



## Policies for Business in the Mediterranean Countries

### LEBANON



*Manuela Marseglia*

C.A.I.MED.

Centre for Administrative Innovation in the Euro-Mediterranean Region

c/o Formez - Centro Formazione Studi

Viale Campi Flegrei, 34

80072 Arco Felice (NA)

Italy

Tel +39 081 525 0211

Fax +39 081 525 0312

e-mail [gpennella@formez.it](mailto:gpennella@formez.it)

[nvolpe@formez.it](mailto:nvolpe@formez.it)

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## **Lebanon**

### **1 Geographical advantages**

Lebanon is situated in a strategic geographical location: at the heart of the Middle East and the crossroads of three continents: Africa, Europe and Asia; Lebanon has long been the convergence point of trade routes and the meeting place for a wide variety of people, the basis of today's uniquely diverse and rich national culture. Therefore Lebanon represents a point of entry to a large regional Arab market. With maximum corporate tax rates of 15%, Lebanon's fiscal charges are among the most moderate worldwide<sup>1</sup>. In addition to a free-market economy based on a long tradition of government-supported liberalism, a sophisticated banking system, a developed legal framework, a superbly skilled workforce, and an exceptional lifestyle, Lebanon offers a large number of investment opportunities in all sectors of the Lebanese national economy. After rapid growth following the war, the economy has been stagnating for the past three years although the government has provided the impetus for a series of structural reforms. The programme proposes measures to promote investment and facilitate the integration of Lebanon into the world economy. The maintenance of monetary stability and the drop in inflation are part of the objectives of the authorities, so as to revive growth. To complete this series of measures, VAT has made its appearance (see below). So the land of the alphabet is now a regional and international hub for trade, finance, services, industry, culture, and tourism. There are many advantages of investing in Lebanon: it is a free market economy based on a long tradition of liberal investment policies. Free enterprise and private initiative are the drivers of the Lebanese economy. Moreover, there is a Liberal Financial Environment with a free foreign exchange market, full currency convertibility policies, no restrictions on the inward or outward movement of capital, and banking secrecy, making Lebanon truly ideal for conducting business.

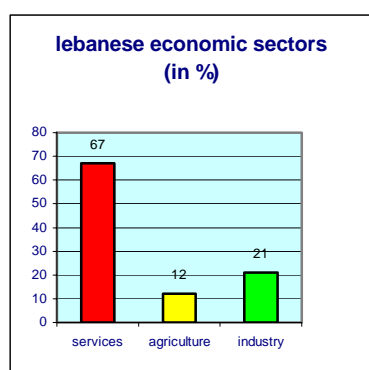
### **2 The Lebanese economy**

The service sector in Lebanon is a driving force in the economy; in fact it is estimated to be 67 % of GDP but agriculture and industry also play an important role. In the services context an important role is played by the financial and tourism sectors. In fact, in Lebanon there are about eighty banks - fourteen of these are foreign and two are Italian (source ICE 2004). Also, tourism is becoming more and more developed, having continued to grow since the recession, although it has stopped all the other

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<sup>1</sup> Source, [www. Idal.gov.lb](http://www.Idal.gov.lb)

sectors (tourists are mostly Arab people). Agriculture employs 10% of the labour force and it is estimated that 30% of the population lives off the employment and the connected activities it generates. For its part, agriculture accounts for 12% of GDP. Furthermore, the industrial sector, most of which is composed of family businesses, represents 21% of GDP and employs a similar percentage of the labour force. As regards the services sector, tourism occupies an important place in the economy. The mildness of the climate, the snow-capped mountains, the valleys and the Mediterranean Sea explain the attraction that this country exercises on travellers. In the past the customers came from Europe and the USA, today they come largely from the Middle East and Europe. In fact it is estimated that the countries that Lebanon has strongest links with are the UAE and Saudi Arabia. During recent years, Lebanon has developed a serious level of competence in the banking domain, financial services, tourism, professional services, health, education, advertising, communication, etc.



Source: ICE 2004

Lebanon has an open, service-oriented economy. Services, mainly banking and tourism, account for 65-70 per cent of GDP. In 2003 the economy grew by approximately 2 per cent and GDP per capita was US \$ 4,858 – significantly higher than many neighboring countries. The post-war<sup>2</sup> reconstruction drive led to spectacular growth, driven by construction, consumer confidence and real estate speculation, but growth has been moderate, even negative, in recent years. Lebanon's main economic challenge is addressing the enormous public debt which was primarily accumulated in this immediate post-war period and continues to grow. It is now equivalent to around 180% of GDP. The Government of Prime Minister Hariri<sup>3</sup> has undertaken significant reforms since 1998 with the support of the World

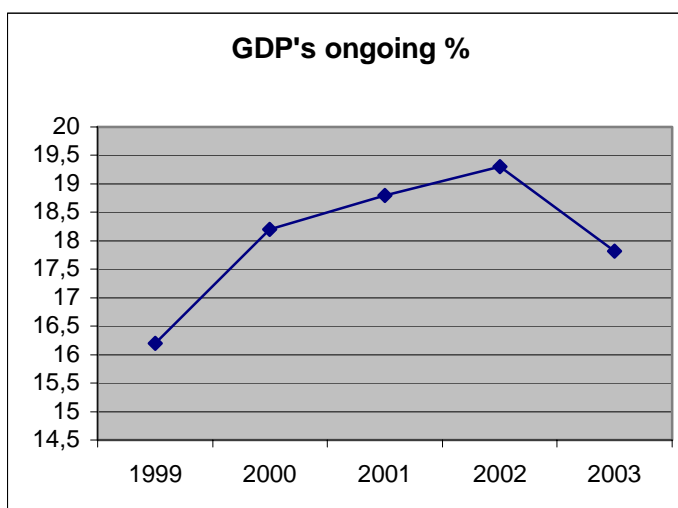
<sup>2</sup> The conflict continued from 1975 to 1990

<sup>3</sup> Head of government: Prime Minister Rafiq HARIRI (since 23 October 2000), HARIRI resigned on 15 April 2003, but was reappointed the next day.

Bank, including reduced tariffs and a consumption tax (VAT)<sup>4</sup>. It has been improving the public debt with its tax receipts. The introduction of VAT in Lebanon is based on several considerations. On the one hand, VAT will contribute to reducing the deficit and containing the debt levels accumulated during the war years and the years thereafter, and its implementation will help in ensuring continuous economic growth and financial and monetary stability. On the other hand, the Lebanese tax system has traditionally relied heavily on import duties. Therefore, in its effort to implement its international and regional trade obligations (WTO, EU, Arab Trade Union...) which require the reduction of custom tariffs, Lebanon has to introduce an alternative broad base tax on consumption, which would play an important role in generating revenues.

Key reforms agreed at an international pledging conference in Paris in November 2002 have not, however, been implemented due to ongoing political disputes. Stalled reforms that were intended to ameliorate the debt situation include privatization and administrative restructuring. Lebanon signed an EU-Lebanon partnership agreement in November 2002 and is in the process of accession to the World Trade Organization. Although there has been an increase in GDP from 1999 till 2002, there was a thin drop in 2003. These changes can be summarized in the following ways:

| GDP in% |       |
|---------|-------|
| 1999    | 16,2  |
| 2000    | 18,2  |
| 2001    | 18,8  |
| 2002    | 19,3  |
| 2003    | 17,82 |



Source: Ministry of economy and trade

Corruption and internal political disputes are the main important cause behind the deterioration in the economic situation.

<sup>4</sup> The VAT tax law was approved by the Council of Ministers on the 7th of June 2001 and was ratified by the Parliament on December 5th 2001, and published in issue no 63, December 24 2001 of the Official Gazette. It is set at 10% and has been effective since February 2002

The industrial and agricultural sectors are particularly suffering from foreign competition, mainly from Syrian products following « bilateral » agreements between the two countries. This caused significant instability in Lebanon, resulting in demonstrations by labourers, fishermen and farmers. At the same time the government is not developing an effective policy for the protection of the Lebanese.

Over a million foreign labourers are in Lebanon, the majority being Syrians who enter the country freely in the absence of any taxation law (applicable to all other foreign labourers) and at the same time competing with Lebanese workers at all levels. Reciprocal facilities are absent for Lebanese workers in Syria . In a statement released in July 2000, the head of Lebanon's General Labour Confederation (GLC) criticized the government for permitting "foreign labourers" to freely live and work in the country, which has an unemployment rate of over 20%.

Lebanon, with the second highest Debt to GDP ratio in the world, has few alternatives for ending the recession, with privatization being the most notable one. However, privatization has been delayed continuously because of conflicting interests between powerful politicians.

The government also makes decisions that benefit them in the short term, but spoils the country's ability to attract foreign investment. These include the termination of telecom licenses to foreign companies, and the withdrawal of Canada Post from the Libyan Post deal.

The Lebanese government is aware of the problems and is committed to a range of reforms designed to remedy the situation. The authorities are determined to restore GDP growth, reduce the fiscal imbalance, reduce the debt burden (and the cost of serving it) while maintaining monetary, financial and price stability. Measures already taken or in the pipeline include greatly reduced customs duties, a substantial privatisation programme, new taxes, including the introduction of VAT in January 2002, administrative reform and a commitment to the early closure of a Lebanon/EU Association Agreement and Lebanon's accession to the WTO.

Additionally, the government has insisted on supporting the Lebanese pound, which is very costly, especially with an authoritarian regime; this is accelerating the outflow of funds, and for this reason the country is trying to join the WTO and the Euro-Med trade agreements.

### **3 New Legislative Reforms**

The Lebanese Government has embarked on a major reformative action plan to modernize the regulatory framework and provide a suitable climate for investment in an efficient legislative environment. New policies have been adopted, and modern laws have been promulgated such as:

- Foreign Acquisition of Property law that facilitates and streamlines the acquisition of real estate by foreigners.
- Customs Law that facilitates import and export procedures.

- Ambitious Privatization Programs in the vital sectors of the national economy such as Telecommunications, Water, Energy, and Transportation.
- Reduction of Customs Duties on almost all imports and especially raw material, equipment destined for industrial use, and IT-related products.
- Investment Promotion Law adopted by the Government and awaiting the Lebanese Parliament's approval.

#### 4 Investment Opportunities

Due to forced interrupted growth in the past three decades, Lebanon offers a large number of untapped investment opportunities in all sectors of the Lebanese economy and more specifically in the Tourism and Agro-food industries, Light & Medium industries, Agriculture, Health, Telecommunications, Energy, Environment, Transportation, and Information Technology sectors. Several indicators highlight the positive economic climate, including the Gross Domestic Product (GDP), which still shows continuous growth. Lebanon offers investment opportunities in:

- The private sector in partnership with Lebanese entrepreneurs or without any Lebanese participation.
- The public sector through BOT (Build, Operate, Transfer), BOO (Build, Operate, Own) or other similar public/private partnership schemes.

In addition, Lebanon represents a point of entry to a large regional market encompassing major Arab countries and reaching into Iran, Eastern Europe, part of North Africa, and the south-western former Soviet Union republics. As such, its idiosyncratic characteristics render it ideal to serve as a regional hub and an ideal location for regional headquarters. In fact, Lebanon has recently signed a number of international agreements such as the Lebanese-Syrian Trade Agreement<sup>5</sup>, the Arab Free Trade Zone Agreement<sup>6</sup>, and it is currently negotiating several others, with bodies such as the Euro-Mediterranean partnership<sup>7</sup> and the World Trade

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<sup>5</sup> Lebanon has signed a trade agreement with Syria to reduce customs duties by 25% yearly, starting on January 1st, 1999 on products made in either country. This agreement is expected to result in a free transfer of goods at the end of the fourth year. Implementing this agreement, Lebanon has, without considering population growth for the coming years, an additional 16 million customers to attend to with reduced customs duties in 1999 reaching to no customs in 2003. In addition, Lebanese industrialists could export to Syria, sending products that are prohibited to be imported from international markets.

<sup>6</sup> This agreement leads to reduced tariffs on all products by 10% annually for one decade, starting on January 1998 and ending December 2007. This agreement is expected to be very advantageous to the Lebanese industrialists, as it will open new horizons for export.

<sup>7</sup> The Euromed agreement envisages the creation of a deeply integrated Euro-Mediterranean market; it denotes reduced customs duties on products for 12 years by different percentages that seem appropriate for each respective year of these twelve years.

Organization (WTO)<sup>8</sup>. These agreements will facilitate trade and investment between Lebanon and its regional partners. It is important to underline that there is no official data regarding the investor countries in Lebanon but it is estimated that above all the Arab countries that invest in Lebanon are: Saudi Arabia, Emirates Arab Units, Kuwait, Syria, Qatar and Bahrain.

In this context It is important to point out the role of politics, because then it is easier to understand the trade agreements (above all the Syrian one). The principle of confessionalism is still central to Lebanon's political system, although the rapid growth of the Shia population has undermined the demographic basis of that system. Lebanon's total population is about 3.6 million, 55% of which is Muslim. Under the Taif Accord<sup>9</sup>, there are now equal numbers of Muslim and Christian Deputies in the Parliament (previously it was Christian dominated). The President remains a Christian, the Prime Minister is a Sunni (Hariri) and the Speaker of the Parliament (Berri) is a Shi'ite. In October 1998, the Lebanese Parliament unanimously voted General Emile Lahoud as President. His mandate would have finished next November 2004 but there has been a "strange" extension of three years (until 2007) of his mandate with a violation of the Constitution.<sup>10</sup> This situation hides a deep relationship with Syria, also because Lahoud is considered a pro-Syrian, President in fact his mandate extension was welcomed also by Syrian politic forces.

Coming back to investment opportunities in terms of the tax system, in Lebanon there is equal treatment of both local investors and foreign investors, so it is a favourable country in term of Investment; in fact there is a maximum tax rate of 15%.<sup>11</sup>

All the governments have repeatedly encouraged entrepreneurs through a policy of low taxation. They have relied on revenue-raising methods such as customs duties. However, with the introduction of Value Added Tax (VAT) in February 2002, importers, retailers, distributors and consumers saw a change in the policies. The move away from reliance on customs revenues is linked to the joining of international trading organizations such as the European Union and the World Trade Organization.

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<sup>8</sup> Lebanon has acquired observer status in anticipation of gaining membership in the World Trade Organization (WTO). This will allow free trade of goods among the participating countries with an agreement upon customs duties for each country, which will not be cancelled by the consequence of this agreement.

<sup>9</sup> In October 1989, the Lebanese National Assembly met in Taif, Saudi Arabia to ratify a "National Reconciliation Accord" under Syrian and Saudi tutelage. The accords were designed to end the Lebanese civil war that had been raging for decades, to reassert Lebanese authority in South Lebanon, which was then occupied by Israel, and to legitimize and perpetuate the Syrian occupation of Lebanon.

<sup>10</sup> S. "La Repubblica", 4th September 2004

<sup>11</sup> Source ICE, 2004



## 5 The trade system in Lebanon

Lebanon has a long tradition of domestic free trade and investment policies, with free market pricing for most goods and services, an unrestricted exchange and trade system and extensive links with the developed world in practically all economic activities. The Government has maintained a generally non-interventionist instance toward private investment, and public ownership has generally been limited to infrastructure and utilities. There are no restrictions on the movement of capital and goods by residents and non-residents of the Republic, including entry or exit of firms or access to foreign exchange, which makes Lebanon a supportive system for private sector development. So, in Lebanon, foreign trade is liberalized and all suppliers are allowed to Export all sorts of goods and services in collaboration with Lebanese importers. Very often foreign firms resort to local agencies, which know the country better.

The Lebanese economy, characterized by freedom of exchange and transfers, is based on private initiative. The private sector is estimated by CAS, *Central administration for Statistics*, to contribute over 80 per cent to aggregate demand and includes industries such as agriculture, manufacturing, construction, trade and tourism, in addition to services such as banking and finance, hotels and restaurants, media and advertising, and consulting and engineering. The manufacturing and industrial sectors are estimated to contribute approximately one-fifth of the national income. They are provided only with a limited level of protection from international competition. Its long tradition of liberal investment policies, free foreign exchange market, full currency convertibility, free movement of capital and its solid banking system, make Lebanon an ideal country for conducting business. The country offers investors a wide array of investment opportunities in all sectors of the economy, as well as a favourable and developed legal framework that protects private property and grants national treatment to foreign investors

The Government continues to favour a strong role for the private sector in a liberal policy environment. It welcomes foreign investment in the economy. There are no legal restrictions on setting up and operating private businesses in Lebanon, subject to certain exceptions. Investment in infrastructure activities has historically been undertaken by the public sector. The absence of exchange controls in Lebanon allows foreign investors to freely import and export capital in any form they wish. In Lebanon there is a wide difference between import and export, in fact the trade balance is always not balanced.

#### IMPORT PARTNERS in %

|         |      |
|---------|------|
| Italy   | 11,3 |
| France  | 10,7 |
| Germany | 8,3  |
| U.S.    | 5,6  |
| Syria   | 5,4  |
| China   | 4,8  |
| Belgium | 4,5  |
| U.K.    | 4,2  |

#### EXPORT PARTNERS in %

|              |     |
|--------------|-----|
| UAE          | 11  |
| Switzerland  | 9,1 |
| Saudi Arabia | 8,2 |
| U.S.         | 6,2 |
| Jordan       | 4,2 |

Sources 2002: The CIA World Factbook, US Dept. of State, Area Handbook of the US library of Congress

## 6 Investment Guarantees

A number of national and international organizations with local and international expertise protect investments against non-commercial risks. With a 15% corporate tax rate Lebanon's fiscal charges are among the lowest in the world.

Quality, productive investment is the engine of economic growth: it creates jobs, increases the productive capacity of an economy and lays the foundation for higher future income. Sustained high levels of productive investment - both domestic and foreign - are essential to achieve the growth rates necessary for poverty reduction envisaged by the Millennium Development Goals.

Foreign direct investment (FDI) is important for developing countries, and in aggregate overshadows aid flows. It establishes long-term commitments and lasting assets, which bring new technologies, skills and products into the country.

Foreign direct investment (FDI) is now generally recognised as one of the key factors in economic growth and wealth. The Lebanese government believes that investment flows benefit both developed and developing countries, creating opportunities for investors and helping developing countries to achieve sustainable development. For continued development it is necessary to work towards an international framework of rules which could encourage FDI by creating a stable, transparent, predictable and non-discriminatory business climate.

Regarding the distribution of IDA per sector, 85% of investments concern the tertiary sector (hotels, shopping centres, etc.). Saudi investments represented 53.8% of the total in 2002, followed by the United Arab Emirate projects (29.3%) and Kuwaiti (15.4%). Lebanon occupies the second place among Arab countries on the foreign direct investment level and benefited from 22.3% of the total of Inter-Arab investments in 2002, while this rate was around 8.5% in 2001 and 19.3% in the year 2000.

## **7 Role of the Government in the Economy and Privatization: IDAL**

The Lebanese Government has created a very favourable climate for investment. In this context it is necessary to pay attention to the strong link between public administration and enterprise. Government functions should promote and facilitate private sector development, while safeguarding social interests. To advance social and economic development, tailored partnering arrangements between public and private sector are essential in order to improve service delivery of public goods by using the higher efficiency of the private sector in many operational fields. This can take many forms, reflecting the nature of the activities, strength of commercial agencies and the capacity of the State.

The IDAL Investment Development Agency of Lebanon was established in 1994<sup>12</sup>. Its main aim is to attract private capital investment to support the reconstruction of Lebanon. In fact Lebanon has a long and established tradition of having an open and free market economy. IDAL is a public Investment Promotion Agency, it is responsible for attracting private capital investments to Lebanon and assisting investors in the development and implementation of their projects. It is a special body designed to operate in close collaboration with all concerned ministries and public administrations and reports directly to the Prime Minister. The state sector has traditionally been small, with the Government having a history of minimal intervention in economic activity.

The mission of IDAL is to present a broad, balanced, and objective overview of Lebanon's assets for prospective investors, thus helping them to translate knowledge and understanding of the country into rewarding opportunities. Its main intention is to facilitate and assist investment growth in the Lebanese economy through the provision of investor-tailored services and seamless information and procedural support.

Lebanon offers a wide array of investment opportunities in all sectors of the economy while its unique location provides access to a large and booming regional market.

Lebanon's free-market investment policies, liberal economic environment, and active and entrepreneurial private sector distinguish it from any other country in the region.

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<sup>12</sup> Investment Develop Law 360 – source IDAL

## 8 IDAL Services

The IDAL offers a wide range of services whose aim is to promote investments as well as to facilitate, accelerate and simplify the process of their implementation.<sup>13</sup> The IDAL is responsible for a number of activities :

### 1- A wide range of services

The services offered to investors go from the collection of information to assistance in the creation of a company, including the “fast-track issue” of the authorisations and permits required by the Lebanese authorities. These services include:

- The “One Stop Shop” service which gives IDAL the power to substitute itself for the public administrations and institutions as well as the municipalities so as to speed up the process for the issue of the necessary authorisations and permits. Its main objective is to facilitate and accelerate investments in Lebanon by short-circuiting and by passing lengthy bureaucratic and administrative procedures and providing investors with a single point of contact for all dealings with the Lebanese government. The OSS supersedes all public administration, authorities and municipalities in issuing required permits and licenses for projects approved by IDAL 's board of directors, it guides investors through a step-by-step procedure to successfully develop and implement their projects in Lebanon. It offers pre-investment advice and information enabling investors to evaluate the viability of their projects from legal and permitting aspects. Through the One-Stop-Shop, IDAL reviews any investment opportunity and submits suitable recommendations to the board of directors for approval. This mechanism expedites the decision-making and reduces bureaucracy, ensuring streamlined approval process. Once the project is approved, IDAL assists the investor with the issuance of permits and licenses. Post the implementation phase, IDAL continues to support investors through a wide range of after care services to ensure successful operations of the project.
- The intermediary between the enterprises and investors, a service which favours meetings between local businessmen and local and international investors so as to implement projects in partnership.
- The centre of information and assistance for investors which provides them with in-depth, detailed and reliable information on their domains of interest.

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<sup>13</sup> S. [www.idal.gov.lb](http://www.idal.gov.lb): Publication Report IDAL “Your gateway to investing in Lebanon”, 2002

## **2- The IDAL investment incentives**

IDAL provides incentives, exemptions, reductions and facilities for investment projects on the basis of a classification system of the investment zones (explained below), the aim of which is to spread economic activities efficaciously and fairly over the whole country.

## **3- Package Deal contracts**

The “ All-in One Incentive Contract” promoted by IDAL, offers personalised encouragement, exemptions, reductions and facilities for investment projects. This contract defines in the same way the rights and obligations of the Agency and those of the investors, including those who have not undertaken to carry out projects in a limited time span. It is a package of special incentives, exemptions and reductions offered to investment projects bound by a contract stipulating the specific terms, rights, and obligations of both IDAL and the investor. The sectors covered are: industry, agriculture, agro-industry, information, technologies, media and tourism. Promoting the “Incentive Package Deal” allows IDAL to offer customized incentives, exemptions, reductions, and facilities for investment projects bound by a contract stipulating specific rights and obligations for both IDAL and the investors, including those committed to carrying out projects within a set period of time.

## **4- Joint venture**

IDAL may participate directly in the capital of the public companies that wish to invest in Lebanese tourism and Lebanese agricultural and/or industrial products, as well as those dealing with the implementation and management of incubators to facilitate innovation in the domains of technology, computing and communication, among others.

## **5- Promotion of exports**

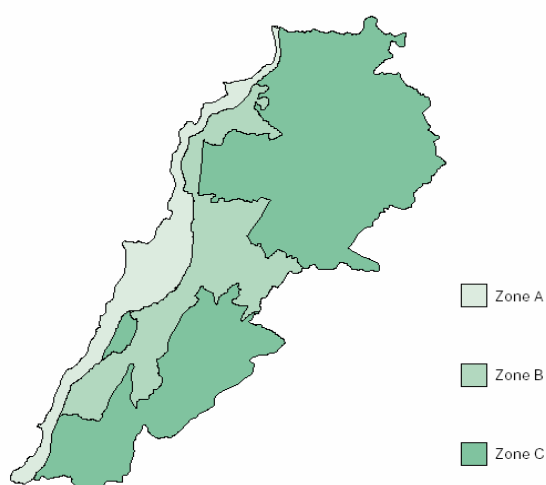
Another important mission of IDAL is to promote Lebanese exports. In this respect, the Authority launched an initial project under the label "Export Plus", the aim of which was to develop agricultural exports. This programme provided a considerable increase in agricultural exports and enabled an increase in quality by combining subsidies to exporters and controls of the quality standards of the products.

## **6- Consultative role**

The IDAL advises the Lebanese government on questions concerning investments by making recommendations and by offering practical solutions for changing the legal and administrative context with the aim of improving the investment climate in Lebanon.

## 9 Investment Zones

“In observance of the principle of balanced development, Lebanese regions shall be classified into three investment zones<sup>14</sup>”



The new Investment Development<sup>15</sup> classified Lebanon into three investment zones (A, B and C), so it can be divided into investment projects. The incentives for investment projects will be based on the classification of the project within one particular investment zone. This distinction is made according to financial facilities or incentives that Lebanese investors wish to set up in terms of incentives and benefits.

| <i>Zone A</i>                | <i>Zone B</i>                | <i>Zone C</i>                 |
|------------------------------|------------------------------|-------------------------------|
| <b>Granting Work permits</b> | <b>Granting Work Permits</b> | <b>Granting Work Permits</b>  |
| <b>100% Income tax</b>       | <b>50% Income tax</b>        | <b>100% Income tax</b>        |
| <b>Exemption for 2 years</b> | <b>Exemption for 5 years</b> | <b>Exemption for 10 years</b> |

### **Zone A:**

Work permits for various categories, exclusively needed for the project, provided that at least two Lebanese nationals are employed for each foreigner. All employees should be registered with the National Social Security Fund. Exemption from income tax for two years (from the day of listing the shares thereof on the Beirut Stock

<sup>14</sup> According to articles 10-13 Development Law 360

<sup>15</sup> Investment Development Law 360 dated 16/08/2001

Exchange), provided that the effective negotiable shares are no less than 40% of the capital of the company.

### **Zone B**

Work permits (see above) for various categories, exclusively needed for the project, provided that at least two Lebanese nationals are employed for each foreigner. All employees should be registered in the National Social Security Fund. Exemption from income tax for two years (from the day of listing the shares thereof on the Beirut Stock Exchange), provided that the effective negotiable shares are no less than 40% of the capital of the company.

This exemption period shall be added to any other exemption period enjoyed by the company.

- A 50% reduction in income taxes and taxes on project dividends, for a period of five years. Reduction shall apply from the date of the commencement of exploitation of the projects governed by the provisions of this law. In the events that the investor benefits for the aforementioned exemptions related to the listing of the shares at the Beirut Stock Exchange, reduction shall apply after the lapse of that exemption period.

### **Zone C:**

Work permits for various categories, exclusively needed for the project, provided that at least two Lebanese nationals are employed for each foreigner. All employees should be registered in the National Social Security Fund. Exemption from income tax for two years (from the day of listing the shares thereof on the Beirut Stock Exchange), provided that the effective negotiable shares are no less than 40% of the capital of the company. This exemption period shall be added to any other exemption period enjoyed by the company.

A full exemption of 10 years from income taxes and taxes on project dividends. Reduction shall apply from the date of the commencement of exploitation of the projects governed by the provisions of this law. If the investor benefits from the aforementioned exemptions related to the listing of the shares at the Beirut Stock Exchange, reduction shall apply after the lapse of that exemption period.

ICT projects benefit from the exemptions of Zone C wherever they are located.

## **10 BETZ - Beirut Emerging Technology Zone**

It represents the largest initiative of the Lebanese government in support of the information and new technology sectors, and will incorporate among other facilities, a state-of-the-art infrastructure, an incubator facility, single and multi-tenants facilities, etc. It will be professionally managed by an independent vehicle company formed by IDAL and Damour Municipality, which will be entrusted with the development and operations of the infrastructure and core elements of the project. Betz is supported by

a highly skilled workforce, excellent educational institutions, strong links with industry and a healthy research and development.

## **11 Lebanese results**

Lebanon remains the gateway and re-export centre to the Middle East and above all Beirut remains the region's commerce and services capital. The real estate and hospitality industries are some of the economic sectors that offer foreign investors exceptional business development and sales opportunities.

As Middle East capitals witness the rise of new luxury hotels, shopping centres, and office and residential buildings, demand is at an all-time high for construction equipment, technology, and services as well as for associated technologies such as environmental, water and stone technology. The construction boom has fuelled demand for all types of furniture and interiors. This boom has also boosted the hospitality industry and multiplied its need for importing the latest foods, beverages and hotel and restaurant supplies.

The region's communications, agricultural and medical sectors are also witnessing rapid development and expansion. For the full range of telecommunications systems and services, the Middle East is a dynamic high growth market. Internet use and e-commerce are spreading rapidly, especially since Middle East countries view the adoption of state-of-the-art communications systems as vital to their modernization. Banks, hotels, and schools are all updating their equipment. Another key priority for regional governments is agriculture. The need to expand water resources and delivery systems to agricultural lands is creating high demand for complete agricultural irrigation systems, water networks, valves and controls, purification equipment and associated consulting services. With medical facilities expansion also underway, the latest technology in the medical sector is needed as are healthcare and hospital equipment and the full range of specialised medical technologies, pharmaceuticals, and dentistry and eye care solutions.

## **Conclusions**

Lebanon has implemented some basic reform measures for macro-economic stability to form the foundation for sustained, balanced, socio-economic development.

The process of structural reform of the national economy and the public sector needs to be continued and accelerated through modernization of laws; simplification of procedures; and improvement of productivity, competitiveness, and public accountability. This can best be supported by enhancing national ownership of the development process and building strategic and strong partnerships in trade, finance,



and technology - the main drivers of globalization. For these processes to succeed, they must be conceived and pursued from a people-centred perspective. It is important that low-income and vulnerable groups are protected and given equal, fair opportunities to apply their potential and achieve their targets.

The main goal of the recommended administrative reform strategy is to set up an efficient, flexible and dynamic public administration that will be able to ensure the country's social and economic development, while securing basic social services and national integration, and adhering to principles of good governance. The civil service has to be output oriented, and concerned with performance and achievement of results on the basis of economy, efficiency and effectiveness, while utilizing opportunities that new information and communication technologies provide. New and open relationships have to be established with citizens with emphasis on transparency, accountability and quality of service delivery, including close partnerships with the private sector and civil society, in order to ensure the legitimacy of the public administration.