

Background Note: Lebanon



PROFILE

OFFICIAL NAME:

[Lebanese Republic](#)

Geography

Area: 10,452 sq. km. (4,015 sq. mi.); about half the size of New Jersey.

Cities: Capital--Beirut (pop. 1 million). *Other cities*--Tripoli (240,000), Sidon (110,000), Tyre (60,000), Zahleh (55,000).

Terrain: Narrow coastal plain backed by the Lebanon Mountains, the fertile Bekaa Valley, and the Anti-Lebanon Mountains, which extend to the Syrian border. Land--61% urban, desert, or waste; 21% agricultural; 8% forested.

Climate: Typically Mediterranean, resembling that of southern California.

People

Nationality: *Noun and adjective*--Lebanese (sing. and pl.).

Population (est.): 4.4 million.

Annual growth rate (est): 1.4%.

Ethnic groups: Arab 93%, Armenian 6%.

Religions: Christian (Maronite, Greek Orthodox, Greek Catholic, Roman Catholic, Protestant, Armenian Apostolic, other), Muslim (Sunni, Shi'a, other), and Druze.

Languages: Arabic (official), French, English, Armenian.

Education: *Years compulsory*--8. *Attendance*--99%. *Literacy*--88.4%.

Health: *Infant mortality rate*--26/1,000 (2003). *Life expectancy*--male, 71 yrs; female 71.9 yrs.

Work force (950,000 excluding foreign labor, 1999): *Industry, commerce, services*--70%; *agriculture*--20%; *government*--10%.

Government

Type: Parliamentary republic.

Independence: 1943.

Constitution: May 26, 1926 (amended).

Branches: *Executive*--president (chief of state, elected by simple majority of parliament for 6-year term), council of ministers (appointed). *Legislative*--unicameral parliament (128-member Chamber of Deputies elected for 4-year and renewable terms; next parliamentary elections in spring 2005). *Judicial*--secular and religious courts; combination of Ottoman, civil, and canon law; limited judicial review of legislative acts.

Administrative subdivisions: Eight provinces, each headed by a governor: Beirut, North Lebanon, South Lebanon, Mount Lebanon, Nabatiyah, Akkar, Baylabakk-Hirmil, and Bekaa.

Political parties: Organized along sectarian lines around individuals whose followers are motivated primarily by religious, clan, and ethnic considerations.

Suffrage: 21 years.

Economy

GDP (2003): \$17.8 billion.

Annual growth rate (2003): 3.0%.

GDP per capita (2003): \$4,800 (based on population estimate of 4.4 million).

Natural resources: Limestone, water.

Agriculture (11.7% of GDP): *Products*--citrus, potatoes, grapes, olives, apples, sugar beets, tobacco.

Industry (21.0% of GDP): *Types*--construction material, food processing, textiles and readymade garments, furniture, and jewelry.

Services (67.3% of GDP): *Types*--banking, tourism.

Trade (2002): *Exports*--\$1.045 billion (f.o.b.). *Major markets*--Saudi Arabia, , U.A.E., Syria, U.S., and France. *Imports*--\$6.44 billion (c.i.f.). *Major suppliers*--Italy, Germany, France, U.S., and Switzerland.

PEOPLE

The population of Lebanon comprises various Christian and Muslim sects as well as Druze. No official census has been taken since 1932, reflecting the political sensitivity in Lebanon over confessional (religious) balance. While there is no consensus over the confessional breakdown of the population for this reason, it is safe to say that the Muslim sects as a whole make up a majority, and that Shi'as, Sunnis, and Maronites are the three largest groups.

396,000 Palestinian refugees have registered in Lebanon with the United Nations Relief and Works Agency (UNRWA) since 1948. They are not accorded the legal rights enjoyed by the rest of the population.

With no official figures available, it is estimated that 600,000-900,000 persons fled the country during the initial years of civil war (1975-76). Although some returned, continuing conflict through 1990 sparked further waves of emigration, casting even more doubt on population figures. As much as 7% of the population was killed during the civil war between 1975 and 1990. Approximately 17,000-20,000 people are still "missing" or unaccounted for from the civil war period.

Many Lebanese still derive their living from agriculture. The urban population, concentrated mainly in Beirut and Mount Lebanon, is noted for its commercial enterprise. A century and a half of migration and return have produced Lebanese commercial networks around the globe--from North and South America to Europe, the Gulf, and Africa. Lebanon has a high proportion of skilled labor compared with many other Arab countries.

HISTORY

Lebanon is the historic home of the Phoenicians, Semitic traders whose maritime culture flourished there for more than 2,000 years (c.2700-450 B.C.). In later centuries, Lebanon's mountains were a refuge for Christians, and Crusaders established several strongholds there. Following the collapse of the Ottoman Empire after World War I, the League of Nations mandated the five provinces that had comprised present-day Lebanon to France. Modern Lebanon's constitution, drawn up in 1926, specified a balance of political power between the various religious groups. The country gained independence in 1943, and French troops withdrew in 1946.

Lebanon's history from independence has been marked by periods of political turmoil interspersed with prosperity built on Beirut's position as a regional center for finance and trade. In 1958, during the last months of President Camille Chamoun's term, an insurrection broke out, and U.S. forces were briefly dispatched to Lebanon in response to an appeal by the government. During the 1960s, Lebanon enjoyed a period of relative calm and Beirut-focused tourism and banking sector-driven prosperity. Other areas of the country, however, notably the South, North, and Bekaa Valley, remained poor in comparison.

In the early 1970s, difficulties arose over the presence of Palestinian refugees, many of whom arrived after the 1967 Arab-Israeli war and "Black September" 1970 hostilities in Jordan. Among the latter were Yasser Arafat and the Palestinian Liberation Organization (PLO). Coupled with the Palestinian problem, Muslim and Christian differences grew more intense.

Beginning of the Civil War--1975-81

Full-scale civil war broke out in April 1975. After shots were fired at a church, gunmen in Christian East Beirut ambushed a busload of Palestinians. Palestinian forces joined predominantly leftist-Muslim factions as the fighting persisted, eventually spreading to most parts of the country and precipitating the President's call for support from Syrian troops in June 1976. In fall of 1976, Arab summits in Riyadh and Cairo set out a plan to end the war. The resulting Arab Deterrent Force, which included Syrian troops already present, moved in to help separate the combatants. As an uneasy quiet settled over Beirut, security conditions in the south began to deteriorate.

After a PLO attack on a bus in northern Israel and Israeli retaliation that caused heavy casualties, Israel invaded Lebanon in March 1978, occupying most of the area south of the Litani River. In response, the UN Security Council passed Resolution 425 calling for the immediate withdrawal of Israeli forces and creating the UN Interim Force in Lebanon (UNIFIL), charged with maintaining peace. Israeli forces withdrew later in 1978, turning over positions inside Lebanon along the border to a Lebanese ally, the South Lebanon Army (SLA) under the leadership of Maj. Saad Haddad, thus informally setting up a 12-mile wide "security zone" to protect Israeli territory from cross border attack.

U.S. Intervention--1982-84

An interim cease-fire brokered by the U.S. in 1981 between Syria, the PLO, and Israel was respected for almost a year. Several incidents, including PLO rocket attacks on northern Israel, as well as an assassination attempt on the Israeli Ambassador to the United Kingdom, led to the June 6, 1982 Israeli ground attack into Lebanon to remove PLO forces. Operation "Peace for Galilee" aimed at establishing a deeper security zone and pushing Syrian troops out of Lebanon, with a view toward paving the way for an Israeli-Lebanese peace agreement. With these aims in mind, Israeli forces drove 25 miles into Lebanon, moving into East Beirut with the support of Maronite Christian leaders and militia.

In August 1982, U.S. mediation resulted in the evacuation of Syrian troops and PLO fighters from Beirut. The agreement also provided for the deployment of a multinational force comprised of U.S. Marines along with French and Italian units. A new President, Bashir Gemayel, was elected with acknowledged Israeli backing. On September 14, however, he was assassinated. The next day, Israeli troops crossed into West Beirut to secure Muslim militia strongholds and stood aside as Lebanese Christian militias massacred almost 800 Palestinian civilians in the Sabra and Shatila refugee camps. Then-Israeli Minister of Defense Ariel Sharon was held indirectly responsible for the massacre by the Kahane Commission and later resigned. With U.S. backing, Amin Gemayel, chosen by the Lebanese parliament to succeed his brother as president, focused anew on securing the withdrawal of Israeli and Syrian forces. The multinational force returned.

On May 17, 1983, Lebanon, Israel, and the United States signed an agreement on Israeli withdrawal that was conditioned on the departure of Syrian troops. Syria opposed the agreement and declined to discuss the withdrawal of its troops, effectively stalemating further progress. In August 1983, Israel withdrew from the Shuf (southeast of Beirut), thus removing the buffer between the Druze and the Christian militias and triggering another round of brutal fighting. By September, the Druze had gained control over most of the Shuf, and Israeli forces had pulled out from all but the southern security zone, where they remained until May 2000. The virtual collapse of the Lebanese Army in February 1984, following the defection of many Muslim and Druze units to militias, was a major blow to the government. With the U.S. Marines looking ready to withdraw, Syria and Muslim groups stepped up pressure on Gemayel. On March 5, 1984 the Lebanese Government canceled the May 17 agreement; the Marines departed a few weeks later.

This period of chaos witnessed the beginning of terrorist attacks launched against U.S. and Western interests. These included the April 18, 1983 suicide attack at the U.S. Embassy in West Beirut (63 dead), the bombing of the headquarters of U.S. and French forces on October 23, 1983 (298 dead), the assassination of American University of Beirut President Malcolm Kerr on January 18, 1984, and the bombing of the U.S. Embassy annex in East Beirut on September 20, 1984 (9 dead).

It also saw the rise of radicalism among a small number of Lebanese Muslim factions who believed that the successive Israeli and U.S. interventions in Lebanon were serving primarily Christian interests. It was from these factions that Hizballah emerged from a loose coalition of Shi'a groups. Hizballah employed terrorist tactics and was supported by Syria and Iran.

Worsening Conflict and Political Crisis--1985-89

Between 1985 and 1989, factional conflict worsened as various efforts at national reconciliation failed. Heavy fighting took place in the "War of the Camps" in 1985 and 1986 as the Shi'a Muslim Amal militia sought to rout the Palestinians from Lebanese strongholds. The Amal movement had been organized in mid-1975, at the beginning of the civil war, to confront what were seen as Israeli plans to displace the Lebanese population with Palestinians. (Its charismatic founder Imam Musa Sadr disappeared in Libya 3 years later. Its current leader, Nabih Berri, is the speaker of the Chamber of Deputies.) The combat returned to Beirut in 1987, with Palestinians, leftists, and Druze fighters allied against Amal, eventually drawing further Syrian intervention. Violent confrontation flared up again in Beirut in 1988 between Amal and Hizballah.

Meanwhile, on the political front, Prime Minister Rashid Karami, head of a government of national unity set up after the failed peace efforts of 1984, was assassinated on June 1, 1987. President Gemayel's term of office expired in September 1988. Before stepping down, he appointed another Maronite Christian, Lebanese Armed Forces Commanding General Michel 'Awn, as acting Prime Minister, contravening Lebanon's unwritten "National Pact," which required the Prime Minister to be Sunni Muslim. Muslim groups rejected the move and pledged support to Salim al-Hoss, a Sunni who had succeeded Karami. Lebanon was

thus divided between a Christian government in East Beirut and a Muslim government in West Beirut, with no President.

In February 1989 'Awn attacked the rival Lebanese Forces militia. By March he turned his attention to other militias, launching what he termed a "War of Liberation" against the Syrians and their Lebanese militia allies. In the months that followed, 'Awn rejected both the agreement that ultimately ended the civil war and the election of another Christian leader as president. A Lebanese-Syrian military operation in October 1990 forced him to take cover in the French Embassy in Beirut and later into exile in Paris, where he remains.

End of the Civil War--1989-91

The Ta'if Agreement of 1989 marked the beginning of the end of the war. In January of that year, a committee appointed by the Arab League, chaired by Kuwait and including Saudi Arabia, Algeria, and Morocco, had begun to formulate solutions to the conflict, leading to a meeting of Lebanese parliamentarians in Ta'if, Saudi Arabia, where they agreed to the national reconciliation accord in October. Returning to Lebanon, they ratified the agreement on November 4 and elected Rene Moawad as President the following day. Assassinated in a car bombing in Beirut on November 22 as his motorcade returned from Lebanese Independence Day ceremonies, Moawad was succeeded by Elias Hrawi, who remained in office until 1998.

In August 1990, parliament and the new president agreed on constitutional amendments embodying some of the political reforms envisioned at Ta'if. The Chamber of Deputies expanded to 128 seats and was divided equally between Christians and Muslims (with Druze counted as Muslims). In March 1991, parliament passed an amnesty law that pardoned all political crimes prior to its enactment. The amnesty was not extended to crimes perpetrated against foreign diplomats or certain crimes referred by the cabinet to the Higher Judicial Council. In May 1991, the militias (with the important exception of Hizballah) were dissolved, and the Lebanese Armed Forces began to slowly rebuild itself as Lebanon's only major nonsectarian institution.

In all, it is estimated that more than 100,000 were killed, and another 100,000 left handicapped, during Lebanon's 16 year civil war. Up to one-fifth of the pre-war resident population, or about 900,000 people, were displaced from their homes, of whom perhaps a quarter of a million emigrated permanently. The last of the Western hostages taken during the mid-1980s were released in May 1992.

Postwar Reconstruction--1992 to Present

Postwar social and political instability, fueled by economic uncertainty and the collapse of the Lebanese currency, led to the resignation of Prime Minister Omar Karami in May 1992, after less than 2 years in office. He was replaced by former Prime Minister Rashid al Sulh, who was widely viewed as a caretaker to oversee Lebanon's first parliamentary elections in 20 years.

By early November 1992, a new parliament had been elected, and Prime Minister Rafiq Hariri had formed a cabinet, retaining for himself the finance portfolio. The formation of a government headed by a successful billionaire businessman was widely seen as a sign that Lebanon would make a priority of rebuilding the country and reviving the economy. Solidere, a private real estate company set up to rebuild downtown Beirut, was a symbol of Hariri's strategy to link economic recovery to private sector investment. After the election of then-commander of the Lebanese Armed Forces Emile Lahoud in 1998, following Hrawi's extended term as President, Salim al-Hoss again served as Prime Minister. Hariri returned to office as Prime Minister in November 2000. Although problems with basic infrastructure and government services persist, and Lebanon is now highly indebted, much of the civil war damage has been repaired throughout the country, and many foreign investors and tourists have returned.

If Lebanon has in part recovered over the past decade from the catastrophic damage to infrastructure of its long civil war, the social and political divisions that gave rise to and sustained that conflict remain largely unresolved. Parliamentary and municipal elections have been held with fewer irregularities and more popular participation than in the immediate aftermath of the conflict, and Lebanese civil society generally enjoys significantly more freedoms than elsewhere in the Arab world. However, there are continuing sectarian tensions and unease about Syrian and other external influences. Lebanese Forces (LF) leader Samir Ja'ja, convicted in 1994 on civil war-related charges, remains imprisoned, and the LF is still banned, although Jajja supporters carry out periodic demonstrations and participate in local elections.

In January 2000 the government took action against Sunni Muslim extremists in the north who had attacked its soldiers, and it continues to act against groups such as Asbat al-Ansar, which has been linked to Usama bin Laden's al-Qaida network, and other extremists. On January 24, 2002, Elie Hobeika, a former Lebanese Forces figure associated with the Sabra and Shatila massacres who later served in three cabinets and the parliament, was assassinated in a car bombing in Beirut. An estimated 16,000 Syrian troops remain in position in many areas of Lebanon, notwithstanding Ta'if stipulations that called for agreement between the Syrian and Lebanese Governments on their redeployment by September 1992. Syrian troops did not leave greater Beirut until mid-2001. Israel withdrew its troops from south Lebanon in May 2000, where armed elements of Hizballah are still present.

A September 2003 vote by the Chamber of Deputies to amend the constitution to extend President Lahoud's term in office by three years amplified the question of Lebanese sovereignty and the continuing Syrian presence. The vote was clearly taken under Syrian pressure, exercised in large part through Syria's military intelligence service, whose chief in Lebanon acts as a virtual proconsul. The UN Security Council expressed its concern over the situation by passing Resolution 1559, which called for withdrawal of all remaining foreign forces from Lebanon, disbanding and disarmament of all Lebanese and non-Lebanese militias, the deployment of the Lebanese armed forces throughout the country, and a free and fair electoral process in the presidential election.

GOVERNMENT

Lebanon is a parliamentary democracy in which the people constitutionally have the right to change their government. However, from the mid-1970s until the parliamentary elections in 1992, civil war precluded the exercise of political rights. According to the constitution, direct elections must be held for the parliament every 4 years. Parliament, in turn, is tasked to elect a new president every 6 years. A presidential election scheduled for the autumn of 2004 was pre-empted by a parliamentary vote to extend the sitting president's term in office by three years. The president and parliament choose the prime minister. Political parties may be formed. However, what political parties do exist are weak and mostly based on sectarian interests.

Since the emergence of the post-1943 state, national policy has been determined largely by a relatively restricted group of traditional regional and sectarian leaders. The 1943 national pact, an unwritten agreement that established the political foundations of modern Lebanon, allocated political power on an essentially confessional system based on the 1932 census. Until 1990, seats in parliament were divided on a 6-to-5 ratio of Christians to Muslims (with Druze counted as Muslims). With the Ta'if Agreement, the ratio changed to half and half. Positions in the government bureaucracy are allocated on a similar basis. Indeed, gaining political office is virtually impossible without the firm backing of a particular religious or confessional group. The pact also allocated public offices along religious lines, with the top three positions in the ruling "troika" distributed as follows:

- The presidency is reserved for a Maronite Christian;
- The Prime Minister, a Sunni Muslim, and
- The president of the Chamber of Deputies, a Shi'a Muslim.

Efforts to alter or abolish the confessional system of allocating power have been at the center of Lebanese politics for decades. Those religious groups most favored by the 1943 formula sought to preserve it, while those who saw themselves at a disadvantage sought either to revise it after updating key demographic data or to abolish it entirely. Nonetheless, many of the provisions of the national pact were codified in the 1989 Ta'if Agreement, perpetuating sectarianism as a key element of Lebanese political life.

Although moderated somewhat under Ta'if, constitutionally, the president has a strong and influential position. The president has the authority to promulgate laws passed by the Chamber of Deputies, to issue supplementary regulations to ensure the execution of laws, and to negotiate and ratify treaties.

The Chamber of Deputies is elected by adult suffrage (majority age is 21) based on a system of proportional representation for the various confessional groups. Most deputies do not represent political parties as they are known in the West, nor do they form Western-style groups in the assembly. Political blocs are usually based on confessional and local interests or on personal/family allegiance rather than on political affinities.

The parliament traditionally has played a significant role in financial affairs, since it has the responsibility for levying taxes and passing the budget. It also exercises political control over the cabinet through formal questioning of ministers on policy issues and by requesting a confidence debate.

Lebanon's judicial system is based on the Napoleonic Code. Juries are not used in trials. The Lebanese court system has three levels--courts of first instance, courts of appeal, and the court of cassation. There also is a system of religious courts having jurisdiction over personal status matters within their own communities, e.g., rules on such matters as marriage, divorce, and inheritance.

Principal Government Officials

President--Emile Lahoud
Prime Minister--Umar Karami
Minister of Finance--Elias Saba
Minister of Foreign Affairs--Mahmoud Hammoud
Deputy Prime Minister--Issam Fares
Ambassador to the U.S.--Farid Abboud
Ambassador to the UN--Sami Qronfol

Lebanon maintains an [embassy](#) in the United States at 2560 28th Street, NW, Washington, D.C. 20008, tel. (202) 939-6300. There also are three consulates general in the United States: 1959 East Jefferson, Suite 4A, Detroit, MI 48207, tel. (313) 567-0233/0234; 7060 Hollywood Blvd., Suite 510, Los Angeles, CA 90028, tel. (213) 467-1253/1254; and 9 East 76th Street, New York, N.Y. 10021, tel. (212) 744-7905/7906 and 744-7985.

POLITICAL CONDITIONS

Lebanese political institutions often play a secondary role to highly confessionalized personality-based politics. Powerful families also still play an independent role in mobilizing votes for both local and parliamentary elections. Nonetheless, a lively panoply of domestic political parties, some even predating independence, still exists. The largest are all confessional based. The Phalange, National Bloc, National Liberal Party, Lebanese Forces and Free Patriotic Movement (FPM) are overwhelmingly Christian parties. Amal and Hizballah are the main rivals for the organized Shi'a vote, and the PSP (Progressive Socialist Party) is the leading Druze party. While Shi'a and Druze parties command fierce loyalty to their leaderships, there is more factional infighting among many of the Christian parties. Sunni parties have not been the standard vehicle for launching political candidates, and tend to focus across Lebanon's borders on issues that are important to the community at large. Lebanon's Sunni parties include the Independent Nasserite Movement (INM), the Tawhid, and Ahabash. In addition to domestic parties, there are branches of pan-Arab secular parties (Ba'ath parties, socialist and communist parties) that were active in the 1960s and throughout the period of civil war.

There are differences both between and among Muslim and Christian parties regarding the role of religion in state affairs. There is a very high degree of political activism among religious leaders across the sectarian spectrum. The interplay for position and power among the religious, political, and party leaders and groups produces a political tapestry of extraordinary complexity.

In the past, the system worked to produce a viable democracy. The civil war resulted in greater segregation across the confessional spectrum. Whether in political parties, places of residence, schools, media outlets, even workplaces, there is a lack of regular interaction across sectarian lines to facilitate the exchange of views and promote understanding.

Some Christians favor political and administrative decentralization of the government, with separate Muslim and Christian sectors operating within the framework of a confederation. Muslims, for the most part, prefer a unified, central government with an enhanced share of power commensurate with their larger share of the population. The trajectory of the Ta'if Agreement points towards a non-confessional system, but there has been no real movement in this direction in the decade since Ta'if.

Palestinian refugees, predominantly Sunni Muslims, whose numbers are estimated at between 200,000-400,000, are not active on the domestic political scene. Nonetheless, they constitute an important minority whose naturalization/settlement in Lebanon is vigorously opposed by most Lebanese, who see them as a

threat to Lebanon's delicate confessional balance. During 2002, parliament enacted legislation banning Palestinians from owning property in Lebanon.

ECONOMY

Lebanon has a free-market economy and a strong laissez-faire commercial tradition. The Lebanese economy is service-oriented; main growth sectors include banking and tourism. There are no restrictions on foreign exchange or capital movement, and bank secrecy is strictly enforced. Lebanon has adopted a law to combat money laundering. There are practically no restrictions on foreign investment; however, the investment climate suffers from red tape, corruption, arbitrary licensing decisions, high taxes and fees, archaic legislation, and a lack of adequate protection of intellectual property. There are no country-specific U.S. trade sanctions against Lebanon.

Lebanon embarked on a massive reconstruction program in 1992 to rebuild the country's physical and social infrastructure devastated by both the long civil war (1975-90) and the Israeli occupation of the south (1978-2000). In addition, the delicate social balance and the near-dissolution of central government institutions during the civil war handicapped the state as it sought to capture revenues to fund the recovery effort. Monetary stabilization coupled with high interest rate policies aggravated the debt service burden, leading to a substantial rise in budget deficits. Thus, the government accumulated significant debt, which by 2004 had reached \$35 billion, or 190% of GDP, with the budget deficit to GDP ratio reaching 16.6%. Unemployment is estimated at 12-13% for 2003, but in the absence of reliable statistics, some estimate it could be as high as 20-25%.

After negative growth of -0.5% in 2000, the economy picked up slightly in 2001 and posted 2% growth, following measures taken by the government before the end of 2000 and during the first half of 2001 to boost economic activity, reform the administration, and move towards privatization. In February 2001, then-Prime Minister Hariri presented the government's reform program and economic policies to the World Bank and the European Union (EU) Presidents at a Paris-hosted conference (Paris I). The program focused on economic revival and sustainable growth, privatization, fiscal consolidation and structural reform, and monetary and financial stability.

The government also has maintained a firm commitment to the Lebanese pound, which has been pegged to the dollar since September 1999. The government passed an Investment Development Law as well as laws for the privatization of the telecom and the electricity sector, signed the Euro-Med Partnership Agreement with the EU in March 2003, and anticipates accession to the World Trade Organization (WTO) by 2005. In order to increase revenues, the government introduced a 10% value added tax (VAT) that became applicable in February 2002 and a 5% tax that became applicable in February 2003.

In November 2002, Lebanon submitted a comprehensive program on its financing needs at the Paris II Donors Conference and succeeded in attracting pledges totaling \$4.4 billion, including \$3.1 billion to support fiscal adjustment and \$1.2 billion to support economic development projects. To date, the government has received \$2.5 billion, mostly used to retire or replace maturing debt, which carried an average cost of 13.5%. In return, the government issued donors 15-year dollar-denominated Eurobonds carrying a 5% coupon, with a 5-year grace period for repayment.

On the domestic front, the Central Bank of Lebanon (CBL) and commercial banks also contributed to the reduction of debt servicing costs. In December 2002, the CBL wrote off \$1.8 billion in public debt it held and re-subscribed \$1.8 billion in 15-year Eurobonds carrying a 4% coupon. Commercial banks subscribed 10% of their deposit base as of October 31, 2002 (about \$4 billion) in 2-year treasury bills at zero percent interest rates. As a result of these combined efforts, about \$10 billion was mobilized from local and international sources and used to replace high cost, short-term debt with lower cost and longer maturity debt. Paris II positively impacted financial markets and lowered interest rates.

On the fiscal front, the government continued to improve fiscal imbalances and succeeded in achieving a 27% improvement in the overall (budget and Treasury) primary surplus in the first half of 2003 over the corresponding period in 2002. In July 2003, the International Monetary Fund (IMF) publicly commended the government's efforts on fiscal reform and debt restructuring, while expressing concern over delays in privatization and securitization, and urging fiscal consolidation, economic reform, and improvement in the overall domestic political climate. The government continues to face difficulties securing political consensus to move forward on privatization. Tension between the President and Prime Minister remains the main obstacle to progress on reform.

The U.S. enjoys a strong exporter position with Lebanon, generally ranking as Lebanon's fourth or fifth-largest source of imported goods. More than 160 offices representing U.S. businesses currently operate in Lebanon. Since the lifting of the passport restriction in 1997 (see below), a number of large U.S. companies have opened branch or regional offices, including Microsoft, American Airlines, Arthur Andersen, Coca-Cola, FedEx, UPS, General Electric, Parsons Brinkerhoff, Cisco, Eli Lilly, and Pepsi Cola.

FOREIGN RELATIONS

The foreign policy of Lebanon reflects its geographic location, the composition of its population, and its reliance on commerce and trade. Lebanon's foreign policy is heavily influenced by Syria. The framework for relations was first codified in May 1991, when Lebanon and Syria signed a treaty of mutual cooperation. This treaty came out of the Ta'if Agreement, which stipulated that "Lebanon is linked to Syria by distinctive ties deriving strength from kinship, history, and common interests." The Lebanese-Syria treaty calls for "coordination and cooperation between the two countries" that would serve the "interests of the two countries within the framework of sovereignty and independence of each." Numerous agreements on political, economic, security, and judicial affairs have followed over the years.

Lebanon concluded negotiations on an association agreement with the European Union in late 2001, and both sides initialed the accord in January 2002. Lebanon also has bilateral trade agreements with several Arab states and is in the process of accession to the World Trade Organization. Lebanon enjoys good relations with virtually all of its Arab neighbors (despite historic tensions with Libya, the Palestinians, and Iraq), and hosted an Arab League Summit in March 2002 for the first time in more than 35 years. Lebanon also is a member of the Organization of Islamic Conference and maintains a close relationship with Iran, largely centered on Shi'a Muslim links. Lebanon is a member of the Francophone countries and hosted the Francophone Summit in October 2002.

Lebanon did not participate in the 1967 or 1973 Arab-Israeli war or in the 1991 Gulf War. The success of the latter created new opportunities for Middle East peacemaking. In October 1991, under the sponsorship of the United States and the then-Soviet Union, Middle East peace talks were held in Madrid, Spain, where Israel and a majority of its Arab neighbors conducted direct bilateral negotiations to seek a just, lasting, and comprehensive peace based on UN Security Council Resolutions 242 and 338 (and 425 on Lebanon) and the concept of "land for peace." Lebanon, Jordan, Syria, and representatives of the Palestinians continued negotiating until the Oslo interim peace accords were concluded between Israel and the Palestinians in September 1993 and Jordan and Israel signed an agreement in October 1994. In March 1996, Syria and Israel held another round of Madrid talks; the Lebanon track did not convene.

In early April 1996, Israel conducted a military operation dubbed "Grapes of Wrath" in response to Hizballah's continued launching of rockets at villages in northern Israel. The 16-day operation caused hundreds of thousands of civilians in south Lebanon to flee their homes. On April 18, Hizballah fired mortars at an Israeli military unit from a position near the UN compound at Qana, and the Israeli Army responded with artillery fire. Several Israeli shells struck the compound, killing 102 civilians sheltered there. In the "April Understanding" concluded on April 26, Israel and Hizballah committed to avoid targeting civilians and using populated areas to launch attacks. The Israel-Lebanon Monitoring Group (ILMG), co-chaired by France and the United States, with Syria also represented, was set up to implement the Understanding and assess reports of violations. ILMG ceased operations following the May 2000 Israeli withdrawal from south Lebanon.

On May 23, 2000, the Israeli military carried out a total withdrawal of Israeli troops from the south and the Bekaa Valley, effectively ending 22 years of occupation. The SLA collapsed and about 6,000 SLA members and their families fled the country, although more than 3,000 had returned by November 2003. The military court tried all of the SLA operatives who remained in the country and the average sentence handed down was 1-year imprisonment. With the withdrawal of Israeli forces, many in Lebanon began calling for a review of the continued presence of Syrian troops, estimated in mid-2003 at approximately 16,000.

On June 16, 2000, the UN Security Council adopted the report of the Secretary General verifying Israeli compliance with UN Security Council Resolution 425 and the withdrawal of Israeli troops to their side of the demarcated Lebanese-Israeli line of separation (the "Blue Line") mapped out by UN cartographers. (The international border between Lebanon and Israel is still to be determined in the framework of a peace agreement.) In August 2000, the Government of Lebanon deployed over 1,000 police and soldiers to the former security zone, but Hizballah also maintained observation posts and conducted patrols along the Blue Line. While Lebanon and Syria initially agreed to respect the Blue Line, both since have registered

objections and continue to argue that Israel has not fully withdrawn from Lebanese soil. As regional tension escalated with the Palestinian intifada in September 2000, Hizballah cited Blue Line discrepancies when it reengaged Israel on October 7, taking three Israeli soldiers captive in an area known as Sheba Farms. (In 2001, the Israeli government declared the three soldiers were believed to be dead.) Sheba Farms is a largely unpopulated area of the Golan Heights, just south of the Blue Line, that was captured by Israel from Syria in 1967. As a result of secret mediation by the German government, Israel released a number of Lebanese prisoners held by Israel in early 2004 in exchange for Elhanan Tannenbaum, an Israeli reservist abducted by Hizballah in late 2000.

Hizballah forces have continued to launch sporadic military strikes on Israeli forces, drawing responses that produced casualties on both sides and, on two occasions in 2001, Israeli air strikes on Syrian radar sites in Lebanon. UNIFIL has recorded numerous violations of the Blue Line by both sides since the Israeli withdrawal. In general, however, the level of violence along the Israeli-Lebanon front has decreased dramatically since May 2000.

U.S.-LEBANESE RELATIONS

The United States seeks to maintain its traditionally close ties with Lebanon, and to help preserve its independence, sovereignty, national unity, and territorial integrity. The United States also supports the withdrawal of all non-Lebanese forces from Lebanon, including Syrian forces and Iranian elements, and the disarming and disbanding of all armed militias. The United States believes that a peaceful, prosperous, and stable Lebanon can make an important contribution to comprehensive peace in the Middle East.

One measure of U.S. concern and involvement has been a program of relief, rehabilitation, and recovery which, since 1975, has totaled more than \$400 million. This support reflects not only humanitarian concerns and historical ties but also the importance the United States attaches to sustainable development and the restoration of an independent, sovereign, unified Lebanon. Current funding is used to support the activities of U.S. and Lebanese private voluntary organizations engaged in rural and municipal development programs nationwide, improve the economic climate for global trade and investment, and enhance security and resettlement in south Lebanon. The U.S. also supports humanitarian demining and victims assistance programs.

Over the years, the United States also has assisted the American University of Beirut (AUB) and the Lebanese American University (LAU) with budget support and student scholarships. Assistance also has been provided to the Lebanese-American Community School (ACS) and the International College (IC).

In 1993, the U.S. resumed the International Military Education and Training program in Lebanon to help bolster the Lebanese Armed Forces (LAF)--the country's only nonsectarian federal institution--and reinforce the importance of civilian control of the military. Sales of excess defense articles (EDA) resumed in 1991 and have allowed the LAF to enhance both its transportation and communications capabilities, which were severely degraded during the civil war.

Principal U.S. Embassy Officials

Ambassador [Jeffrey Feltman](#)
Deputy Chief of Mission [Christopher Murray](#)
Defense Attaché [LTC Robert K. Carnahan](#)
USAID Director [Raouf Youssef](#)
Political/Economic Chief [George Frederick](#)
Consul [Amber Baskette](#)
Management Officer [Barbara McCarthy](#)
Public Affairs Officer [Juliet Wurr](#)
Regional Security Officer [John Schilling](#)
Economic/Commercial Officer [Jennifer Sublett](#)

The [U.S. Embassy](#) operates in Awkar, Lebanon (tel. 961-4-543600, 961-4-542600). In September 1989, all American officials at the U.S. Embassy in Beirut were withdrawn, when safety and operation of the mission could not be guaranteed. A new U.S. ambassador returned to Beirut in November 1990, and the embassy has been continuously open since March 1991. In 1997, reflecting improvements in Lebanon's security climate, the United States lifted the ban it had imposed on American-citizen travel to Lebanon in 1985. The ban was replaced by a travel warning. Nonetheless, remaining security concerns continue to limit the size of

the American staff and visitor access to the Embassy. American Citizen Services are available and the Embassy resumed full nonimmigrant visa services in June 2003.

TRAVEL AND BUSINESS INFORMATION

The U.S. Department of State's Consular Information Program provides Consular Information Sheets, Travel Warnings, and Public Announcements. **Consular Information Sheets** exist for all countries and include information on entry requirements, currency regulations, health conditions, areas of instability, crime and security, political disturbances, and the addresses of the U.S. posts in the country. **Travel Warnings** are issued when the State Department recommends that Americans avoid travel to a certain country. **Public Announcements** are issued as a means to disseminate information quickly about terrorist threats and other relatively short-term conditions overseas which pose significant risks to the security of American travelers. Free copies of this information are available by calling the Bureau of Consular Affairs at 202-647-5225 or via the fax-on-demand system: 202-647-3000. Consular Information Sheets and Travel Warnings also are available on the Consular Affairs Internet home page: <http://travel.state.gov>. Consular Affairs Tips for Travelers publication series, which contain information on obtaining passports and planning a safe trip abroad are on the internet and hard copies can be purchased from the Superintendent of Documents, U.S. Government Printing Office, telephone: 202-512-1800; fax 202-512-2250.

Emergency information concerning Americans traveling abroad may be obtained from the Office of Overseas Citizens Services at (202) 647-5225. For after-hours emergencies, Sundays and holidays, call 202-647-4000.

The National Passport Information Center (NPIC) is the U.S. Department of State's single, centralized public contact center for U.S. passport information. Telephone: 1-877-4USA-PPT (1-877-487-2778). Customer service representatives and operators for TDD/TTY are available Monday-Friday, 8:00 a.m. to 8:00 p.m., Eastern Time, excluding federal holidays.

Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at 877-FYI-TRIP (877-394-8747) and a web site at <http://www.cdc.gov/travel/index.htm> give the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. A booklet entitled Health Information for International Travel (HHS publication number CDC-95-8280) is available from the U.S. Government Printing Office, Washington, DC 20402, tel. (202) 512-1800.

Information on travel conditions, visa requirements, currency and customs regulations, legal holidays, and other items of interest to travelers also may be obtained before your departure from a country's embassy and/or consulates in the U.S. (for this country, see "Principal Government Officials" listing in this publication).

U.S. citizens who are long-term visitors or traveling in dangerous areas are encouraged to register at the Consular section of the U.S. embassy upon arrival in a country by filling out a short form and sending in a copy of their passports. This may help family members contact you in case of an emergency.

Further Electronic Information

Department of State Web Site. Available on the Internet at <http://www.state.gov>, the Department of State web site provides timely, global access to official U.S. foreign policy information, including [Background Notes](#) and [daily press briefings](#) along with the directory of [key officers](#) of Foreign Service posts and more.

[Export.gov](#) provides a portal to all export-related assistance and market information offered by the federal government and provides trade leads, free export counseling, help with the export process, and more.

[STAT-USA/Internet](#), a service of the U.S. Department of Commerce, provides authoritative economic, business, and international trade information from the Federal government. The site includes current and historical trade-related releases, international market research, trade opportunities, and country analysis and provides access to the [National Trade Data Bank](#).