016, the LAF launched a major offensive in Arsal, killing six and capturing 27 ISIL militants, who they suspected of planning attacks against security forces along the north-eastern Lebanese border. As of the date of this report there have been no further large scale terror attacks on Lebanese territory.

Hizballah continued to accelerate its engagement in Syria fighting on behalf of the Syrian regime, while some Lebanese Sunni individuals and groups have supported the Syrian opposition. Hizballah and the Sunni-dominated Future Movement continued the "political dialogue" that they started in 2014 in an attempt to try to alleviate tensions between the Sunni and Shia communities. By end 2015, there were over 1.069 million registered Syrian refugees in Lebanon officially registered with the UN High Commissioner for Refugees. These refugees, and a large number of additional unregistered refugees, are severely straining local resources and services. Lebanon is believed to host more refugees per capita than any other country in the world.

The U.S. government considers the potential threat to American Embassy personnel assigned to Beirut sufficiently serious to require all Chief of Mission personnel to live and work under security restrictions. These limitations occasionally prevent the movement of American 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

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 in international business, for example 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 generally makes it unlawful for U.S. persons and businesses (domestic concerns), and U.S. and foreign public companies listed on stock exchanges in the United States or which must file periodic reports with the Securities and Exchange Commission (issuers), to offer, promise or make a corrupt payment or anything of value to foreign officials to obtain or retain business. 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. In addition to the anti-bribery provisions, the FCPA contains accounting provisions applicable to public companies. The accounting provisions require issuers to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The accounting provisions also prohibit individuals and businesses from knowingly falsifying books or records or knowingly circumventing or failing to implement a system of internal controls. In order to provide more information and guidance on the statute, the Department of Justice and the Securities and Exchange Commission published *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, available in PDF at http://www.justice.gov/criminal/fraud/fcpa/guidance. For more detailed information on the FCPA generally, see the Department of Justice FCPA website athttp://www.justice.gov/criminal/fraud/fcpa.

Other Instruments: It is U.S. Government policy to promote good governance, including host countries' 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 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions negotiated under the auspices of the 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. This country is party to the UN Anticorruption Convention, but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The Antibribery Convention entered into force in February 1999. As of January 2016, there are 41 parties to the Convention, including the United States (see http://www.oecd.org/corruption/oecdantibriberyconvention.htm). Major exporters China and India are not parties, although the U.S. Government strongly endorses their eventual accession to the Antibribery Convention. The Antibribery Convention obligates the Parties to criminalize bribery of foreign public officials in international business transactions, which the United States has done under U.S. FCPA. Lebanon is not a signatory to the OECD Antibribery Convention.

UN Convention: The UN Convention entered into force on December 14, 2005, and there are 178 parties to it as of January 2016 (see http://www.unodc.org/unodc/en/treaties/CAC/signatories.html). The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, from basic forms of corruption such as bribery and solicitation, embezzlement, and 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 January 2016, the OAS Convention has 34 parties (see http://www.oas.org/juridico/english/Sigs/b-58.html) and the follow-up mechanism created in 2001 (MESICIC) has 31 members (see http://www.oas.org/juridico/english/mesicic_intro_en.htm). Lebanon is neither a member of the OAS, nor a signatory to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions on Corruption: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention on Corruption, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and accounting offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on whistleblower protection, compensation for damage relating to corrupt acts, and nullification of a contract providing for or influenced by corruption, 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). See http://www.coe.int/t/dghl/monitoring/greco/general/about_en.asp. As of January 2016, the Criminal Law Convention has 44 parties and the Civil Law Convention has 35 (see http://www.coe.int/t/dghl/monitoring/greco/general/about_en.asp.; http://www.coe.int/fr/web/conventions; http://www.coe.int/en/web/conventions/home). 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. and Foreign Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its website at www.trade.gov/cs.

The United States provides commercial advocacy on behalf of exporters of U.S. goods and services bidding on public sector contracts with foreign governments and government agencies. An applicant for advocacy must complete a questionnaire concerning its background, the relevant contract, and the requested U.S. Government assistance. The applicant must also certify that it is in compliance with applicable U.S. law, that it and its affiliates have not and will not engage in bribery of foreign public officials in connection with the foreign project, and that it and its affiliates maintain and enforce a policy that prohibits bribery of foreign public officials. 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 reported through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp. Potential violations of the FCPA can be reported to the Department of Justice via email to FCPA.Fraud@usdoj.gov.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals and issuers to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding actual, prospective business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa and general information is contained in Chapter 9 of the publication *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, at http://www.justice.gov/criminal/fraud/fcpa/guidance. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general information 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 General Counsel, U.S. Department of Commerce, website, at http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives.

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

Lebanon has laws and regulations to combat corruption such as the Illicit Wealth Law and the Penal Code, but does not enforce them effectively. The Illicit Wealth Law applies to all state employees, government and senior officials, and municipality members and extends to family members. However, it does not extend to political parties. There are several articles in the laws to counter conflict-of interest in awarding contracts and government procurement, but are not enforced. The government does not require or encourage private companies to establish internal codes of conduct that prohibit bribery of public officials.

In accordance with Lebanese law, it is considered 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.

Reports of rampant corruption in Lebanon's public sector are widespread. According to the 2015 Transparency International's (TI) Corruption Perception Index (CPI), Lebanon ranked 123 out of 168 countries worldwide, and 12 out of 17 Middle East North Africa (MENA) countries, with a score of 28 out of 100 points (whereby zero is considered highly corrupt and 100 the most uncorrupt). Based on its currently ranking, Lebanon remained among the 50 most corrupt countries in the world. 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.

Corruption is reportedly more pervasive in government contracts (primarily in procurement and public works), taxation, and real estate registration, than in private sector deals. The law provides criminal penalties for official corruption but is not implemented effectively. Government security officials, agencies, and police were subject to laws against corruption, bribery and extortion.

An unprecedented anti-corruption campaign by some government ministries, including the Ministries of Public Health (MoPH), Economy and Trade, and of Finance as well as Customs, which started in 2014 continued throughout 2015. Although generally satisfied, many people have adopted a wait-and-see attitude to see how far the campaign will go, including suspending operations and bringing those responsible to justice. The MoPH also released a mobile application and a hotline (1214) allowing citizens to report fraudulent actions to the ministry. The MoET launched the "Consumer Protection Lebanon" mobile application in 2014, adding to the already established consumer protection hotline (1739). The application enhances communication between the ministry and local consumers. It allows users to send and follow complaints and provide them with prompt notifications about ministry decisions and other MoET news. The MoF continued fighting corruption in the customs and real estate departments. It investigated several civil servants for illegal appropriation of public property and embezzlement in the real estate sector as well as intensified port and airport inspections. The ministry also launched a hotline for citizens' complaints on misconduct by ministry employees.

The Lebanese Transparency Association (LTA) established the Lebanon Anti-Bribery Network (LABN) in 2008 in partnership with the Center for International Private Enterprise (CIPE). It re-launched LABN in 2013, for the specific purpose of combating bribery in the country. In 2014, LABN published two handbooks: "Access to Information: Benefit to the Private Sector," and "Administrative Corruption in Lebanon," to help identify obstacles and challenges related to greater transparency and corruption in public administration, respectively. Through LABN, 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. In 2015, LTA published two new handbooks on "Know Your Rights," to empower Lebanese citizens with the necessary tools to fight bribery. The first handbook educates citizens on interacting with the State's Council, while the second covers Lebanon's labor law with a focus on workers' rights and benefits.

The LTA also established the Lebanese Advocacy and Legal Advice Center (LALAC) to inform citizens of their rights and to encourage victims and witnesses to take action against cases of corruption. LALAC operates a hotline for victims and witnesses to report cases of corruption and receive free legal advice and assistance with their case. The program is currently funded by the European Union, the Lebanese Renaissance Foundation, and the CIPE. In March 2013, LTA launched a one-year project entitled "Corruption Investigator," funded by the United States Agency for International Development (USAID). The project facilitated citizens' access to information throughout various media outlets to promote transparency and accountability and to advocate for a democratic community. In 2014, LTA launched two new branches of LALAC in the North and the Bekaa to facilitate citizen's access to make complaints directly to an independent body.

The local NGO Sakker el Dekkene was established in 2013 to raise awareness against corruption though its innovative and interactive advertisement campaigns. It also encourages citizens to report and talk about their own experiences with corruption. For more information, please go to https://www.sakkera.com. In 2015 and 2016, the MoET signed a Memorandum of Understanding with Sakker el Dekene and LTA to promote transparency and reduce the impact of corruption when it occurs.

In 2015, new grassroots movements and campaigns were established to fight against corruption through collective actions in response to the trash crisis, with "You Stink" and "We Want Accountability" among the most prominent of them.

U.S. firms have identified corruption as an obstacle to FDI, including in government procurement, award of contracts, dispute settlement, customs and taxation.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Lebanon ratified the UN Anticorruption Convention in April 2009. Lebanon is not a signatory to the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions.

Resources to Report Corruption

There is no government agency responsible for combating corruption. However, in 2015 and early 2016 the government made efforts to combat corruption across several ministries. The Lebanese Transparency Association monitors corruption.

Lebanese Transparency Association
Sami El Solh Avenue, Manhattan Bldg. 6th Floor
Badaro, Beirut
P.O. Box 50-552, Lebanon
Tel/Fax: +961-1-388113/4/5
Email: info@transparency-lebanon.org.

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 Resource Guide to the U.S. Foreign Corrupt Practices Act*, translations of the statute into numerous languages, documents from FCPA related prosecutions and resolutions, and press releases are available at the U.S. Department of Justice's Website at http://www.justice.gov/criminal/fraud/fcpa and http://www.justice.gov/criminal/fraud/fcpa/guidance .

- The U.S. Securities and Exchange Commission FCPA Unit also maintains an FCPA website, at https://www.sec.gov/spotlight/fcpa.shtml. The website, which is updated regularly, provides general information about the FCPA, links to all SEC enforcement actions involving the FCPA, and contains other useful information.

- General information about anticorruption and transparency initiatives, relevant conventions and the FCPA, is available at the Department of Commerce Office of the General Counsel websitehttp://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives.

- The Trade Compliance Center hosts a website with anti-bribery resources, at http://tcc.export.gov/Bribery. This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions

- 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.

- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/corruption/oecdantibriberyconvention.htm See also Antibribery Recommendation http://www.oecd.org/daf/anti-bribery/oecdantibriberyrecommendation2009.htm and Good Practice Guidance Annex for companies http://www.oecd.org/daf/anti-bribery/44884389.pdf.

- GRECO monitoring reports can be found at http://www.coe.int/t/dghl/monitoring/greco/evaluations/index_en.asp.

- MESICIC monitoring reports can be found at http://www.oas.org/juridico/english/mesicic_intro_en.htm.

- The Asia Pacific Economic Cooperation (APEC) Leaders have also recognized the problem of corruption and APEC Member Economies have developed anticorruption and ethics resources in several working groups, including the Small and Medium Enterprises Working Group, at http://businessethics.apec.org, and the APEC Anti-Corruption and Transparency Working Group, at http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Anti-Corruption-and-Transparency.aspx. For more information on APEC generally, http://www.apec.org.

There are many other publicly available anticorruption resources which may be useful, some of which are listed below without prejudice to other sources of information that have not been included. (The listing of resources below does not necessarily constitute U.S. Government endorsement of their findings.)

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in approximately 180 countries and territories around the world. The CPI is available at http://www.transparency.org/research/cpi/overview. 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/research/gcr.

- The World Bank Institute's Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for 215 economies over the period 1996-2014, for six dimensions of governance (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.aspx#home. 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. See also the World Bank Group *Doing Business* reports, a series of annual reports measuring regulations affecting business activity, available at http://www.doingbusiness.org.

- The World Economic Forum publishes every two years the *Global Enabling Trade Report*, which assesses the quality of institutions, policies and services facilitating the free flow of goods over borders and to their destinations. At the core of the report, the Enabling Trade Index benchmarks the performance of 138 economies in four areas: market access; border administration; transport and communications infrastructure; and regulatory and business environment. See http://www.weforum.org/reports/global-enabling-trade-report-2014.

Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which typically assesses anti-corruption and good governance mechanisms in diverse countries. For more information on the report, see https://www.globalintegrity.org/global-report/what-is-gi-report.

Bilateral Investment Agreements

Bilateral Taxation Treaties

Lebanon does not have a bilateral investment treaty with the United States. However, the United States and the MoET signed a Trade and Investment Framework Agreement (TIFA) in 2006. 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. The EU and Lebanon launched a review of the ENP in 2014 and finalized it in November 2015. Lebanon signed the Convention on Pan-Euro-Mediterranean Preferential Rules of Origin in October 2014 although the document awaits ratification.

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 to establish a free trade area and reduce barriers to the free movement of goods, services, capital, and people between the two countries over the subsequent 10 years. The agreement is not yet ratified. Lebanon also signed the Greater Arab Free Trade Agreement, which gradually replaced the bilateral FTAs signed with Arab countries including Tunisia, Morocco, Egypt, Iraq, Jordan, Syria, Sudan and the Gulf Cooperation Council states. A regional Economic and Trade Association Council between Lebanon, Syria, Jordan, and Turkey was announced in July 2010.

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

Lebanon does not have a bilateral taxation treaty with the United States.

OPIC and Other Investment Insurance Programs

In 1981, Lebanon and the United States signed an Overseas Private Investment Corporation (OPIC) agreement, which did not become operational 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. To date, OPIC has provided USD 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. Lebanon has been a member of the Multilateral Investment Guarantee Agency (MIGA), part of the World Bank, since 1994.

The Central Bank has pegged the average USD value of the local currency at Lebanese Pounds (LBP) 1,507.5 to the dollar since 1998. However, the dollar continues to trade in the business market at LBP 1,500. The BdL has repeatedly expressed its commitment to maintaining a stable currency. With record high foreign assets (excluding gold) of USD 37 billion as of end-March 2016, the BdL has the ability to maintain a stable USD/LBP rate for some time. Lebanon has one of most heavily dollarized economies in the world; as of end-February 2016, 64.7 percent of bank deposits were dollarized. Businesses commonly accept payment (and return change) in a combination of LBP and USD.

Labor

The 1946 Labor Law provides for written and oral contracts and specifies a maximum workweek of 48 hours (with several exceptions, notably agriculture corporations and domestic workers). The legal minimum wage was raised in 2012 to 675,000 Lebanese Liras (USD450) per month. Lebanon is a member of the International Labor Organization (ILO) and signatory to all of its so-called fundamental conventions except on the Freedom of Association and Protection of the Right to Organize. The government mandates local employment, and the Ministry of Labor issues yearly a list of jobs restricted to Lebanese. In January 2015, the Ministry of Labor set the limit of foreigners that NGOs and International NGOs may employ at 10 percent of their total staff. Local unskilled labor is in short supply. Arab (mainly Syrians, Egyptians, and Palestinian), Asian, Indian, and African laborers are hired to work in construction, agriculture, industry, and households.

The law provides for the right of private sector workers to form and join trade unions, strike, and bargain collectively, although the law places a number of restrictions on these rights. Protection against anti-union discrimination is also provided, but enforcement is weak, and anecdotal evidence suggests anti-union discrimination was widespread. 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 strong political bias, the CGTL is sometimes accused of working for its own political interests and of ineffectiveness in fighting for workers' rights. In recent years, other labor groupings, including the Union Coordination Committees, have overshadowed it. Strikes and demonstrations are not uncommon, and are usually aimed at pressuring the government for better employment conditions. However, this has never posed a major risk to investment. The law requires businesses to adhere to safety standards, but it is poorly enforced.

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. The IMF estimated the population at 4.6 million in April, 2016. The World Bank estimates Lebanese unemployment will have doubled to 20 percent between 2012 and 2014, in large part due to the Syria crisis. The Ministry of Labor publicly noted that unemployment has reached 25percent. As of end 2015, the official number of Syrian refuges in Lebanon, based on those registered with the UN High Commissioner for Refugees (UNHCR) reached 1.069 million. However, unofficial figures estimate the number of refugees to be much higher.

Foreign Trade Zones/Free Ports/Trade Facilitation

Foreign-owned firms have the same investment opportunities as Lebanese firms. Lebanon has two duty-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 which granted investors tax exemptions and other privileges. USAID provided technical assistance to the GoL to prepare a feasibility study for Tripoli SEZ (TSEZ) in 2011. On April 9, 2015, the cabinet appointed the TSEZ Authority, and efforts are actively underway to build and develop the zone. The World Bank and IFC are updating the feasibility study as

well as developing a financial model and licensing regime, and the Authority's next step is to develop a business plan.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (USD)	2013	$47.2 B	2015	$51.2 B	www.imf.org/external/pubs/ft/weo/2016/01/
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (USD, stock positions)	2014	$17.38 M	2014	$227 M	BEA
Host country's FDI in the United States (USD, stock positions)	N/A	N/A	N/A	N/A	N/A
Total inbound stock of FDI as % host GDP	2015	58.608 B 14.5%	2015	58.608 B 14.5%	UNCTAD

* The Central Administration of Statistics (CAS)
* The Banque du Liban (BdL) statistics on FDI cover banking and financial sector, insurance, and real estate investment; it doesn't include investment in other sectors.

Table 3: Sources and Destination of FDI

The BdL doesn't have statistics on global FDI with geographical breakdown; its statistics on FDI by country only cover banking and finance, insurance, and real estate investment.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets								
Top Five Partners (Millions, US Dollars)								
Total			Equity Securities			Total Debt Securities		
All Countries	5,290	100%	All Countries	1997	100%	All Countries	3293	100%
United States	1,388	26.2%	United States	730	36.5%	United States	659	20%
United Kingdom	680	12.8%	Bahrain	271	13.5%	United Kingdom	584	17.7%
France	430	8.1%	Jordan	120	6%	France	322	9.7%
Bahrain	322	6%	Saudi Arabia	118	5.9%	United Arab Emirates	192	5.8%
United Arab Emirates	256	4.8%	Luxembourg	116	5.8%	Cayman Islands	171	5.1%

Source: IMF Coordinated Portfolio Investment Survey, June 2015.

Contact for More Information on the Investment Climate Statement

Beirutembassyinvestment@state.gov

Trade and Project Financing

Methods of Payment

Lebanon has no restrictions on currency conversions and transfers, and no foreign exchange controls affect trading. Around 36 percent of international trade is financed through letters of credit, and the remaining portion is financed through direct transfers. No credit rating agencies or collection agencies currently operate in Lebanon. Banks and sovereign Eurobonds are the only entities rated by international rating agencies. There were 724,646 credit and charge cards registered in Lebanon, and 2,030,011 debit and prepaid cards as of December 2015.

Banking System

Lebanon has one of the most sophisticated banking sectors in the region. The Lebanese Central Bank – the Banque du Liban (BdL) regulates all financial institutions and money exchange houses. In November 2015, Lebanon passed Law No. 44 on Fighting Money Laundering and Terrorist Financing (amending Law No. 318 dated April 2001). The law strengthened Lebanon's framework for combating money laundering and terrorist financing, 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. The government's 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 LBP 5 million (about USD 3,317) of Lebanese and foreign currency deposits in commercial banks. Bank's financial statements are in compliance with international accounting standards. Independent auditors audit annual accounts, and most banks utilize internationally recognized accounting firms.

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), Lebanese banks may request additional information from U.S. citizens seeking to open accounts. Lebanese banks are fully compliant with FATCA. Lebanon complies with international Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) standards.

Foreign Exchange Controls

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

U.S. Banks & Local Correspondent Banks

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

CITIBANK N.A.
Berytus Park, Park Avenue
Bloc A, 3rd floor
Beirut Central District
P.O.Box 11-1535
Beirut, Lebanon
Tel: 961-1-962440
Fax: 961-1-962447
http://www.citigroup.com

BNY MELLON (Representative Office)
Atrium Bldg, 3rd floor
Conrer Maarad-Weygand Street

Beirut, Lebanon
Tel: 961-1-988788
Fax: 961-1-989001
http://www.bnymellon.com

JP MORGAN CHASE BANK (Representative Office)
Gefinor Center, Bloc B, 16th floor, Suite No.1601
Clemenceau Street,
Beirut, Lebanon
P.O.Box 11-5133
Beirut, Lebanon
Tel: 961-1-739583
Fax: 961-1-739581
http://www.jpmorganchase.com

Below is a list of the largest banks (ranked by assets as of March 2016) that have correspondent U.S. banking arrangements:

BANK AUDI S.A.L.
Bank Audi Plaza, Bab Idriss

P.O.Box 11-2560
Beirut, Lebanon
Tel: 961-1-994000
Fax: 961-1-990555
http://www.banqueaudigroup.com
BLOM BANK S.A.L.

BLOM Bank Bldg.
Rashid Karameh Ave., Verdun
P.O.Box: 11-1912
Beirut, Lebanon
Tel: 961-1-738938; 961-1-743300
Fax: 961-1-343092
http://www.blombank.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: 961-1-334554
http://www.byblosbank.com.lb

FRANSABANK S.A.L.
Fransabank Center,
Hamra Street
P.O.Box: 11-0393
Beirut, Lebanon
Tel: 961-1-745978-9
Fax: 961-1-351030
http://www.fransabank.com

SOCIETE GENERALE DE BANQUE AU LIBAN
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

BANK OF BEIRUT S.A.L.
Bank of Beirut Bldg
Foch Street, Beirut Central District,
P.O.Box: 11-7354
Beirut, Lebanon
Tel: 961-1-958000
http://www.bankofbeirut.com.lb

BANKMED S.A.L.
Bankmed Center
482 Clemenceau Street
P.O.Box: 11-0348
Beirut, Lebanon
Tel: 961-1-373937
Fax: 961-1-362706
http://www.bankmed.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: 961-1-440183
http://www.eblf.com

CREDIT LIBANAIS S.A.L.
Credit Libanais Tower
Corniche El Nahr
P.O.Box: 16-6729
Beirut, Lebanon
Tel: 961-1-608000
Fax: 961-1-608162
http://www.creditlibanais.com.lb

BBAC S.A.L.
BBAC Bldg., 250 Clemenceau Street
Beirut, Lebanon
Tel: 961-1-366630
Fax: 961-1-365200
http://www.bbacbank.com

IBL S.A.L.
Al Ittihadiah Bldg
Charles Malek Avenue
P.O.Box 11-5292
Beirut, Lebanon
Tel: 961-200350 - 334102
Fax: 961-1-204505
http://www.ibl.com.lb

FIRST NATIONAL BANK S.A.L.
Allenby Street, Marfaa 147
Beirut Central District
P.O.Box 11-435Beirut, Lebanon
Tel: 961-1-963000
Fax: 961-1-973090
http://www.fnb.com.lb

LEBANON AND GULF BANK S.A.L.
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http://www.creditbank.com

Source: *Bankdata Financial services; Association of Banks in Lebanon (ABL)*

Project Financing

Project financing in Lebanon comes from various sources and is not always clearly defined. The Council for Development and Reconstruction (CDR), the government's executive body for redevelopment, has a total of USD 2.35 billion in loans and agreements ratified by parliament but not yet disbursed, and approximately USD 680 million in loans (including financing for the private sector) awaiting parliament's approval. The CDR has a limited absorptive capacity and targets annual spending at around USD 750 million. About 30 foreign financing sources are involved in CDR's reconstruction and development plan, but 12 main financing sources have contributed over 90 percent of the agency's total foreign financing. These primary contributors include the World Bank, the Arab Fund for Economic and Social Development, the European Investment Bank, the Islamic Development Bank, and the Governments of Saudi Arabia, Italy, and France.

Lebanon's banking sector also provides project finance facilities to Lebanese and international companies carrying out projects in Lebanon. The process involves reviewing the project at hand, carrying out a commercial, financial and legal due diligence on the obligor and sponsor before structuring the facility. Typical security packages include real estate mortgages over the land and assets; in addition to an assignment of all project documents, cost and completion guarantees from the sponsor and corporate guarantees from the sponsors that are released once specified milestones are reached.

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (World Bank)

The U.S. Commercial Service maintains Commercial Liaison Offices in all of the main Multilateral Development Banks, including the World Bank. These institutions lend billions of dollars to developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Office to the World Bank (http://export.gov/worldbank).

Web Resources

Commercial Liaison Office to the World Bank: http://export.gov/worldbank.

Financing Web Resources

Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team http://www.export.gov/tradefinanceguide/index.asp.Export-Import Bank of the United States http://www.exim.gov.
Country Limitation Schedule http://www.exim.gov/tools-for-exporters/country-limitation-schedule.
OPIC http://www.opic.gov.
U.S. Trade and Development Agency http://www.ustda.gov.
SBA's Office of International Trade http://www.sba.gov/oit.
USDA Commodity Credit Corporation http://www.fsa.usda.gov/about-fsa/structure-and-organization/commodity-credit-corporation/index.
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/eng/home.asp.

Business Travel

Business Customs

Lebanese are to some extent formal in their business dealings, but will concurrently 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 Lebanese Arabic, French or English.

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

Travel Advisory

U.S. companies and visitors are advised to carefully assess the situation in Lebanon by consulting the Department of State's Travel Warning and its Consular Information Sheet at http://travel.state.gov/content/passports/english/country/lebanon.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 in Beirut through the State Department's Smart Traveler Enrollment Program (STEP) website https://step.state.gov/step.

Visa Requirements

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 a free one-month validity visa renewable for three months upon arrival at the Beirut Rafic Hariri International Airport (Beirut-RHIA):

Andorra – Antigua and Barbuda – Argentina – Armenia – Australia – Austria – Azerbaijan – The Bahamas – Barbados – Belarus – Belgium – Belize – Bhutan – Brazil – Bulgaria – Canada – Chile – China Rep – Czech Republic – Costa Rica – Croatia – Cyprus – Denmark – Dominican Republic – Estonia – Finland – France – Great Britain - Georgia – Germany – Greece – Hong Kong – Hungary – Iceland – Ireland – Islamic Republic of Iran - Italy – Japan – Kazakhstan – Kyrgyzstan – Latvia – Lithuania – Liechtenstein – Luxembourg – Macedonia – Macau – Malaysia – Malta – Mexico – Moldova – Monaco – Montenegro – Netherlands – New Zealand – Norway – Palau – Panama – Peru – Poland – Portugal – Russia – Romania – Saint Kitts & Nevis – Samoa – San Marino – Serbia– Singapore – Slovakia – Slovenia – South Korea – Spain – Sweden – Switzerland – Tajikistan – Turkmenistan – United States of America – Ukraine – Uzbekistan –Venezuela and Yugoslavia.

More information is available at http://www.general-security.gov.lb/Entry_visa/sub4.aspx.

Travelers holding passports that contain visas or entry/exit stamps from Israel may be denied entry into Lebanon and subject to detention or imprisonment. Individuals seeking entry into Lebanon who have

previously traveled to Israel may face arrest and/or detention even if the travel documents they are currently using do not have Israeli stamps or visas. Holders of Arab passports that possess passports with Israeli stamps or visas may be subject to arrest and imprisonment. Travelers, including dual national Lebanese, suspected of having traveled to or via Israel may also be subject to interrogation or detention.

U.S. companies in Lebanon that require travel of foreign businesspersons to the United States should be advised that administrative processing may be required, which can delay issuance of the visa. Travelers should try to apply as early as possible for a visa. Applicants should go to the following links.

Department of State Visa Website: https://travel.state.gov/content/travel/en.html.
U.S. Embassy in Lebanon website: http://lebanon.usembassy.gov.

Currency/Money

The monetary unit in Lebanon is the Lebanese Pound (LBP), also called the lira. There are no exchange controls, and U.S. dollars circulate freely. Cash and credit cards are the most common method of payment in Lebanon, but payment by check or bank transfer is also possible. Bank ATM machines are widespread, and cash may be withdrawn in Lebanese pounds or U.S. dollars.

Telecommunications/Electricity

International calls are expensive. The public phone network managed by public operator OGERO is generally reliable. Lebanon has two GSM networks that are owned by the government but 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 around USD 20 (including 10 percent Value Added Tax (VAT) charges) for limited access, and is also accessible to visitors at many hotels and internet cafes. DSL, ADSL, HDSL and wireless broadband internet connections are available in most of the hotels in Lebanon, though the service is slower than what is commonly available in the United States. 3G services are available across the country while 4G services are available but still limited.

The standard voltage in Lebanon is between 220V - 240V, as in Europe. This requires a power converter since the standard voltage in the U.S. is in the range of 100V - 127V. The frequency in Lebanon is 50 Hz and the power sockets used are of type C / D / G.

Transportation

Lebanon lacks adequate public transportation, but private, un-metered taxis and shared cabs are abundant in and around the capital. Rental cars are readily available at a daily cost starting at USD 23, 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

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

Health

Most pharmaceuticals and health-related products are readily available in the local market. American companies such as Abbott Laboratories, Eli Lilly, Janssen-Cilag, Pfizer, and Merck Sharp & Dohme (MSD) 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 a locally accepted health insurance coverage.

Local Time, Business Hours and Holidays

Local time is GMT +3 from March 29 till October 23, 2016, and GMT +2 from October 24 till March 28, 2017.

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 Saturday

Bank counters are generally open on the following schedule:
- 8:30 a.m. - 3:00 p.m. Monday through Friday
- 8:30 a.m. - 12:00 p.m. Saturday

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

The following dates are considered holidays in Lebanon during 2016:

January 1:	New Year's Day
January 6:	Christmas Day – Armenian Orthodox
March 25:	Good Friday (Western Rite)
April 29:	Good Friday (Eastern Rite)
May 2:	Labor Day
July 6:	Feast of Ramadan (Al-Fitr)
August 15:	Assumption Day
September 11:	Feast of Eid Al-Adha
October 2:	Islamic New Year (Al-Hejra)
November 22:	Independence Day
December 11:	Prophet Birthday
December 26:	Christmas Day

Temporary Entry of Materials or Personal Belongings

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

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

More information is available on
http://www.customs.gov.lb/customs/laws_regulations/Trader_guides.asp.
http://www.ccib.org.lb/en/?p=post&id=16.

Travel Related 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 Post and Telecommunications: http://www.mpt.gov.lb.
Ministry of Economy and Trade http://www.economy.gov.lb.
Department of State Visa website http://www.ustraveldocs.com.
U.S. Embassy in Lebanon http://lebanon.usembassy.gov.

Leading Sectors for U.S. Exports and Investments

Apparel

Overview

Lebanon has traditionally attracted a large number of Arab tourists and Lebanese expatriates who significantly boost retail activity in the country, resulting in the steady growth in the apparel sector. The continuing political and security uncertainty in Lebanon due to the spillover effects from the Syrian crisis has decreased the number of Arab tourists coming to Lebanon. However, the crisis in Syria has forced hundreds of thousands of Syrian nationals to move to Lebanon. This has strengthened the consumption power in several sectors in Lebanon and impacted the growth of the apparel industry.

U.S. apparel exports to Lebanon reached USD 15 million in 2015, constituting around three percent of total apparel imports to Lebanon. Many U.S. brands, including American Eagle Outfitters, GAP, Gymboree, Juicy Couture, Michael Kors, Marc Jacobs, Nautica, Nike, Polo Ralph Lauren, Rock and Republic , 7 for All Mankind , Steve Madden, Tommy Hilfiger, Tory Burch, and True Religion , Under Armour, are available in the Lebanese market.

Sub-Sector Best Prospects

Demand for casual wear in Lebanon is high. Consequently, demand for U.S. apparel is expected to grow, as 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

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

Web Resources

Lebanese Customs Authority: http://www.customs.gov.lb.
U.S. Commercial Service: http://www.export.gov/lebanon.

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

	2014	2015	2016 (Estimate)	2017 (Projection)
Market Size	634,000	677,000	708,000	708,000
Local Production	210,000	210,000	210,000	210,000
Imports	508,000	532,000	555,000	555,000
Exports	84,000	65,000	57,000	57,000
Total Market Size	634,000	677,000	708,000	708,000
Imports from the U.S.	9,000	15,000	15,000	15,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Unit: USD thousands
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Lebanese Customs statistics – Section 11 / Chapters 61, 62.

Automotive

Overview

The size of the automotive market in Lebanon witnessed an increase of 12 percent in 2015, with total imports valued at USD 1.646 billion. U.S. automotive exports to Lebanon increased by 24 percent in 2015 to reach USD 273 million, representing 16.5 percent of total Lebanese automotive imports.

Sub-Sector Best Prospects

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 the ability of SUVs to withstand poor road quality conditions 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 are increasing because they have demonstrated a quality advantage over foreign competitors.

Opportunities

The U.S. Commercial Service provides a wide range of services, including Gold Key Service and 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.

Web Resources

Lebanese Customs Authority: http://www.customs.gov.lb.
U.S. Commercial Service: http://www.export.gov/lebanon.
Contact for the Commercial Section that covers the automotive sector: Naaman Tayyar, Head of Commercial section, Email: Naaman.Tayyar@trade.gov.

	2014	2015	2016 (Estimate)	2017 (Projection)
Market Size	1,444,000	1,627,000	1,524,000	1,524,000
Local Production	0	0	0	0
Imports	1,473,000	1,646,000	1,539,000	1,539,000
Exports	29,000	19,000	15,000	15,000
Total Market Size	1,444,000	1,627,000	1,524,000	1,524,000
Imports from the U.S.	219,000	273,000	258,000	258,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Unit: USD thousands
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)Data Sources: Lebanese Customs statistics – Section 17 / Chapter 87

Medical Equipment

Overview

According to the Lebanese Customs Authority, Lebanon's imports of medical equipment reached USD 275 million in 2015, out of which USD 65 million were imported from the United States. Total medical equipment imports to Lebanon decreased by six percent in 2015 compared to 2014, consequently U.S. market share decreased by three percent. According to local experts, medical equipment imports into Lebanon during 2017 are expected to stay at 2016 level, partly due to the presence of Syrian refugees in Lebanon, many of whom require medical assistance.

Sub-Sector Best Prospects

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

Opportunities

Lebanon is an ideal location for establishing a regional office to cover the Levant, including Iraq. The Lebanese market has traditionally been used as a platform for testing U.S. products prior to introducing them to the rest of the Levant market.

The U.S. Commercial Service provides a wide range of services including Gold Key Service and 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 Lebanon.

Web Resources

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

	2014	2015	2016 (Estimate)	2017 (Projection)
Market Size	286,000	269,000	262,000	262,000
Local Production	1,000	1,000	1,000	1,000
Imports	293,000	275,000	267,000	267,000
Exports	8,000	7,000	6,000	6,000
Total Market Size	286,000	269,000	262,000	262,000
Imports from the U.S.	67,000	65,000	57,000	57,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Unit: USD thousands
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Lebanese Customs statistics – Section 18 / Chapter 90

Pharmaceuticals

Overview

With more than 50 pharmaceutical importers, Lebanon is the leading market for imported pharmaceutical drugs in the Levant. The pharmaceutical market in Lebanon is valued at over USD one billion, 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. As a result, imports constitute over 95 percent of the total available pharmaceutical products in the market.

According to the Lebanese Customs Authority, total pharmaceutical imports into Lebanon reached USD 1.2 billion in 2015, of which USD 120 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 one of the biggest challenges. 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

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

Opportunities

There are no specific opportunities or trade events in Lebanon geared to promote U.S. pharmaceutical products. The U.S. Commercial Service provides a wide range of services, including Gold Key Service and 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.

Web Resources

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

	2014	2015	2016 (Estimate)	2017 (Projection)
Market Size	1,122,000	1,179,000	1,183,000	1,183,000
Local Production	19,000	19,000	19,000	19,000
Imports	1,141,000	1,200,000	1,212,000	1,212,000
Exports	38,000	40,000	48,000	48,000
Total Market Size	1,122,000	1,179,000	1,183,000	1,183,000
Imports from the U.S.	113,000	120,000	153,000	153,000
Exchange Rate: 1USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Unit: USD thousands
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Lebanese Customs statistics – Section 6 / Chapter 30

Safety / Security Equipment

Overview

Due to the ongoing political and security uncertainty, Lebanon's demand for products and services related to internal security remains high and is expected to grow steadily in the coming years. The safety and security market in Lebanon is dominated by government agencies, which are represented by the Ministry of Interior, Ministry of Defense, Lebanese Armed Forces, Internal Security Forces, Directorate of General Security, Civil Defense Directorate, Lebanese Customs Authority, Beirut-Rafic Hariri International Airport, Central Bank of Lebanon, Beirut Port, and the Civil Aviation Authority.

To do business in the safety and security market in Lebanon, American companies are advised to find a local representative, especially when working with the government agencies. They also need to determine through appropriate U.S. government agencies whether their products need an export license before shipping. Export licenses are issued either by the Department of State or the Bureau of Industry and Security at the Department of Commerce, depending on the product and end use of the product. For further information, please consult the U.S. Department of Homeland Security's Bureau of Industrial Security at http://www.bis.doc.gov.

Sub-Sector Best Prospects

According to industry sources, in addition to arms and ammunitions which are purchased only by government agencies and authorities (except for a small market for hunters), there is high demand in the private sector for CCTV and surveillance systems, access control and alarm signaling equipment, metal detectors, x-ray and handheld scanners, firefighting and fire protection systems, safety and property security systems, anti-bank fraud software, and electronic security.

Opportunities

Given the ongoing political and security uncertainty in Lebanon due to spillover effects from the Syrian crisis, demand for safety and security equipment and services within the public and private sectors remains high. Private sector entities include shopping malls, hotels, banks, universities, residences, and private security companies.

Although Lebanon is a price sensitive market, quality is an important factor, particularly in safety and security equipment. The increasing demand for high-quality security equipment and services gives a big advantage to American companies, which enjoy an excellent reputation in Lebanon due to their high reliability.

Web Resources

Lebanese Customs Authority: http://www.customs.gov.lb.
U.S. Commercial Service: http://www.export.gov/lebanon.
Contact for the Commercial Section that covers the safety and security sector: Naaman Tayyar, Head of Commercial Section, Email: Naaman.Tayyar@trade.gov.

	2014	2015	2016 (Estimate)	2017 (Projection)
Market Size	23,000	24,000	21,000	21,000
Local Production	0	0	0	0
Imports	23,000	24,000	21,000	21,000
Exports	0	0	0	0
Total Market Size	23,000	24,000	21,000	21,000
Imports from the U.S.	1,000	4,000	9,000	9,000
Exchange Rate: 1 USD	LBP1507.5	LBP1507.5	LBP1507.5	LBP1507.5

Unit: USD thousands
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources: Lebanese Customs statistics –Chapter 93 (arms and ammunitions).

Agricultural Sectors

Overview

According to Lebanese Customs' statistics (chapters 1-24), Lebanon's total agricultural imports reached USD 3.340 billion in 2015, of which USD 116 million, or 3.5 percent were from the United States. Major U.S. agricultural exports to Lebanon include edible fruits and nuts (USD 36 million), miscellaneous edible preparations (USD 23 million), residues from the food industries (USD 16 million), cereals (USD six

million), animal or vegetable fats and oils (USD five million), meat (USD three million), beverages, spirits, and vinegar (USD three million), and dairy products (USD two million).

Web Resources

Lebanese Customs Authority: http://www.customs.gov.lb.
Contact for the Commercial Section that covers the agriculture sector: Naaman Tayyar, Head of Commercial Section, Email: Naaman.Tayyar@trade.gov.