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Honorable Audience,

It is a great honor for me to participate in this valuable conference under the auspices of His Excellency the President of the Republic and in the presence of officials and experts.

When we say Lebanese potential, the first image that comes to mind is Lebanon, with its geography and location, its water and gas resources and its beauty and religious wealth. We cannot but recall the image of Lebanon the country of dialogue and its message as expressed by His Holiness Pope John Paul II; the image of a country we would like to see as a crossroads of civilizations. We remember also the image of the Lebanese people throughout their presence in this part of the world and their innovation in different domains, namely culture, economy, trade and tourism, across a History fraught with challenges more than prosperity and peace of mind.

Excluding political and security challenges, as well as Israeli attacks and ambitions that would often lead to instability in our situation, the economic and social challenges were, and still are, not happening easily and smoothly in return. But, since we strongly believe in the Lebanese individual and his potential that has made many of our compatriots famous around the globe, we can invest in these talents and properly employ them. Let us not forget the wealth granted by God to Lebanon in terms of its sea.

We also have the ability to increase the level of desired productivity and results in all sectors. If we want to achieve these intended outcomes, we should identify and assess, today, the different challenges that we are facing according to clear and unequivocal bases that would allow us to precisely know our capabilities and identify the issues and priorities that we should tackle, while building on the stability prevailing internally and at the security

level in order to focus our capabilities on economic and social matters.

This is why we should draw a clear roadmap enabling us to make the most of our available capabilities, especially those of our youth, by providing them with adequate education and formation in order to boost their aspirations and help them overcome the frustration that made them enter labor markets abroad. We should also harness their promising potential so as to protect them and our economy, while helping them achieve their dreams. If we look, for instance, at our economy and assess it objectively, we cannot but ask ourselves this question: Which factors have led to the frustration of our youth and hindered our capabilities?

During the past years, Lebanon witnessed several crises on all levels; the instability in neighboring countries, in terms of security and economy, especially the repercussions of the Syrian crisis, on the one hand, and the Lebanese presidential vacuum that lasted for two and a half years, on the other hand, have led to a decline in growth well below estimated figures and the potential of the Lebanese economy, which is estimated at about 5%. During the last five years, with the onset of the Syrian crisis in 2011, the growth rate fell to 1.8% compared to an elevated growth rate of 6.9% between 2005 and 2010.

Upon looking at the period from 2005 to 2016, we can clearly see that the Lebanese economy went through two main phases. The first one started after the Israeli war on Lebanon and the construction boom from 2007 until the end of 2010, when Lebanon witnessed a revival of its economic activity and an exceptional growth that positively affected the performance of the public finance and led to a significant decline in the public debt to GDP ratio. Despite the importance of this stage and its impact on economic and financial growth, it was precarious because it relied mainly on volatile sectors such as tourism and real estate.

Moreover, the temporary improvement in public finance during this period blocked out the structural and organizational problems of the public sector which consequences were revealed after 2010. During the second phase, from 2011 to 2016, economic growth severely declined and directly affected public finance with a decrease in revenue and an elevated level of expenditures due to binding issues such as the cost of debt, the salaries, wages and their related benefits, as well as issues that have been pending for a while such as the deteriorating infrastructure and the weakening tax collection.

Consequently, the public debt ratio resumed its upward pattern with modest growth prospects in the coming years. Here, we would like to mention the importance of the needed reforms to avoid negative repercussions on the deficit and the financial and economic stability.

The shortcomings at the level of the administration and infrastructure in all the facilities cost the country a lot and created a situation that is not favorable to private investments that are usually the backbone of economic growth and opportunities; Lebanon ranked as one of the lowest countries in its environment in terms of attracting domestic and foreign investments. Its latest ranking is 126 out of 186 countries, while Singapore (for example) is the third in the world.

On the international scene and in light of the current situation, Lebanon is not providing a favorable environment for business and is considered a high-risk country. According to the World Economic Forum report, the private sector suffers from several problems that resulted in Lebanon's competitiveness ranking as 101 out of 144 countries in 2016. The most important factors that led to these problems are:

- Infrastructure, which ranked 117/144
- Macroeconomic Environment, which ranked 136/144
- Labor Market Efficiency, which ranked 104/144
- Financial Market Development, which ranked 69/144

These rankings are of course very low compared to other countries.

Moreover, the major obstacles facing businesses are corruption, public sector bureaucracy and the low level of accountability at work.

Hence, we must handle all those obstacles, including the lack of services at the level of the institutions, as well as the complex legislation and procedures in several areas. It is inefficient to focus on one problem only, such as the adoption of the budget that we considered crucial, while in other countries it is a simple fact. We also need to find quick solutions to the problems of the administration of sectors, which requires decisions that give fast results in comparison to large investments which implementation requires a lot of time.

This means that the first steps should focus on providing a suitable environment for the work and development of the private sector, in addition to providing the latter with an adequate infrastructure to support it now and in the future. Moreover, the State's role should be complementary to that of

the private sector rather than a substitute for it, and its work should be limited to low-cost sectors.

The private sector should take the lead among other sectors since it has many benefits in terms of reducing cost and increasing productivity. This requires the effective and efficient management of institutions in all facilities and the development of clear and simplified laws, as well as an infrastructure that supports the private sector which should also take part in the development of the labor market and the streamlining of procedures.

Concerning fiscal and monetary policies, they must also support the work of the private sector. In this context, attention and effort must be focused on reducing the gap in financial accounts as much as possible. We can achieve this in several areas.

Indeed, the taxes proposed in the 2017 budget were a step in this direction, aiming to increase the State's revenues, despite having several necessary measures that need to be implemented in order to reach a balanced financial situation that supports the economy rather than burdening it. These measures include improving collection in all the State's facilities.

As for the expenditures, the power sector should be reformed as soon as possible and we should make the best from the Public-Private Partnerships law . We should also put an end to waste in other areas, create a financial balance and lower the interest rates everything that affects the support granted to the Lebanese Lira.

The increase in salaries came as a factor through which the government can attract new talent from the private sector and move toward improving capabilities rather than increasing numbers.

Concerning the oil and gas sector, the results of the first licensing round will be included for the first time on the agenda of the Cabinet, which will allow, in case of political consensus, the completion of the legislative framework including the Sovereign Fund Law, the National Oil Company Law and the Petroleum Activities Law. This sector does not only offer an historic opportunity for the development of the country, but it also gives us an opportunity to retrieve our young expatriates, men and women, and invest in their talent for the sake of Lebanon.

Our country is at a crossroads; it may face major challenges in the next five years, which can either lead to difficult financial and economic scenarios, with obstacles and failures, or to success stories with economic revival, in case Lebanon decides to protect itself by implementing structural and necessary reforms.

Lebanon and its economy do not dictate external developments in global financial markets. On the contrary, Lebanon is influenced and directly affected by them.

The urgent steps that Lebanon must carry out are:

- Reforming the power sector that is threatening the fate of the entire Lebanese economy and developing the infrastructure so it provides the production base of the private sector
- Improving administrative procedures and the work of institutions in all the State's facilities
- Developing the oil and gas sector as soon as possible
- Strengthening ICT services sector , promoting telecom revenues and reforming the sector so it becomes modern and integrated
- Developing the production of the agricultural and industrial sector to alleviate the burden of trade deficit that is affecting the financial sector
- Developing and diversifying the tourism sector to attract tourists from different regions of the world in preparation for the post-Syrian crisis phase
- Creating new job opportunities by making the most of the Lebanese talent present in the country by directing them and preparing them to the requirements of labor markets.

If these sector-wide reforms are implemented, oil and gas extracted and Syria's reconstruction optimized, Lebanon will witness a diversification of its economy, which in turn will increase its performance and enhance its ability to overcome any kind of crisis.

In conclusion, allow me to stress on our confidence and trust in the Lebanese talent that is internationally recognized in more than one field. Indeed, it is well known that institutions and individuals in all parts of the world have excelled in their respective domains.

But let us be honest. The Lebanese State has not been able yet to provide these capacities with a favorable environment for many reasons, mostly because it has failed our youth's ambitions, leaving many of them frustrated.

Therefore, comprehensive reforms are required in most of the facilities, especially the ones we have clearly mentioned above.

Our duty remains to fulfill our obligations first, before inviting our youth to come back home.