

17/06/1997

Lebanon out to woo investors

Hardev Kaur in Beirut

LEBANON - eager to re-establish its position as a major regional financial, commercial, trading and tourism centre in West Asia - is urging Malaysian businessmen and entrepreneurs to take advantage of opportunities it is offering.

The country, which is under massive reconstruction and development after some 17 years of conflict, offers numerous business opportunities in almost all sectors of the economy.

Prime Minister Rafik Hariri told Business Times that the hotel and tourism industries are among those with great potential in addition to the construction sector. Tourism accounted for some 21 per cent of the Gross Domestic Product.

A new airport is being built to cater to increased traffic, new hotels are required to cater to more visitors, and the port facilities and other infrastructure are being improved.

In an interview at his official residence in the Kuortum in Beirut, Hariri said the private sector is being encouraged to participate in reconstruction and development. Almost everything is being done to improve the livelihood of the people, he added.

Before the interview Hariri, who admires Prime Minister Datuk Seri Dr Mahathir Mohamad and his approach to development, had accompanied President Elias Hrawi to see the construction being undertaken in the city centre.

Beirut, located on the eastern end of the Mediterranean, was at the crossroads of the main trade routes from East to West. In fact, it was the major and must stop for many international airlines and was better known than Dubai before the conflict.

Beirut used to be West Asia's commercial hub, but was virtually wiped out by the sectarian fighting. More than 660 war-devastated buildings have been razed to make way for high-rise and entertainment complexes. Some 265 structures, including historic sites, are being restored.

Much of the infrastructure is also being built, such as sewerage, water supply and telephones. With the massive reconstruction and redevelopment taking place, Hariri said by the year 2000 Beirut will be a "very different city".

Asked about the funding needed for the massive reconstruction and development work, Hariri said assistance is forthcoming from the Arab and Muslim countries, the Europeans and international organisations such as the World Bank.

Reconstruction and development of Lebanon is estimated to cost in the region of US\$60 billion (US\$1 = RM2.51). In fact, the World Bank and its private sector arm, the International Finance Corporation (IFC), has allocated a total of US\$420 million. This is believed to be in addition to the earlier US\$600 million. Another US\$1 billion was pledged at a donors conference in Washington in December.

The Lebanese have left the war and conflict behind them and look forward to a "bright future". Confidence is being restored and efforts are being made to increase productivity in the various sectors, including agriculture and industries.

Hariri said he admired the "system created by Prime Minister Datuk Seri Dr Mahathir Mohamad to encourage foreign investments and joint ventures with Malaysian partners.

"We are trying to do the same and encourage foreign investments into Lebanon," he said, adding that Lebanon is a very open economy with no exchange controls and with very low corporate tax of 10 per cent. "We are trying to encourage more foreign investments and are offering them various incentives."

Some 12 industrial zones have been set up, with another 12 in the pipeline. These are being developed with the cooperation of the private sector.

The banking system in Lebanon, according to Hariri who is also the Finance Minister, is very sophisticated. Foreign banks are beginning to come back to Beirut - in addition to the local banks, there are now French, Dutch and American banks in Beirut.

Hariri, who visited Malaysia recently, said he was impressed with the "discipline" in Malaysia, adding that even Dr Mahathir "uses a name tag and clocks in and clocks out ... perhaps I should do the same".

He said he was also impressed with the "clean, green city of Kuala Lumpur ... as I was formerly involved in construction, I know it takes a lot of planning".

Urging Malaysian businessmen and entrepreneurs to take advantage of the business opportunities offered in his country, Hariri stressed that Malaysian businessmen have "considerable experience". Lebanese on the other hand, are very shrewd businessmen and the combined expertise of the Malaysians and the Lebanese will be mutually advantageous.

Hariri said Beirut could be used as an entry point for the whole of the West Asian markets and region. With the reconstruction and the resultant improvement of links, infrastructure and communications, the city is set to regain its former glory and importance.

Dr Mahathir arrived in Beirut yesterday for the first visit by a Malaysian Prime Minister to Lebanon. Accompanied by several prominent Malaysian businessmen and entrepreneurs, the Prime Minister is expected to urge the two sides to work closely. He is scheduled to address the joint meeting of Malaysian and Lebanese entrepreneurs.

The 35-strong Malaysian business delegation is led by Tan Sri Tajudin Ramli, chairman and chief executive of Malaysia Airlines. Among those in the delegation are Tan Sri Azman Hashim, chairman of the Arab Malaysian Group; Tan Sri Nik Mohamed Nik Yaakob, group chief executive of Sime Darby Bhd; Tan Sri Lee Kim Yew, managing director of Country Heights Holdings; and Tan Sri A.P. Arumugam, chairman of Sri Inderajaya (Asia Pacific) Sdn Bhd.

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