



Promoting Lebanon's news, events & Business Opportunities  
to Lebanese expatriates around the planet

# e-LIBC

Welcome to edition  
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## Founding president's Message

### Joint Ventures a Lebanese Private Option

Internal development is an attractive option for companies that have access to financial markets, technological advancement, and a strong distribution and marketing resources locally and in the export markets.

Although mergers could be an attractive alternative, there have not been many recent cases in Lebanon. This is explained by the fact that competition has not reached a level where companies are pushed either to merge or face liquidation. The Joint Venture option is considered to be attractive to a local company, because it allows it to retain its identity and provides the new venture with an advantage over other competitors.

The traditional reasons of financial resources and access to export markets are being overshadowed by the growing importance of having access to continued improvements in process technology, the use of information systems strategically, and the streamlining of operations to reduce costs and increase efficiency.

Recent studies of joint ventures have been reviewed and have shown that a joint venture is considered the best alternative when the basic elements of going-it-alone are not present. In addition, failure rates of 27%, 50%, and 60% have been reported, while those that survive get terminated after 7 years and they are mostly between parties of comparable size and resources.

The formation of a joint venture is a fragile affair that needs to be nurtured carefully and methodically. Both parties to the joint ventures need to align their incentives and they must realize that a joint venture is a dynamic relationship that changes over time.

For example there are a lot of obstacles facing Lebanese companies entering into a Joint Venture with European partners.

The process of entering into a joint venture should gradually develop through a "Getting to Know Each Other" phase. This phase should include a background check on character and professionalism. This first phase should develop into the second phase described as a joint market, and 'Business Assessment' phase, whereby a preliminary co-operation agreement (dealing with distributorship, technical and management support) should take place. The third phase is based on detailed business objectives and long term goals. The final challenge to this association is the formation of a "happy ending" phase as opposed to one ending with a "nasty divorce".

**Warm regards,  
Nassib Fawaz (Founding president LIBC)**

## General Executive Secretary's Message

### **ABOUT e-LIBC**

*e-LIBC provides Monthly news on Lebanese society worldwide, Lebanon's news, events & Business Opportunities to Lebanese expatriates around the planet and provides links to useful electronic and print resources aimed at strengthening Lebanese society worldwide.*

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### **Happy holidays everybody! Whether it's Christmas, Or Hijra New Year we wish you all the best**

In case I don't get a chance to write again until after Christmas I want to wish everyone a safe and Happy Holiday.

Hope you and your families have a great, safe holiday and a happy new year. It's a wonderful coincidence this year that the Christian's New Year and Muslim's New Year (Hijra) meet on the same date. For us as a Lebanese expatriate this means a lot, this makes us more than ever before united in our future not only our holidays.

2010 is coming while Lebanon has, finally, a unity government. I share the president Michel Suleiman confidence that this national unity government would usher in a period of stability.

We hoped that our beloved country will establish full sovereignty and authority over its own territory and people; we must all work so hard towards that end.

In its first comment since the formation of Lebanon's unity Cabinet, the Institute of International Finance indicated that the creation of the government is expected to improve confidence in the Lebanese economy and maintain strong growth of about 7 percent. It also talked about the likelihood of implementing key reform measures included in the Paris III agenda, such as fiscal adjustment and privatization of the telecom sector.

However, significant fiscal challenges remain over the long term. While the public debt declined from 179 percent of GDP in 2006 to 152 percent of GDP at end-October 2009, it remains one of the highest in the world, with interest payments alone accounting for 11 percent of GDP in 2008.

Given the consensus in the new Cabinet on economic reforms, it projected that the debt-to-GDP ratio could decline rapidly from 152 percent of GDP in 2009 to around 120 percent of GDP by end-2014 without privatization, and regress to 110 percent of GDP if privatization takes place. It added that this would require the primary surplus to increase gradually to 4.5 percent of GDP by 2013.

Such Challenges and many other related topics, we be discussed on our upcoming Planet Lebanon 2010 event.

For more details and registration kindly visit the event's website  
[www.planetlebanon.net](http://www.planetlebanon.net)

**Warm regards**  
**Ghayath Rifai (General Executive Secretary)**

## Business News

### Moody's changes outlook on Lebanon's B2 bond ratings to positive

Moody's Investors Service has changed the outlook on Lebanon's B2 government bond issuer ratings from stable to positive, according to Lebanon This Week, the economic publication of the Byblos Bank Group. It attributed the rating action, which occurred on Friday, to a continuation of the positive trends that led Moody's to upgrade Lebanon's sovereign ratings in April: namely, the continued improvement in external liquidity, the strengthened ability of the country's resilient banking system to finance fiscal deficits, and an amelioration of the domestic political situation with the formation of a consensus government in November.

Moody's has also changed the outlook from stable to positive on Lebanon's B2 country ceiling for foreign currency bank deposits and B1 country ceiling for foreign currency bonds.

"Lebanon's public finances have proven resistant to serious political and economic shocks in recent years. This is due to the strengthened resilience of the country's banking system, which is the government's primary creditor," said Tristan Cooper, Vice President/Senior Credit Officer and Moody's head analyst for Middle East sovereigns. "Confidence in Lebanon's financial system has been bolstered by the central bank's large and growing cushion of foreign exchange reserves and its effective regulation of domestic banks."

Moody's notes that the central bank's foreign exchange reserves rose to \$24.1 billion in October 2009, up from \$9.8 billion at the end of 2007. This places the country in a more favorable position to absorb financial shocks while also providing ample cover for the government's maturing foreign currency debt. Moreover, the central bank holds a large amount of gold, worth \$9.6 billion in October, although the liquidity of the gold could potentially be constrained given that parliament must approve its sale. The maturity structure of government debt is also favorable; following a voluntary debt exchange in March 2009, the government does not face a significant Eurobond maturity until March 2010. In 2010 as a whole, the government's Eurobond maturities amount to around \$2 billion.

Lebanon's commercial banks remain liquid, are well-capitalized and have continued to attract deposits from abroad. Total bank deposits increased by around 20 percent in the 12 months to October. Moody's notes that Lebanon's banks were not exposed to toxic financial assets or failed western financial institutions during the global financial crisis, partly because of stringent central bank regulations. While there is a risk that bank deposits could fall in the event of a serious political or economic upheaval, Moody's observes that they have displayed a high level of stability during previous crises. The bulk of deposits are sourced from the country's large and loyal diaspora.

Read more:

[http://www.dailystar.com.lb/article.asp?edition\\_id=1&categ\\_id=3&article\\_id=109956](http://www.dailystar.com.lb/article.asp?edition_id=1&categ_id=3&article_id=109956)

*several gaps in the promotion of Lebanon, particularly in the area of tourism wherein a great number of people around the world are still unaware that Lebanon has so much more to offer than its cedar trees.*

*A total of \$960.4 million were transferred electronically to Lebanon in 2008, up 31 percent from the previous year, while transfers from Lebanon amounted to \$429.7 million, up 33.7 percent year-on-year. The average amount per transaction to Lebanon was \$927.4 in 2008 compared to \$961.3 in 2007, while the average amount per transaction from Lebanon totaled \$488.*

## Tourism News

### Tourists flock to Lebanon but spend less money



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The number of tourists visiting Lebanon during the month of October 2009 was at 135,871, an increase of 13.6 percent compared to the same month of last year, according to figures released by the Tourism Ministry.

“This year-on-year increase appears to be significantly lower than that witnessed during previous months of 2009; bearing in mind that tourism activity flourished in October 2008, due to the political stabilization following the Doha agreement,” Bank Audi Weekly Monitor said.

Bank Audi added that the year-on-year increase, in fact reflects growing tourism activity from an already high base, which mirrors the growing role of the country as a global and regional tourism hub.

Throughout 2009 so far, all ten months saw a trend of vigorous tourism activity, marked by year-on-year increases.

This has led to a significant surge in overall tourism activity throughout the year.

The number of tourists visiting Lebanon during the first 10 months of 2009 went up by 42.7 percent compared to last year’s figures, to reach 1,574,490 visitors.

The number of tourists in the first 10 months of 2009 recorded a peak relative to the same period of previous years.

“Nevertheless, in spite of the huge number of tourists that flocked into Lebanon in the first 10 months of the year, it is worth noting that spending of such tourists in the country has not been as vigorous in Lebanon as it was in previous years,” Audi said.

It added that this is clearly mirrored by the fact that the increase in tax-free spending in Lebanon was 22 percent for the first 10 months of 2009, significantly lower than the increase in the number of tourists.

Arab tourists represent the largest chunk of tourists visiting Lebanon (42 percent), followed by European tourists.

“Clearly, the differential between the rise in the number of tourists and the increase in the spending of such tourists reflects decreasing purchasing power of primary tourists visiting Lebanon, namely Arabs and Europeans, as a result of the global financial turmoil,” Audi said.

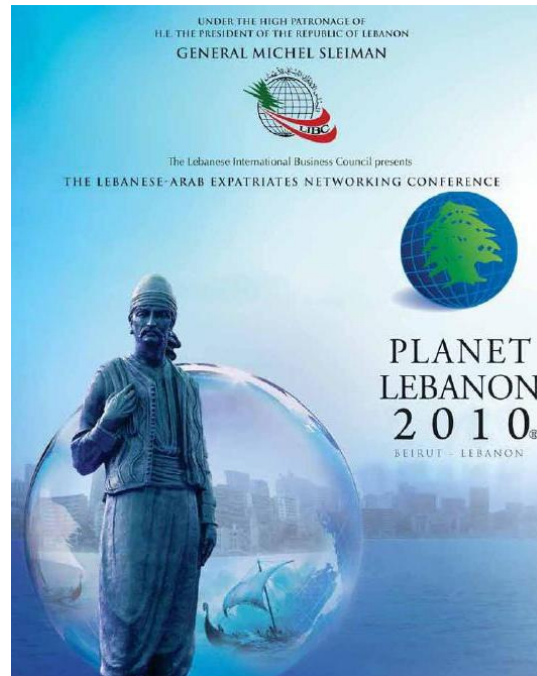
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Lebanese International Business Council's 6th annual conference

The Lebanese International Business Council (LIBC) was established in 1999 under the decree No 4 dated 4/12/1999 issued by the Ministry of Interior. It was created in response to an ever growing need for Lebanese Business people abroad to work together in an increasingly developing market.

A non-profit organization, its aim is to promote the economic and financial development of Lebanon by encouraging investments in various profitable projects while bringing together Lebanese business people around the globe who wish to be part of this unique council.

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The sixth Lebanese International Business Council (LIBC) World Conference and exhibition is our response to the global economic and financial crisis, with a special highlight on how to enhance employment, investment and trade prospects by offering the Lebanese, Near Eastern, Gulf and African markets with a rare chance to network with their Lebanese-international and Arab-international counterpart, and remain informed of critical economic strategies and variables via panels of selected speakers.

Held under the high Patronage of the President of the Republic, His Excellency General Michel Sleiman, the event is designed to allow room for expertise exchange, relationship building and cooperation opportunities, and provide a refined, targeted display venue for your products and services.

After the success of Planet Lebanon 2005, and a four-year imposed hiatus, LIBC is proud to relaunch Planet Lebanon 2010, under the title of the Lebanese-Arab Expatriates Networking Conference. Planet Lebanon 2010 is the manifestation of new visions, old hopes and genuine desire for a brand new Lebanon. It is our sincere wish that through providing a place for the creation and development of Arab-international ties, we may play a decisive part in rebuilding our national economy, and paving the way to unprecedented heights.

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