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Statement by IMF Deputy Managing Director Murilo Portugal at the Conclusion of His Visit to Lebanon

Mr. Murilo Portugal, Deputy Managing Director of the International Monetary Fund (IMF), visited Lebanon on February 6, 2009. He met with Prime Minister Fouad Siniora, Finance Minister Mohamad Chatah, Central Bank Governor Riad T. Salamé, several members of Parliament, and the President of the Association of Banks in Lebanon François Bassil. Mr. Portugal issued the following statement today, after concluding his visit:

“I am very pleased to visit Lebanon. During my short visit, I had the privilege to meet the Prime Minister, the Finance Minister, the Governor of the Banque du Liban, and the President of the Lebanese Bank Association. We had very productive discussions, and I would like to thank the Lebanese authorities for their warm hospitality.

“A key topic of our discussions has been the resilience of the Lebanese economy, which, despite its significant external and fiscal vulnerabilities, has been largely insulated from the effects of the global financial crisis, as witnessed by continued deposit inflows and declining dollarization. Such resilience is the result of Lebanon’s credible financial system, which provides support to the exchange rate peg, and also of the policies implemented by the authorities in the last few years, which have contributed to reducing the government’s debt burden relative to GDP.

“In 2007, the Fund supported these policies through the Emergency Post-Conflict Assistance (EPCA), which was conducted successfully and was instrumental in strengthening financial discipline and mobilizing external financial support.

“Presently, the Fund continues to support the authorities’ policies through a second EPCA approved in November 2008, which covers the period through June 2009. The authorities’ economic program aims at safeguarding recent progress in fiscal consolidation, maintaining financial stability, and initiating some key structural reforms envisaged in the Paris III agenda, including the reform of the energy sector and the privatization of the telecom sector, which has been delayed due to the unfavorable international financial conditions.

“Going forward, a sustained and vigorous implementation of the economic program and safeguarding the weakest strata of the population will be crucial in limiting any adverse impact of the global crisis.”