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fourth quarter 2009

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LEBANON'S MACROECONOMIC PERFORMANCE IN 2009

[EXECUTIVE SUMMARY]

Lebanon's Macroeconomy has recorded better results in 2009 relative to those in the last year:

- Industrial exports surged by 26%.
- The value of property sales grew by 8.2%.
- The number of tourists increased by 38.9%.
- The number of passengers at the HIA grew by 22%.
- The number of ships at the Beirut Port increased by 16.5%.
- The amount of cleared checks increased by 7.4%.
- The fiscal deficit increased by 1.3% only.
- The net public debt increased at a moderate rate of 6.3%.
- The Central Bank's gross foreign assets increased by USD 8.6 billion to USD 28.3 billion.
- The banking sector's total assets grew by 22.3% to USD 115.12 billion.
- The BSE market capitalization increased by 34% to USD 12.8 billion.
- The trade deficit widened by only 1.6% to USD 12.8 billion.
- Capital inflows surged by 26.2% to USD 20.66 billion.
- The balance of payments recorded a substantial surplus of USD 7.9 billion in 2009.

[INTRODUCTION]

The Lebanese Macroeconomy achieved impressive growth in 2009 following a strong performance in 2008. The real sector's performance was better, as indicated by enhanced indicators of the leading sectors.

The public finances have improved with lower deficit ratio, higher primary surplus, and slowing public debt growth.

The monetary situation has continued its stability, accompanied by a growing banking sector and increased liquidity.

The balance of payments achieved a large surplus supported by surging capital inflows.

The Macroeconomy is posed to continue its growth in 2010 as political conditions remain favorable, and economic conditions continue to be good.

[I. REAL SECTOR]

The real sector activity has improved in 2009, as compared to 2008, which is clearly reflected in the evolution of its indicators that are mentioned below:

1. Agriculture and Industry Sectors

Based on the figures released by the Higher Customs Council, Lebanon's agricultural exports decreased by 7.2%, to reach an amount of USD 154 million in 2009, relative to USD 166 million in 2008.

Consequently, the agricultural trade deficit rose by 7% in 2009, affected by the increase in agricultural imports, to reach an amount of USD 1,361 million.

Industrial exports increased by 26% relative to 2008 to reach an amount of USD 4.16 billion in 2009. Imports of industrial machinery, on the other hand, increased by around 6% in 2009, to reach an amount of USD 182.5 million.

2. Real Estate

According to the figures released by the Directorate of Real Estate, the number of property sales operations reached 83,622 transactions in 2009, a 2.3% increase from the previous year. Its value also increased by 8.2% relative to 2008, to reach an amount of USD 7.1 billion in 2009, along with an average value per sale of USD 83,914, an increase of 5.8% than the average of 2008.

Figures released by the Central Bank showed that cement deliveries rose by 16.5% in 2009, reaching 4.9 million tons, which reflect the increased activity in the construction sector. Whereas, construction permits decreased, as mentioned in the figures released by the Order of Engineers of Beirut and Tripoli, by 10.8% from 2008, to reach an amount of 14.3 million square meters in 2009.

3. Tourism

In 2009, the number of incoming tourists to Lebanon has increased by 38.9% in 2009, reaching 1.86 million as compared to 1.34 million tourists in 2008, which is considered as the new record in the tourism sector.

Whereas taking nationality into consideration, the incoming tourists were divided as follows: Arab tourists accounted for 42.5% of total visitors in 2009, followed by tourists from Europe with 24.5%, the Americas with 2.3% and Asia with 14.3%.

4. Airport Activity

Figures released by the Hariri International Airport (HIA) demonstrate that passengers' activity witnessed a 22% increase in 2009 relative to 2008, reaching 4.99 million passengers using the HIA.

5. Port of Beirut:

According to the Port of Beirut that handles the majority of the country's imports and exports, the number of ships was 2,395 in 2009, which is higher by 16.5% as compared to 2008.

The total tonnage of loaded and unloaded merchandise at the Port increased by 10.1% from 2008, to reach 6.33 million tons. Also the revenues generated by the Port reached USD 163.5 million with an increase of 23.3% as compared to 2008.

6. Clearing Activity

According to the Association of Banks in Lebanon, the amount of cleared checks increased by 7.4% in 2009 as compared to 2008, reaching USD 56.4 billion. The dollarization rate of the cleared checks for the year was 80.3%, as compared to 82.2% in 2008.

7. Customs Receipts

Based on the figures of the Higher Customs Council, the overall customs receipts in 2009 were USD 1.8 billion, an increase of 65.1% from 2008.

8. Hotel Occupancy

According to the survey conducted by Ernst & Young, the occupancy rate at hotels reached 73% in 2009, an increase by 20% as compared to 53% in 2008. Furthermore, revenues per available room increased by 31.1% as compared to 2008, reaching a value of USD 230.

9. Kafalat Loan Guarantee

Based on the figures released by the Kafalat corporation, loans under the guarantee of Kafalat increased by 10.4% in 2009, reaching USD 139.6 million, as compared to USD 126.5 million in 2008. The number of loan guarantees reached 1,050 in the said period, as compared to 908 in the previous year. The average loan size reached USD 136,964 in 2009, as compared to USD 138,952 in 2008.

10. Car Sales

The Association of Automobile Importers in Lebanon indicates that a total of 32,177 new cars were sold in 2009, compared to 33,428 cars sold in 2008, a decrease of 3.7%.

REAL SECTOR'S INDICATORS

INDICATORS	2009	2008	VARIATION
Agricultural Exports (USD, Million)	154	166	-7.2%
Industrial Exports (USD, Million)	4.16	3.3	26%
Number of Property Sales	83,622	81,699	2.3%
Cement Deliveries (in millions of tons)	4.58	3.93	16.5%
Construction Permits (in millions Square Meters)	14.36	16.07	-10.6%
Number of Tourists	1,851,081	1,332,551	38.9%
Number of Passengers at HIA (in millions)	4.99	4.09	22.0%
Number of ships at Beirut Port	2,395	2,056	16.5%
Cleared Checks (in USD billions)	56.4	52.51	7.4%
Dollarization Rate of Cleared Checks	80.3%	82.2%	—
Customs Receipts (in USD billions)	1.80	1.09	65.1%
Hotel Occupancy Rate	73%	53%	—
Car Sales	32,177	33,428	-3.7%

Sources: Official Departments

[II. PUBLIC FINANCES]

Public finances have improved year-on-year, with a lower fiscal deficit ratio, slowdown in public debt growth, and higher primary surplus.

1. Fiscal Deficit

According to the Finance Ministry, the fiscal deficit has increased by 1.3% from 2008, to reach an amount of USD 2.96 billion in 2009. Overall government revenues have increased by 20.4%, to reach USD 8.43 billion, after the improvement in tax revenues that increased by 24.9% from 2008. While total government expenditures increased by 14.8% from 2008, to reach an amount of USD 11.39 billion in 2009.

Excluding debt servicing, the primary surplus reached USD 1.08 billion, compared to a surplus of USD 598 million in 2008.

2. Public Debt

According to the Ministry of Finance, the gross public debt increased by 8.7% from 2008, to reach an amount of USD 51.1 billion in 2009.

Local currency gross debt reached USD 29.84 billion in 2009, up by 15.3% from 2008. While foreign debt reached an amount of USD 21.26 billion in 2009, an increase by 0.5% from 2008.

Net public debt (after excluding the public sector deposits at commercial banks and the central bank from gross public debt) reached an amount of USD 44.1 billion in 2009, with an increase of 6.3% from 2008.

PUBLIC FINANCE'S INDICATORS (USD, BILLIONS)

INDICATORS	2009	2008	VARIATION
Public Revenues	8.4	6.98	20.4%
Public Expenditures	11.4	9.93	14.8%
Deficit	2.96	2.92	1.3%
Primary Surplus	3.4	2.7	25.93%
Gross Public Indebtedness	51.1	47	8.7%
Net Public Debt	44.1	41.49	6.3%

Sources: Ministry of Finance and Central Bank

[III. MONETARY SITUATION]

The Monetary Situation has continued its stability owing to better economic conditions and the prevailing monetary stabilization policy of the Central Bank.

1. Market Stability

The USD/LBP exchange rate showed a firm stability with an unchanged rate of USD/LBP at 1,507.5. The increasing of 43% of the Lebanese Central Bank gross foreign assets strengthened the prevailing monetary stabilization policy. The growth in Money Supply M3, from USD 67.08 billion in 2008 to USD 81.04 billion in 2009, demonstrated a higher liquidity.

2. Consumer Prices

In 2009, the Consumer Price Index (CPI) reached 3.4%, a significant drop compared to 10.74% in 2008. This decrease in CPI was mainly due to the decline in commodity prices worldwide, and a better local economic stability.

3. Central Bank Foreign Assets

The Central Bank's foreign assets increased by USD 8.57 billion in 2009, 43% higher than 2008, to reach USD 28.3 billion. The Central Bank's gold reserves increased to USD 10.79 billion in 2009, an increase of 25% from 2008, and the deposits of the financial sector rose by 34% from 2008, reaching a value of USD 37.78 billion.

4. Credit and Debit cards

According to the Central Bank of Lebanon, the issuance of debit and credit cards reached 1.63 million cards in 2009, a 4.5% increase from 2008.

MONETARY SITUATION'S INDICATORS

INDICATORS	2009	2008	VARIATION
USD/LBP Exchange Rate	1,507.5	1,507.5	0.0%
CB Gross Foreign Assets (in USD billions)	28.3	19.7	43%
Money Supply M3 (in USD millions)	81.04	67.08	20.81%
Price Index (Inflation Rate)	3.4%	10.74%	-7.34%
Number of credit and debit cards issued (in millions)	1.63	1.56	4.5%

Sources: Central Bank and Association of Banks of Lebanon

[IV. FINANCIAL SECTOR]

The banking sector has continued its impressive growth in 2009 relative to the previous year, and the activity of the BSE has improved.

1. Banking Sector

The Lebanese banking sector has continued its outstanding performance in 2009, with a high rate of growth in all of its components. Its total deposits grew by 22%, to reach USD 115 billion, with an average monthly increase of between USD 1.5 to USD 2 billion. Total Loans to the private sector grew by 13.3% in 2009 to reach USD 28.4 billion, compared to USD 25.1 billion in 2008.

Total assets grew by 22.3% in 2009 from a year earlier, reaching USD 115.12 billion, compared to USD 94.13 billion in 2008. Total capital, on the other hand, reached USD 19.23 billion, an increase of 18.3% over 2008

BANKING SECTOR'S INDICATORS (IN USD BILLION)

INDICATORS	2009	2008	VARIATION
Total Assets	115.12	94.13	22.3%
Total Deposits	95.8	77.8	23.1%
Total Capital	19.32	16.33	18.3%
Credit to Private Sector	28.4	25.1	13.2%

Sources: Central Bank and Association of banks of Lebanon

2. Capital Market

According to the figures of the Beirut Stock Exchange, Market capitalization rose by 34%, to reach USD 12.8 billion. The total trading volume reached 102.6 million shares, a slight decrease of 3% over 2008. The average daily trading volume index decreased to 422,175 shares in 2009, compared to 439,766 shares in 2008.

The Eurobond market performed well in 2009, with yields continuing to fall. The demonstrated confidence in Lebanon's debt market is also showed in the 5 year CDS levels, which have narrowed to 274.78 from 545 in 2008

BSE INDICATORS

INDICATORS	2009	2008	VARIATION
Market Market Capitalization (in USD millions)	12,800	9,553	34%
Total Trading Volume (in millions shares)	102.6	105.8	-3%
Market Liquidity	8.1%	17.8%	
Total Aggregate Turnover (in USD billions)	1.0	1.7	-41.17%
Average Daily Traded Volume (shares)	422,175	439,766	-4%
Average Daily Value (in USD millions)	4.3	7.17	-40%

Sources: BSE and Central Bank of Lebanon

[V. FOREIGN SECTOR]

The balance of payments recorded a substantial surplus due to growing capital inflows, while trade conditions were little changed from 2008.

1. Foreign Trade:

Exports and Imports continue to show a solid activity in 2009 with a total amount of USD 19.70 billion. Exports increased to USD 3.5 billion in 2009, from USD 3.49 billion in 2008. Imports also increased to USD 16.2 billion from USD 16.09 billion in 2008. As a result, the trade deficit was at USD 12.8 billion as compared to USD 12.6 billion in 2008.

2. Capital Inflows

Capital inflows to Lebanon amounted to USD 20.66 billion in 2009, an increase of 26.2% from 2008. This is due to non-residents deposits inflow as well as foreign direct investment and cash transfers to tourists visiting Lebanon.

3. Balance of Payments

The balance of payments registered a surplus of USD 7.9 billion in 2009, as compared to USD 3.46 billion in 2008, a 128.4% increase over the year, due to the rise in foreign assets into the country's banking system. The cumulative surplus in the balance of payments in 2009 was driven by the increase in the Central Bank's net foreign assets, a result it indicates a heavy inflow of capital into the country from the recovering tourism activity and the return of Lebanese expatriates to their home country for the summer season.

FOREIGN SECTOR'S INDICATORS (USD, BILLIONS)

INDICATORS	2009	2008	VARIATION
Exports	3.5	3.49	0.29%
Imports	16.3	16.09	1.3%
Trade Deficit	12.8	12.6	1.6%
Re-Exports	0.144	0.185	-22.16%
Capital Inflows	20.66	16.37	26.20%
Balance of Payments	7.9	3.46	128.40%

Sources: Higher Customs Council and Central Bank of Lebanon

[VI. ECONOMIC PROSPECTS]

Given the flourishing tourism sector, the real estate growth, the booming financial services sector and the continuing political stability, expectations are for double digit growth for 2010.

Based on Merrill Lynch projections, Lebanon economic growth is expected to be at 10% in 2010, which the third highest growth rate in the Europe, Middle East and Africa (EMEA) region. It also forecasted that the consumer price index will be at an average 4.5% in 2010, constituting the sixth lowest inflation rate among the covered EMEA economies. Further, Merrill Lynch projected the fiscal balance to post a deficit of 8.2% of GDP in 2010, down from 9% of GDP in 2009.

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REPORT

STUDY

THE INDUSTRY SECTOR IN LEBANON FACES THE CHALLENGES OF MODERN COMPETITIVE STANDARDS

[EXECUTIVE SUMMARY]

Industry is one of the main sectors for motivating growth, and a prime engine for it. The experience of growth has demonstrated worldwide that the rise of the industrial sector's share in GDP is accompanied by a comprehensive growth in the country.

Handling the problems of industry will not only assist the industrial sector in passing its current ordeal, but it will also help the national economy in restoring natural growth, and utilizing all its available resources to achieve this level of growth.

The Lebanese industrial sector is witnessing a misfortune paradox, whereby its figures indicated an increase in exports for the last ten years. On the other hand, facts showed that many industrial enterprises have stumbled and closed, despite the fact that the Lebanese economy offers the required financial and human resources for a sustainable economic renaissance, especially in productive sectors.

This indicates the presence of internal obstacles impeding the economic cycle, most notably the energy pricing placed by the government. This has assisted a number of sectors that depend mainly on energy for their production, including industry; face difficult situations due to the dependence on raw materials with prices that does not reflect the real ones in international markets.

[INTRODUCTION]

The industry sector in Lebanon flourishes in a difficult working environment, governed by the terms of accession to the WTO, particularly those related to production policies and subsidies, the most-favored-nation treatment, and reciprocal trade. Restrictions against the development of the manufacturing industry also include the decline in global demand for commodities, especially the industrial goods produced in developing countries. The low technological content and value added in local manufactured productions, along with the low competitiveness of Lebanese products vis-à-vis products from neighboring countries, have also amplified the impediments facing the development of a strong industrial base in Lebanon. Other local business environment challenges include prevailing bottlenecks in the macro-economic policies, the absence of a national manufacturing policy, along with high transaction costs associated with the manufacturing, marketing and exporting processes. Within this framework, the Lebanese private sector yet continues to further strengthen its quest for the advancement of national manufacturing industry, by promoting its quality and competitive edge, and expanding the network of trading partners.

On another note, the Lebanese industry has been successful in various fields and has reaped numerous awards in international exhibitions. For example, in 2007, a Lebanese emerging winery company won 7 awards in Europe for the quality of production. Also, a Lebanese industrialist invented a machine to manufacture iron fences, and won a silver medal for it in an exhibition for similar industries, and his invention was adopted by international companies. Also, many Lebanese industries have gained the ISO 22000 certification for the observance of quality according to international standards.

Despite the global economic crisis, and the prevailing political instability and security uncertainty in Lebanon over the past few years, the size of Lebanese industrial exports has grown significantly during the last eight years, despite the global economic downturn, which had led to a reduction in the global demand for goods particularly from the developed economies against commodities produced in developing countries. Yet the Lebanese industry has set recovery plans which aim for an annual increase in exports by 20% in the coming period.

[THE CURRENT INDUSTRIAL STATUS]

In general, the Lebanese manufacturing sector faces several challenges. The rise in oil prices during the last oil boom, between 2003 and the 4th quarter in 2008, led to an increase of approximately 33% in the prices of final industrial products. Also, the inputs of industrial production of oil derivatives and electricity are not significantly subsidized to compete fairly with similar products from neighboring countries.

However, as of 2007, the government adopted a policy to reduce the cost of electricity for industrialists during night hours. But this only helped in 2% of the total industrial establishments in Lebanon, because it did not constitute a solution or a viable alternative to power outages that occur for more than 6 hours per day, and in turn cause problems in the production process especially for energy – intensive industries.

As a result, industrialists have called for applying more effective measures to reduce the cost of energy inputs in the production processes. These proposed measures include that the government identifies the energy – intensive industries whose imports of diesel exceed 10% of their total volume of business. This can be achieved by revising the VAT imposed on them.

Industrialists also called for allowing industrial cities to produce their own electricity, using char-coal utilities with capacities to produce up to 50 megawatts. Yet this project is also subject to the speed of implementing its related executive decrees. And according to Association of Lebanese Industry sources, many industrialists are now calling for the use of environmentally – friendly energy sources, particularly natural gas, which can be imported via the "Salaata" industrial port.

[STIPULATED PLANS]

The Industrial sector is one of the productive sectors, which is characterized as a fixed investment that is consistent with various economic, political, and security conditions, unlike the services sectors that are most affected by crises. However in Lebanon, industry is the most volatile economic sector in responding to economic policies adopted by the Lebanese state in terms of its cost of production, its development, and expansion of its competition potential in foreign markets. The industrial program for Lebanese Youth 2010, which was set by the martyr late Minister Pierre Gemayel, has included the various necessary actions to strengthen the industrial sector, but the follow-up corrective actions have not been completed after his death, which tends to emphasize several reform measures notably:

- Starting immediate actions to save the industrial sector from its current deteriorated situation, through an action plan within a specific time period, starting with imposing a fee that prevents the collapse of this sector that might result from dumping the domestic market with similar imported products, which have low cost of production.
- Establishing a mutual Lebanese-European fund to guarantee the necessary loans for small and medium enterprises, long-term loans, and low-interest loans, to accelerate the wheel of production at a lower investment cost.
- Creating a unified network that combines the various stages of production, and the distribution and marketing of the product directly to the consumer, allowing the reduction of cost and profit margin between cost of production and selling prices.
- Ensuring the adoption of international ISO standards, and in particular those relating to health, safety, and environmental protection.
- Launching projects for exploring and utilizing of oil and natural gas resources, along with ensuring private financing for these operations.
- Establishing industrial zones that would encourage economic activity and balanced regional development, thus will create favorable employment opportunities to absorb young Lebanese entering the labor market.

- Re-running oil refineries in northern and southern Lebanon.
- Implementing a general strategy to get closer to international standards in fields of statistics and market studies for various productive sectors to achieve better growth in their market shares.
- Developing binding legal mechanisms to combat counterfeit products in the various productive sectors.
- Encouraging industrial initiatives and competitiveness through adopting a tax reduction policy for creative and start-up industries, and expand the adoption of low industrial tariff.

[CHALLENGES AND PROSPECTS]

Other bottlenecks and challenges facing the Lebanese manufacturing sector include the deficit in the supply of skilled local labor force, due to the increase in immigration, especially among the youth, and the weak tendency towards vocational and technical education. This comes along with the labor law which prohibits the employment of non-Lebanese in the industrial sectors.

The Lebanese industry is still suffering from numerous problems, mostly in the following headlines:

1. The high cost of production and national labor force.
2. The absence of any type of protection toward dumping in local markets.
3. Technical, managerial, legislative and legal barriers.
4. The absence of a formal and clear plan by the State.
5. The lack of industrial zones and the lack of basic infrastructure there.
6. Low industrial finance (12.9%) from total credits, compared with a greater contribution to gross domestic product (8%).
7. The high cost of exports via Lebanese ports, particularly the port of Beirut and the airport.
8. Non-application of the reciprocity principle in relation to trade agreements with neighboring countries has developed non-tax technical obstacles on imports.
9. Lack of controlling the borders in a proper manner (entry of goods without VAT).
10. Unfair competition from unlicensed institutions.

11. High cost of capital in financing working capital.

12. Incompatibility of some imposed specifications on goods with respect to Lebanese industry.

The Lebanese industrial sector also is facing a rise in the prices of inputs and services related to manufacturing and exporting, as a result, continued monopolistic practices in many areas and markets for goods and services, such as port, transportation, electricity and water services.

[REQUIRED ECONOMIC REFORM]

There are certain necessary measures and actions that need to be implemented in order to develop the industrial sector through increasing the volume of exports and their value added, and to face competition, especially from Arab countries. These measures include protecting national production in accordance with the terms of fair competition, and the conditions and rules set by the World Trade Organization, and benefiting from the terms of the WTO agreements which allow for some margins of freedom to support production processes in vulnerable sectors without causing distortions in the market.

The global industrial development in Lebanon also requires the availability of production inputs at affordable prices to industries, as well as the costs related to services, including packaging, marketing and exporting. It is also very crucial to speed up the approval, by related ministries and public administrations, of the natural imported gas project, as an alternative for the energy-intensive industries, in order to reduce their costs of production and to preserve the environment. This project requires the approval of concerned administrative and ministerial entities, on condition that imports should take place via the "Salaata" port.

It is highly important to adopt prudent and effective coordination channels between the ministries and administrations dealing with manufacturing and exporting, and the Ministry of Industry and the Ministry of Economy and Trade. In this regard, there is a strong need to establish a Manufacturing and Export Promoting Authority, to activate the role of the Ministry of Industry in setting economic policies to develop this sector, and to provide the necessary facilities to stimulate private sector in developing its enterprises and production lines and reduce the associated cost, in order to enhance the competitiveness of the national industrial sector.

There is also a vast need to adopt administrative reforms in order to reduce the cost of doing business, especially in terms of the waste of time and corruption. It is vital to quickly implement the reforms set in the Paris III conference, which focus on reducing debt service and budget deficits, and the reform of the electricity sector. These actions shall reduce the crowding out effect by the public sector, thus allowing the private sector to access banking credit facilities at low and economically suitable interest rates.

The industrial sector also needs more facilities with respect to bank financing to young entrepreneurs and SMEs at economically affordable interest rates. This approach thus requires the expansion of the scope of KAFALAT business, which provides soft loans to SMEs, and to simplifying the administrative procedures related to manufacturing and trade in local markets and exporting to abroad.

Moreover, In light of changing patterns of importers' consumption, resulting from the implications of the global economic crisis, the development of the volume of Lebanese industrial exports requires focusing more on improving quality and productivity, in addition to the utilization of competitive edge of local inputs, in order to keep the local expertise in their homeland, and attract foreign technical expertise.

The following proposed solutions may be drawn to develop and strengthen the role of the industrial sector:

First: Addressing the oil price issue in the Arab countries, which are members of the Greater Arab Free Trade Area to assist countries that do not produce oil products, or to stop the subsidization of oil derivatives by oil producing countries in accordance with the decisions of WTO which prohibit the current support applied in the oil-produced Arab countries.

Second: Reconsidering the bilateral trade and economic agreements with the participation of private sector to correct the resulted imbalance in the pace of openness, reciprocity, and curb smuggling and illegal importation.

Third: Formulating legislations to establish joint projects between Lebanese and non-Lebanese companies, which would facilitate the transfer of technology, information and expertise to Lebanese productive sectors, ensure financial resources from donors accompanied with such projects, and establish a center for modernizing trade as the Industrial Modernization Center ELCIM.

Fourth: Formulating legislations to encourage and support the mergers of commercial and industrial institutions, to the extent of providing tax exemptions and other effective incentives in supporting this trend, including the food industry.

Fifth: Stimulating the establishment of integrated commercial and industrial groups that should be encouraged to establish common systems for supporting services, particularly services related to ensuring quality.

Sixth: The adoption of an industrial policy based on the three basic principles, namely:

- Application of the principle of reciprocity as stipulated in the Arab Agreement on

Trade Facilitation and Development. This principle is applied either through the imposition of tariffs, or through granting import licenses for certain goods till the stage of prohibiting the import of some goods.

- Striving to reduce energy prices in line with prevailing prices worldwide.
- Enacting laws and adopting measures that will protect the local production on one hand, and protect consumers on the other hand.

Seventh: Restructuring the social security system by seizing the current waste, reducing high administrative costs, achieving financial balance in this fund, and directing its resources towards the most effective social uses.

[THE ROLE OF PRIVATE SECTOR]

There is a pivotal role for the private sector in the development of the national manufacturing industry. It continues to rely closely on the individual initiatives of the private sector. The Lebanese industrial private sector has proved its ability to adapt to economic political and security challenges, in addition to economic updates in local and international markets. Also the private sector has shown an increased awareness on the need to care for the environmental and developmental welfare of its society.

Thus it is evidential to direct the public sector to increase his investments in modern technologies in order to enhance production efficiency, and to rationalize the use of energy and decrease the cost, given the numerous problems associated with the energy flows, in addition to reduce pollution.

In this context, it is crucial to encourage the private sector to increase investment in technology in order to enhance production efficiency, rationalize energy use, and reduce cost, given the several problems facing the provision of energy, in addition to limit pollution.

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