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**Statement by the Ministry of Finance concerning Lebanon's credit rating by S&P and Fitch**

Standard and Poor's credit-rating agency has issued its periodical report and decided to keep Lebanon's rating as is (B- with a negative outlook) contrary to the fearmongering and analyses.

The agency informed the Finance Minister that its decision is based on two main issues:

- 1- The initiation of public finance structural reforms that are included in 2019 Budget, and which will be complemented in 2020 Budget by new reforms related mainly to customs, procurement, pension system, tax evasion and electricity sector. According to the agency, this shall gradually narrow the deficit to 4.8% from GDP in 2022.
- 2- The agency expects that BDL will continue to be able to defend the Lebanese Lira through its reserves. It also stressed on the need to implement the expected reforms without delay and to create a proper policy environment that activates the economy.

In return, Fitch Ratings issued also its periodical report in which it decided to downgrade Lebanon's rating from B- to CCC. This rating is due to the challenges that resulted from the increased stress on external financing after the decline in deposit flows in the banking sector and the delay in implementing the electricity plan.

The report also indicated that the austerity measures in 2019 Budget are significant, but a long-term plan is expected to be implemented in order to control the increase in debt-to-GDP ratio.

The report mentioned the serious work accomplished around 2020 Budget and the commitment of the State to adopt it on time. However, the agency expressed its concern regarding the recurrent political instability that might delay the implementation of the expected economic policies.

This rating is a reminder to Lebanon that governmental work is not a luxury, but a crucial necessity in the coming stage, especially when it comes to the

importance of discussing 2020 Budget and submitting it to the Parliament, in addition to implementing the electricity plan soon, combating tax evasion and activating the economy via the decisions of the Ministerial Statement. We would like here to reiterate that these ratings remind us of the importance of narrowing the deficit and implementing the structural reforms that we have already initiated and which pace will increase in 2020 Budget and forward. They remind us that Lebanon is capable of overcoming difficulties and we should not slacken our efforts, not even for a second.