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## ECONOMIC AND POLITICAL OVERVIEW

### ECONOMIC OVERVIEW

After years of neglect, corruption, financial mismanagement and the war next door in Syria, the Lebanese economy entered a full-blown crisis in 2019, sparking mass protests that demanded sweeping reforms. The economic crisis deteriorated further since, due to the COVID-19 pandemic, rising public debt, a sovereign default, a currency collapse and an explosion at the port of Beirut. The traditional engines of growth in Lebanon (real estate, construction and tourism) have stalled and the banking sector, which until then had been praised for its resilience, has collapsed. Between 2022 and early 2023, the economy experienced a temporary stabilization after undergoing significant contraction in previous years, primarily attributed to the contributions of tourism and substantial remittances. According to the World Bank's projections, the Lebanese economy was expected to see a modest growth of 0.2% in 2023, a positive projection for the first time since 2018, driven by a successful summer tourism season, strong remittances supporting consumption growth, and increasing dollarization of salaries. Signs of ongoing stabilization in private sector activity further contributed to the positive economic outlook. Nevertheless, with the onset of the conflict between Israel and Hamas and its repercussion in Lebanon, the latest estimates projected a recession in 2023 (-0.6% to -0.9%, depending on the extent of the tourism shock).

In 2023, the fiscal and primary deficits narrowed to an estimated 1.3% and 0.3% of GDP, respectively (World Bank). With the successful implementation of planned revenue measures, revenues reached 8.8% of GDP. However, expenditures, driven by increased current spending, transfers to Électricité du Liban, and the continuation of social assistance schemes for public servants, rose to 10.1% of GDP. With a sharp currency depreciation and economic contraction, sovereign debt stood at 179.2% of GDP in 2022 (latest data available), highlighting its unsustainability without comprehensive debt restructuring. However, since the default on sovereign debt on March 9, 2020, minimal advancements have been made in formulating a debt restructuring strategy or reaching an agreement with foreign creditors. Gross foreign currency reserves have increased by USD 425 million between end-July and mid-November 2023, reaching USD 14,213 million (World Bank). The temporary economic stabilization had a ripple effect on the exchange rate, which experienced a temporary steadiness. This stability was influenced by reduced demand for dollars due to widespread dollarization in the economy. In 2023, inflation surged to around 230%, primarily due to the ongoing decline in the overall macroeconomic conditions. This acceleration was predominantly influenced by the depreciation of the exchange rate in the first half of 2023 and the rapid dollarization of economic transactions, especially within the components of the consumer price index basket.

The country faces many humanitarian and social issues in addition to macroeconomic and political challenges. The massive influx of Syrian refugees (25% of the country's population) has shaken the country's demographic balance and labour market, and is putting pressure on the costs of rent, infrastructure and supply of public services such as water and electricity. Unemployment has skyrocketed following the inflow of Syrian refugees, which are competing with Lebanese workers in the informal sector and could hit over a quarter of the workforce. According to the World Bank, more than 60% of the country's young people are not in employment, education or training and over 70% of refugees live under the poverty line. The country faces significant social inequalities: in 2022, the World Bank reclassified Lebanon as a lower-middle-income country, down from an upper-middle-income country. In 2023, the IMF estimated GDP per capita (PPP) at USD 11,794, while according to Human Rights Watch 78% of Lebanon's population was in poverty as of end-2021 - triple the estimated number in 2020.

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
<b>GDP</b> (billions USD)	21.78	0.00	0.00	0.00	0.00
<b>GDP</b> (Constant Prices, Annual % Change)	0.0	0.0	0.0	0.0	0.0
<b>GDP per Capita</b> (USD)	3,283	0	0	0	0
<b>General Government Balance</b> (in % of GDP)	-5.7	0.0	0.0	0.0	0.0
<b>General Government Gross Debt</b> (in % of GDP)	283.2	0.0	0.0	0.0	0.0
<b>Inflation Rate</b> (%)	n/a	0.0	0.0	0.0	0.0
<b>Current Account</b> (billions USD)	-6.27	0.00	0.00	0.00	0.00
<b>Current Account</b> (in % of GDP)	-28.8	0.0	0.0	0.0	0.0

Source: IMF – World Economic Outlook Database , October 2021

## Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

## MAIN SECTORS OF INDUSTRY

Lebanon has fertile lands and benefits from a moderate climate and abundant water resources. However, the agricultural sector is underdeveloped and only contributes 1.4% of the GDP and 4% of employment (World Bank, latest data available). Key agricultural products include fruits (mainly apples, oranges, bananas and grapes, but also significantly olives) which account for around 30% of total agricultural production, and vegetables (such as potatoes, tomatoes and maize) which account for more than 60% of total production; whereas coffee is the main export product. Just 11% of Lebanon's population lives in rural areas, but more than one-fifth of households in the agricultural sector are classified as very poor (IFAD). According to the latest figures from FAO, the total cereal production for 2023 was projected at around 134,000 tonnes, approximately 5% lower than the five-year average. This figure is in proximity to the harvests of 2022 and 2021, which were already impacted by the ongoing economic crisis.

Industry, which accounted for 12.5% of GDP in 2019, dropped to 6.6% in 2020 due to the COVID-related crisis and stood at just 2.8% in 2021, one of the lowest ratios in the world. It employs 21% of the workforce (World Bank, latest data available) and is dominated by the manufacturing of agricultural products, metals, minerals, furniture and other manufactured goods. The primary manufacturing sub-sectors comprise food industries, constituting approximately 19% of the total number of firms, followed by plastic and chemicals at 14%, paper and packaging as well as minerals at 11% (Lebanese Centre for Policy Studies).

Services are the dominant sector of the Lebanese economy, representing 94.1% of the country's GDP and employing 75% of the workforce. The banking sector was traditionally the mainstay of the economy, but it is going through a major crisis. Banking activity, even when it was sustained and lucrative, did not constitute real support for the private sector since most of the liquidity coming from banks is used to finance public debt. Tourism accounts for almost 20% of GDP and employs around 18% of the active population. The sector currently suffers from the serious economic and political crisis that the country is going through, although it showed signs of recovery: according to the Ministry of Tourism, Lebanon welcomed 1,404,768 tourists in the first nine months of 2023, marking a 25.3% increase from the same period in 2022 and a significant 113.2% surge from 2021.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
<b>Employment By Sector</b> <i>(in % of Total Employment)</i>	3.8	20.8	75.4
<b>Value Added</b> <i>(in % of GDP)</i>	1.4	2.8	94.1
<b>Value Added</b> <i>(Annual % Change)</i>	-7.1	-6.9	-4.9

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
<b>Lebanese Pound (LBP) - Average Annual Exchange Rate For 1 USD</b>	1,507.50	1,507.50	1,507.50	1,507.50	3,555.00

Source: World Bank - Latest available data.

## FOREIGN TRADE

The share of Lebanon's foreign trade has been declining sharply in recent years and stood at nearly 79% of GDP in 2021, up from 50% one year earlier mostly due to the contraction in GDP (World Bank, latest data available). Hydrocarbons continued to represent a significant portion of the country's imports (29%), reaching 5.6 billion USD in 2022 (an increase of +44% in value but a decrease of -17% in volume). The main non-hydrocarbon imports included electrical machinery and instruments (13%, up by +108%, partially due to increased installation of private-use photovoltaic panels) and vehicles (10.5%, up by +78%). In the same year, the main export items from Lebanon were precious metals (22% of the total), basic metals (14%), agri-food products (11%), plastic (11%), and chemicals (11% - data French Ministry of Economy).

According to data by Comtrade, Lebanon's main export partners in 2022 were the United Arab Emirates (23.3%), Syria (9.6%), Turkey (4.5%), Egypt (4.4%), and Iraq (4.2%); whereas imports come chiefly from China (13.8%), Turkey (12.4%), Greece (9.8%), Italy (5.8%), and the United States (5.0%). The war in Syria, the drop in demand from countries in the region and the economic and political crisis in Lebanon are having a negative impact on Lebanese exports, while imports are also hindered by the lack of hard currency. The embargo on Lebanese imports imposed by Saudi Arabia since October 2021 has had a significant negative impact on exports. Indeed, the country represented a significant market for Lebanese sales of fruits and vegetables (14% of the total exported in 2020) as well as for chemical and pharmaceutical products (11%); whereas the decrease in precious metals exports was the main factor behind a decline in exports to Switzerland in 2022.

The country's trade balance is structurally in deficit, a trend that may worsen in the future. According to WTO data, in 2022 Lebanese merchandise exports stood at USD 4.3 billion as opposed to USD 19.5 billion in imports (-4.8% and +40.7% year-on-year, respectively). No data is available for the trade in services. As per the Customs Administration, Lebanon's trade shortfall amounted to USD 8.32 billion between Jan-Aug 2023, a decrease from the USD 10.36 billion recorded in the corresponding period the previous year. Imported goods registered a year-on-year decline of 16.27%, reaching USD 10.69 billion, while total exports experienced a slight y-o-y decrease of 1.46%, reaching USD 2.38 billion.

Foreign Trade Values	2018	2019	2020	2021	2022
<b>Imports of Goods</b> <i>(million USD)</i>	20,396	19,641	11,355	13,857	19,503
<b>Exports of Goods</b> <i>(million USD)</i>	3,830	4,829	4,085	4,590	4,370
<b>Imports of Services</b> <i>(million USD)</i>	14,328	13,157	4,802	4,741	0
<b>Exports of Services</b> <i>(million USD)</i>	15,619	13,673	4,954	5,847	0

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2017	2018	2019	2020	2021
<b>Foreign Trade</b> <i>(in % of GDP)</i>	68.5	68.3	63.0	50.1	78.8
<b>Trade Balance</b> <i>(million USD)</i>	-14,459	-14,912	-13,454	-6,584	-8,343
<b>Trade Balance (Including Service)</b> <i>(million USD)</i>	-13,130	-13,621	-12,938	-6,432	-7,236
<b>Imports of Goods and Services</b> <i>(Annual % Change)</i>	2.1	1.3	-9.5	-46.0	-12.2
<b>Exports of Goods and Services</b> <i>(Annual % Change)</i>	3.9	-4.7	-0.9	-53.7	13.1
<b>Imports of Goods and Services</b> <i>(in % of GDP)</i>	46.5	47.5	42.3	33.8	52.8
<b>Exports of Goods and Services</b> <i>(in % of GDP)</i>	21.9	20.8	20.7	16.4	26.0

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
<b>Volume of exports of goods and services (Annual % change)</b>	0.0	0.0	0.0	0.0	0.0
<b>Volume of imports of goods and services (Annual % change)</b>	0.0	0.0	0.0	0.0	0.0

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

## International Economic Cooperation

Lebanon is a member of the following international economic organisations: IMF, Arab Fund for Economic and Development (AFESD), ICC, Arab Monetary Fund (AMF), G-24, G-77, Arab League, WTO, among others. For the full list of economic and other international organisations in which participates Lebanon click [here](#). International organisation membership of Lebanon is also outlined [here](#).

## Free Trade Agreements

The up-to-date list of Free Trade Agreements signed by Lebanon can be consulted [here](#).

## Main Partner Countries

Main Customers <i>(% of Exports)</i>	2022
<b>United Arab Emirates</b>	23.3%
<b>Türkiye</b>	4.5%
<b>Egypt</b>	4.4%
<b>Switzerland</b>	4.1%
<b>United States</b>	4.0%
<b><a href="#">See More Countries</a></b>	59.7%

Main Suppliers (% of Imports)	2022
<b>China</b>	13.8%
<b>Türkiye</b>	12.4%
<b>Greece</b>	9.8%
<b>Italy</b>	5.8%
<b>United States</b>	5.0%
<b>See More Countries</b>	53.2%

Source: Comtrade, Latest Available Data

## POLITICAL OUTLINE

### Current Political Leaders

President – Vacant

Prime Minister: Najib Mikati (since 10 September 2021)

### Next Election Dates

Presidential: ongoing

National Assembly: May 2026

### Current Political Context

Lebanon is characterised by a high level of political instability, aggravated by a severe economic crisis. The political system aims at preserving the balance between the main religious groups. Parliamentary elections took place in May 2022, whose results produced a hung parliament with fragmented blocs and seats, with non-party affiliates earning a significant number of seats. The Lebanese Forces (Christian) and the protest opposition also gained seats, whereas Hizbullah's allies lost some. Prime Minister Mikati, whose government went into caretaker mode upon parliamentary elections, was re-appointed as prime minister in 2022 in a caretaker role.

President Aoun's term ended in 2022, leaving a void as the parliament has so far been unable to agree on his successor (as of January 2024, the Lebanese Parliament failed to elect a new president), resulting in an unprecedented institutional vacuum amid a dramatic economic and political situation.

The stability and security of Lebanon could be negatively influenced by the political and security conditions in the wider Middle East, particularly in neighbouring Syria and, more recently, in Israel.

### Main Political Parties

Political forces are assigned by a fixed number of seats according to their religious denomination. They group to form electoral alliances, but such coalitions are weakly connected in practice. The main parties represented in the parliament are:

- **Free Patriotic Movement**: right-wing, christian democracy, civic nationalism
- **Development and Liberation Bloc**: coalition formed by the Amal Movement and the Arab Socialist Ba'ath Party
- **Hezbollah**: Shia Islamist political party and militant group
- **Progressive Socialist Party**: centre/centre-left, its confessional base is in the Druze sect
- **Lebanese Forces**: Christian-based and former militia during the Lebanese civil war, right-wing
- **Kataeb Party**: right-wing, Christian.

## Executive Power

The [President](#) is the head of the state and is elected by the National Assembly for a six-year term. The [Prime Minister](#) is appointed by the President in consultation with the National Assembly and acts as the head of the government, to serve a four-year term. Though the Prime Minister enjoys the executive powers which include implementation of the law in the country and running the day-to-day affairs, the President also holds a strong and influential position which includes the promulgation of laws passed by parliament and ratification of treaties. The Cabinet is chosen by the Prime Minister in consultation with the President and members of the National Assembly. As per the constitution of the country, the President must be a Maronite Catholic Christian and the Prime Minister a Sunni Muslim.

## Legislative Power

The legislature in Lebanon is unicameral. The parliament called [National Assembly](#) consists of 128 seats; with its members elected by popular vote on the basis of proportional representation, with quotas according to religion, to serve four-year terms. Legislative power is vested in both the government and the parliament. The executive branch of the government is directly or indirectly dependent on the support of the parliament, often expressed through a vote of confidence. The Prime Minister cannot dissolve the parliament nor can he veto its enactments. The Speaker of the Parliament must be a Shiite Muslim.

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## COVID-19 COUNTRY RESPONSE

### Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#). To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

### Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

### Economic recovery plan

For the general overview of the key economic policy responses to the COVID-19 pandemic (fiscal, monetary and macroeconomic) undertaken by the government of Lebanon, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

### Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document. You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).