

# Lebanon

"A renewed partnership and alliance"

Following the election of H.E. General Michel Aoun in October 2016, after a 29-month presidency vacuum, and the consequent formation of a unity government led by H.E. Prime Minister Saad Hariri, Lebanon has not only restored the political process, but has also revived the country's enticing business sector and the investment opportunities.

With a pivotal interest in the Arab world and the GCC countries, the head of the Lebanese government is committed to a short, medium and long term economic strategy. "I want you all, as investors, to be part of my economic team for us to discuss together the priorities that should be included in the government's economic strategy, and I will do whatever you deem necessary for your businesses," announced the PM Mr Saad Hariri months ago during an investment event at the Four Seasons Hotel in Beirut.

Highly affected by geopolitical and security conditions, Lebanon remains for a fifth consecutive year as the largest host on a per capita basis for displaced Syrians (more than 1.5 million) with a cost estimated at 5% of GDP. The extended Syrian conflict – altogether with the long-lasting global financial turmoil – have strongly strained the economy the past few years; however, Lebanon has still proven resilient with a real GDP growth of around 2% and inflation close to 0% in 2016.

"The achievements on the monetary front, particularly the stimulus packages that have greatly contributed to GDP and the financial engineering scheme, ensured that confidence in the Lebanese economy and the Lebanese pound remained strong," says Mr Raed H. Charafeddine, First-Vice Governor of the Banque du Liban. Minister of Economy and Trade, H.E. Mr Raed Houry, also understands the future is bright: "Lebanon's open and liberal economy offers investors no restrictions on starting a business, numerous investment incentives, low corporate tax rates, a strong and reliable banking sector [...], as well as multiple investment platforms."

The expected Syrian reconstruction is widely perceived as a stepping stone for potential joint ventures or shareholding opportunities between foreign/regional investors and Lebanese companies. Ms Raya El-Hassan, Chairwoman of the Tripoli Special Economic Zone and former Minister of Finance, has no doubt the northern port will run

as an incubator for the reconstruction process and will suppose a re-birth for the region: "We believe we can provide many value-added products and compete on the small-medium industries. We have to rise the challenge and help the local economy to benefit from these opportunities." The TSEZ is being set up to be a regional focal trading hub and a business platform for investors, governed by its own procedures and open to 100% foreign ownership companies.

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**H.E. Mr Saad Hariri**  
Prime Minister of Lebanon

Lebanon's cultural renaissance is proving to be another economic driving force, strongly supporting other sectors such as tourism, creative industries, technology, R&D, etc. Minister of Culture, H.E. Dr Ghattas Khoury, who latterly presented a 5-years strategic roadmap, explains the sector is open to GCC investors: "We are looking for donors and partners in different collaboration programs. Such an example is the Beirut Opera House, where we will be sharing 20,000 sqm land for the construction of this venue. [...] Only the price of the parcel is worth \$200 million."

UAE Ambassador to Lebanon, H.E. Dr Hamad Al-Shamsi, trusts the relation with the GCC will continue to grow in the next few years: "The Gulf countries are willing to come back to Lebanon for business, investment, real estate operations and vacations. These investments will be guaranteed as soon as security is fully re-established and we rest assured the PM Saad Hariri is fully committed to the issue."



Project Director: Juan M. S. Clark  
Editorial Coordinator: Joëlle Salamé  
Creative Director: Marta Lorenzo  
Layout Designer: Daniel Salmador  
Full Stack Developer: Andrés Barriga

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For other enquiries:  
[info@strategicinvestmentmedia.com](mailto:info@strategicinvestmentmedia.com)

## The Lebanese Telecommunications revolution

The modernisation of the landline communications network and the country's mobile infrastructure has been a request of the Prime Minister himself. H.E. Mr Saad Hariri pledged months ago to restore the confidence and hope in Lebanon, by promising citizens and investors a twenty-fold increase in internet speed. "Investors want stability. We can have quick wins in the government if we focus on technology and telecommunications," the PM explained during the Global Business Summit in Beirut.

While the Prime Minister's mandate to turn the economy around is being implemented in all different ministries, the Ministry of Telecommunications (MoT) represents the most immediate contributor to the national economy. Something understood as "natural" by H.E. Mr Jamal El-Jarrah, as the development of telecommunications in all aspects "touches each and every household as well as small and big businesses in a positive way." The Minister of Telecommunications believes the Prime Minister has picked up the baton of late Rafic Hariri.

Significant improvements are being implemented for Lebanon's fixed network, as well as an immediate installation of fibre-optic networks and faster DSL services. The challenging undertaking, of an IP Multimedia System project (IMS), is expected to relieve the central offices' capacities in metro areas - by freeing up to 200,000 phone lines - to serve the urban and rural areas, in addition to potential new subscribers in the coming years.

Kick-start cornerstone plans put into effect on the ground include an Internet access price reduction of 20% to 50%. The Fiber to the Cabi-



H.E. Mr Jamal El-Jarrah, Minister of Telecommunications

net (FTTC) project - which will constitute a categorical improvement in general data usage and services - and the launching on Phase 7 scheme to allow the landline national network to catch up with Lebanon's demographical and development growth. Smart infrastructure, e-government and a wider private sector involvement in the national telecommunications sector are also at the forefront of the MoT's agenda.

The MoT believes the Lebanese economy and the Telecommunications sector have always been an attractive investment venue for the GCC governments and companies alike. "GCC Investment opportunities in the Lebanese Telecom sector are wide open and range from network deployment to operations," explains H.E. Mr Jamal El-Jarrah.



REPUBLIC OF LEBANON  
MINISTRY OF  
TELECOMMUNICATIONS

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## Touch offers innovative roaming services

Roaming has become essential to mobile telecommunications as hundreds of millions of subscribers around the world utilize the service every year. This growth in roaming traffic highlights people's pressing need to remain connected without being constrained by time or geography.

Touch, the leading mobile telecommunications and data operator in Lebanon with a 54% market share, managed by Zain Group, ensures customers can make and receive phone calls within partner GSM networks around the globe, using their very own touch number. Currently, the company has roaming agreements in place with 340 GSM operators in 158 countries, which is a significant footprint. While roaming, customers can benefit from a wide variety of services including Call Forward, Missed Call Notification, Recharging, and Online Provisioning.

As part of touch's digital transformation journey, the operator has developed a mobile roaming application, "touch Roaming", available for free to all customers utilizing iOS and Android devices. The app allows customers to remain in control of their roaming charges - including data, call and text - virtually. The app offers great offline perks including access to roaming tips, news, tariffs and one's favorite countries. Customers can also send feedback of their roaming experiences, receive updated roaming tariffs, balance on accounts and news updates.

Touch continues to place the customer at the center of its corporate strategy. Always inspired by customer needs, touch is determined to ensure customers remain connected no matter where they choose to travel.

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## Alfa paves the way to 5G

Alfa has been expanding beyond mobile systems to become the actual drive of innovation in Lebanon's digital age. In April 2017, the mobile operator achieved the highest speed in the country's history (950 Mbits/sec), during a live test on the 4G+ network at the Telecom Review Summit held in Beirut. Only a month after, Alfa's 4G+ Project was also close to completion with around 1200 4G+ sites offering internet speeds of up to 200-250 Mbps to more than 95% of its subscribers. In mid 2018, Alfa is expected to launch the first 5G site in Lebanon.

Proudly managed by the Egyptian network operator Orascom TMT since 2009, Alfa is currently serving 2 million subscribers in the country, 75% of which are data users. Alfa has generated 6 Billion USD, launched more than 80 new services in the past 7 years, increased its network coverage with a target of 100% of the population and won 18 awards in the fields of innovation and leadership, digital presence, CSR, advertisement and PR campaigns, among others.

"Alfa is proud of this technology leadership which puts us in a pioneering position, enabling us to build the IoT ecosystem that is incubating gradually and rapidly new IoT solutions, paving the way to the establishment of a connected society. Alfa has been leading the innovation in the telecommunications sector in Lebanon and has reported impressive growth," says Chairman and CEO Marwan Hayek.

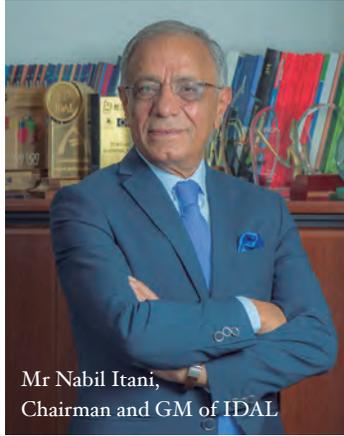
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## Enhancing Lebanon's economic environment and investment climate

For the last 23 years, the Investment Development Authority of Lebanon (IDAL) has been promoting Lebanon as a viable investment destination, as well as attracting, facilitating and retaining these investments in the country. Investment Law No.360 was enacted in 2001 to reinforce IDAL's mission, offering a framework for regulating investment activities in Lebanon, and providing investors with a range of incentives and business support services. The mentioned law identified a set of priority sectors that today are still the most promising opportunities in terms of investment potential and impact on socio-economic growth. These sectors include: Industry, Agriculture, Agro-Industry, Tourism, Information, Communication, Technology, and Media.

Unequivocally affected by Syria's turmoil and the global economic slowdown, Lebanon has not only been able to stay resilient during these past difficult years, but has also prepared itself for further economic diversification and the post war's reconstruction. Local and foreign investments sum up 5% of the national GDP (around \$2.6 billion) and IDAL is very optimistic in increasing those figures in the next couple of years, given the current security situation in the country and the strong support from the international community, Lebanese diaspora and the GCC countries.



Mr Nabil Itani,  
Chairman and GM of IDAL

"We are focusing our efforts in two main areas: rebranding Lebanon in the eyes of Arabs and other regions with investment missions in Riyadh, Cairo, New York, Sao Paulo, etc. and enhancing the development of the country's different cluster zones with the support of small, medium and large shareholders," explains Mr Nabil Itani, Chairman and General Manager of IDAL. "We are currently in the process of revising all the decrees and laws, in order to facilitate even more investments," he adds.

Boasted by one of the lowest corporate income tax rates in the world (15%) and a solid and safe banking system, Lebanon is presenting attractive opportunities in the technological and software development industry, healthcare and cosmetic tourism, handmade furniture manufacture, Human resources, Agro-industry and Media productions; all divided and clearly defined by regions or cluster zones.

"We have to encourage Gulf countries to have a wider role in our economy. They already have a prominent presence in the tourism and real estate sector, and the prevailing stability will only continue encouraging them. Arabs know and love Lebanon very well, and Lebanon has the reciprocal feeling. [...] Connectivity is Lebanon and Lebanon is connectivity," he says.



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## Realizing the full potential of the networked era in Lebanon

Part of Resource Group Holding (RGH), Inkript is a full-on Lebanese company specialized in offering digital security solutions for the public and private sectors. The company's success depends on one essential common denominator: technology. It enjoys extensive experience in developing and implementing biometric solutions related to passports, ID cards, visa and border control, residency permits, work permits, health cards, voting cards, driving licenses, vehicle registration cards, car plates, RFID stickers and others.

Beyond what might seem to be technical jargon: what does that really mean and why is it of any significance?



Well, the world is no longer as we used to know it, and on the most part, that happens to be a very good thing. But the digital era's unfolding is both fascinating and terrifying, to say the least. Economies around the world are transforming into sharing economies. The digitization of our world has been so robust, and all encompassing, that it has made a home in every facet of our lives. It has

affected our social dynamics and the way we go about our daily lives. It has left its mark on how we do business, how we communicate our brands, how we consume and how we live altogether. The networked era has also been marked by a declining trust in institutions, especially governments. This has in turn posed a great deal of pressure on these entities to retain relevance, legitimacy and authority, and to readjust their ways to better fit increasingly connected societies.

Internet accessibility around the world is increasing, and hence shrinking the digital divide. To zoom on a relevant example, according to the Internet World Stats for 2016, almost 76% of the Lebanese population is now connected to the internet. This democratization of technology, as wonderful as it is, also demands enhanced security in the virtual world. Digital security is defined as the protection of one's digital identity which refers to the virtual or Internet equivalent of one's physical identity. Alas, digital security threats on governments and institutions are unfortunately growing in strength and frequency across the globe. The question of identification is crucial, especially



Automation of all the Traffic, trucks and vehicles management Authority operations, including complete biometric enrollment

since identity fraud and counterfeiting are becoming all too common. This is where we can truly visualize the transforming relationship between citizen and the state. Multiple countries in the region have already started taking action, but their efforts are often reactive and not necessarily comprehensive. In other words, they do not have sustainable value. Aware of this pressing need for long term and all-inclusive digital security, the Lebanese government is already developing a strategy towards creating a secure digital environment and eventually delivering full-fledged governmental digital information and services.

This is where Inkript comes in.

The full infrastructure to produce the new electronic and biometric passports for the Lebanese Republic is now in place. The completion of this project constitutes an important milestone, especially in terms of enhancing control and security against potential fraud. This comes alongside other biometric and electronic solutions such as the driving licenses, electronic vehicle registration cards and secure vehicle plates to name a few. Ultimately, Inkript's role is essential in creating more automated governmental processes, securing virtual identities and thereby enhancing citizens' experiences.

It is beyond all doubt that the digital era has the power to largely improve and enrich people's lives, but that is if, and only if, their information is properly protected.

## ABC Group: Fitting like a glove in Lebanon's community

Celebrated as the country's pioneer in retail and real estate, ABC Group has been for more than 75 years at the forefront of firsts and innovation, continuously reinventing the industry and taking customer experience to the greatest heights. While most of the players in business have been trying to stand on their own two feet during Lebanon's slow years, ABC is stepping up to the challenge by freshly opening its third multimillion dollar mall in Beirut's Verdun Quarter. "It is not everyday that there is a mall of 120,000 square-meter built-up-area (BUA) opening in Beirut, which is at the same time the biggest civil engineering project in the country, strangely enough in private hands, and in the very heart of the city," says Mr Frank-Matthias Kuntermann, Deputy CEO of ABC Group.

The retail temple – envisioned to respond to the community's aspirations –, will serve not only the city's west clientele but also a new potential catchment area that stretches from Tyre (Sour) to the southern districts of Beirut, including the greater areas of Nabatieh and Sidon (Saida). It will accommodate over 200 stores – including 28 restaurants and coffee shops –, where shopaholics shall be able to find the latest concept stores and the finest highly-demanded brands. "ABC Verdun from a spirit and architectural concept point of view is very much like ABC Achrafieh. A department store and a mall that is plugged to a department store. [...] The department store targets premium-luxury conscious customers between 35 and 55 years old, while the mall is more mainstream, family and entertainment oriented. Here in Verdun we have 5,000 sqm dedicated solely to entertainment," he adds.

The \$300 million mall is a joint venture between the Bahaa Rafic Hariri Group (BHG) and ABC Group, whereas the Bahaa Rafic Hariri

Group put the iconic piece of land and ABC brought the retail know-how and leisure experience expertise. The project has created more than 2,000 direct job opportunities and increased the local area parking in 1,700 spaces. According to Kuntermann, ABC Group has done thousands of round tables and met with over 6,500 people to improve the quality of life in the neighbourhood. "We had a very specific concept for ABC Verdun: a community mall. For example, there are no green areas in Verdun. We decided to turn part of the rooftop into a Lebanese garden of 1,800 sqm, including a playground for kids. [...] The mall is fully designed for pedestrians and the whole roof is a solar plant."

CallisonRTKL, a Seattle-founded architecture consultancy firm with vast and successful experience in shopping malls worldwide, is behind the Verdun project. Kuntermann says there are no immediate expansion plans for similar projects in Lebanon, although believes the natural expansion should be towards the north of the country.

ABC Group is open to opportunities in the GCC region. "The brand has a unique know-how and there is no equivalent identity as the only Arab mall and department store, the flare is very specific [...] We are working with the Chairman and CEO Robert Fadel in streamlining the business, therefore we would definitely be interested in potential operations, however not on a fully franchising scheme."

ABC was the first retailer to open in Lebanon in 1936 and the first department store in the Middle East. With 6 branches and 3 flagship stores, ABC Group is one of the country's favourite brands and a preferred lifestyle and shopping destination.



Mr Frank-Matthias Kuntermann, Deputy CEO of ABC Group



# Reviving the golden days at the Kempinski Summerland Hotel & Resort

**B**uilt on a strip of prime beachfront at the heart of Beirut, Summerland Bay which comprises the Kempinski Summerland Hotel & Resort, a world class resort, a private marina and 73 luxurious residences represents like no other the glorious past – and brilliant future – of Lebanon’s Tourism and Hospitality sector. Inaugurated in 1978, it has been recently re-erected from scratch, to fully enhance the experience of an international clientele avid of the highest standards in the hotelier business and luxury destinations.

Following the original plans of the exclusive resort complex, Kempinski Summerland Hotel & Resort counts 153 of the largest rooms in the city (with sizes ranging from 42 square-meter to 300 sqm), more than 580 cabins and 73 luxury residences. Iconic – and a trademark in itself –, the property is distinguished for being the favourite pick of eminent foreigners and locals, including politicians, diplomats, businessmen and socialites.

Leila Asbahan, Executive Director of Société Générale d’Entreprises Touristiques (SGET) – the Saudi-Lebanese joint venture which owns the Kempinski Summerland Hotel & Resort – believes it is the glamorous nostalgia and the resort’s premium services that make their customers (especially the ones from the GCC) keep coming back. “We are between the East and the West. Saudis and other khaleeji nationals used to have their apartments here. [...] Our proximity to the airport, the golf course, the natural sandy beach, the nostalgia and emotions of our almost 40 years of history, the old waterfall cascade and the new private marina able to host 47 boats, etc. are some of the reasons why our customers are always returning.”



Evening view of the Kempinski Summerland Hotel, Resort and Bay

SGET has invested a total amount of \$500 million into the construction and development of the 75,000 sqm project. A labyrinth of pools, a 1,500 sqm spa, various restaurants offering different cuisines, sports facilities and different residential units and cabins complete the Summerland Bay hospitality offering. “We have luxury apartments and villas for sale and leasing. This is an added value, as our clients are buying an apartment within a resort, with full entitlement to all of the services and facilities,” adds Ms Asbahan. For Daniele Vastolo, General Manager of the Kempinski Summerland Hotel, it is key to continue developing ideas as the market trendsetter. “We want to use our outdoor spaces not only for unique weddings, but also for major events including international DJ concerts,” he explains.



## 360 DEGREES LUXURY

Summerland Bay is the ultimate luxury destination at the heart of the city. Ideally located, few minutes away from Beirut Downtown and Beirut International Airport, our unique offering is part of a resort composed of the Kempinski Summerland Hotel, its labyrinth of pools, its own private sandy beach, the world acclaimed Resense SPA and a perfectly secluded marina. The Summerland Bay residences present the ultimate form of beachfront living with an exclusive collection of apartments and duplexes offering an incomparable level of service as well as a privileged access to the resort amenities.



Kempinski Summerland  
Hotel & Resort

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