

Lebanon

Former Trade Partner on Rebound

Peace in Lebanon has lasted for more than a year after 16 years of civil strife.

The Canadian Embassy in Amman reports that while the stability is still fragile, expectations are high that Lebanon, formerly one of Canada's major trading partners in the region, is poised for a rebound.

The Embassy has identified several sectors which hold significant potential. These include telecommunications, energy, construction, agro-industrial goods and services, and consulting engineering.

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Once the "Paris of the Middle East", Beirut has a central core that is devastated. It is uncertain if much of it can be repaired or will need replacement entirely.

However, a reconstruction effort of huge proportions is anticipated. Conservative estimates set the costs in the tens of billions of dollars.

The government's emergency plan calls for spending in excess of US\$2 billion over the next year — just to restore basic water, electricity and telecommunications services. Most of the funding is expected to come from significant donor contributions, led by Saudi Arabia.

While funds have so far been slow in arriving, Saudi Arabia has granted \$60 million for the urgently needed water and electricity repairs in Beirut and a World Bank-sponsored donor group is reported to have received \$700 million in pledges.

Other countries have been ag-

gressive in pursuing lucrative contracts, notably companies from the United States, France and Italy.

For example, Bechtel, in association with Lebanese partners, has been awarded a key contract to prepare the reconstruction master plan. An Italian company has started work on a \$30-million scheme to improve the water supply system.

The Embassy reports that more technical and advisory services are still needed to assist in the refurbishment of key sectors, where Canadian exporters have a solid reputation and a proven track record.

Construction has always been a boom sector in Lebanon and the apparent end of the civil war has been followed by a strong revival of construction activity. A housing ministry survey estimated that 286,000 housing units had been damaged during the war and that 35 per cent required complete reconstruction. The same applies to industrial, agricultural and commercial buildings, in addition to the transportation infrastructure.

Telecommunications were severely disrupted by the civil war and the poor service offered by the state PTT prompted many businesses to resort to satellite and cellular phone systems to maintain international links. Private telephone systems are also used for internal communications and the government is planning large investments as it struggles to restore control.

The same is true in the energy sector where private electrical generators flourish. Large areas of Lebanon continue to experience major power failures and supplies are available for only six to eight hours daily.

Électricité du Liban (EDL), which

covers 85 per cent of the country, has significant hydroelectric resources but they are now almost fully exploited. EDL recently indicated that, in addition to network renovation, an extra 2,400 MW of capacity was required in the coming decade, costing more than \$3.4 billion to install.

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A Japanese company recently completed repairs to two 70 MW units and Italy just signed an agreement to provide two gas turbines.

Exporters will need to act quickly to consolidate representation and strategic partnerships in order to capitalize on the multitude of short- and medium-term opportunities offered by government reconstruction investments. In addition, Lebanon's hyper-active private sector has renewed demands for goods and services in every conceivable sector.

For more information on trade opportunities in Lebanon, contact Africa and Middle East Trade Division (GBTE), External Affairs and International Trade Canada, 125 Sussex Drive, Ottawa K1A 0G2. Tel.: (613) 990-5985. Fax: (613) 990-7431.

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