

# **MED BEST REPORT FOR LEBANON**

## **Simplification of Administrative Rules**

The objectives of MED BEST activities, concerning the simplification of framework conditions related to small and medium sized enterprises are consistent and compatible with the structure of investments in Lebanon, having 95% of these enterprises in conformity with the attribute of being small or medium sized, hiring less than ten employees according to the industrial survey done in 1998.

The government has had several attempts to carry out strategies that serve the simplification and transparency in the administrative laws. Some of which : creating suitable legislation environment that positively stimulate investments, concerning fields as antidumping, competition, and laws for protecting national products and intellectual properties; Promoting foreign investments through the creation of specific body aiming to encourage medium and long term industrial investments, supported by the state guarantee and financial facilities ; Drawing strategies to activate joint-ventures projects between Lebanese and foreign enterprises; And development of industrial areas affording competitive infrastructure facilities.

Not forgetting to mention a very important step launched by the government, that is summarized by the work flow computerization, which is adopted by several ministries as so far.

It is true that there are lots of incentives that have been put into effect in order to encourage investments in Lebanon, and the following data must resume the efforts spent dealing with the different sides connected to what we mentioned before.

<p>1. Simplification of Administrative Rules</p>	
<p>A. What measures does the government implement to simplify framework conditions for doing business, in particular administrative procedures? Are they inspired by international good practice? If yes, which ones?</p>	<p>The measures taken by the government are the following:</p> <ul style="list-style-type: none"> <li>- Creation of the Investment Development Authority of Lebanon (IDAL) to facilitate the registration and issuance of permits and licenses required for an investment project, provided that the project satisfies the criteria (on investment, job creation, etc.) imposed by the Investment Development Law 360. Through this One -Stop-Shop facility, IDAL supersedes all public administrations, authorities, and municipalities in issuing required administrative permits and licenses, providing investors with a single point of contact for all dealings with the Lebanese government.</li> <li>- Creation of a unique “guichet” in each region, characterized by decentralisation, for the issuance of industrial permits at the Ministry of Industry. The maximum time for a license issuance has been lowered to 2 months.</li> <li>- The computerisation of the register, data on new firms and archives at the Ministry of Industry.</li> <li>- Setting up a master plan for the Airport and the Seaport.</li> <li>- Modernisation of the database at the Directorate of Customs (NAJM and NOUR systems).</li> <li>- Creation of a Trade Information Centre at the Ministry of Economy and Trade.</li> <li>- Creation of an industrial information center at the Ministry of Industry.</li> </ul> <p>In the mean time, there are serious attempts to create a unique “guichet” between the custom’s and the port’s administrations.</p> <p>Simplification efforts are inspired from international principles that have proven its liability through successful universal experiments, which was its main aim to support enterprises and facilitate its work, for the important role it takes on the economical level.</p>
<p>B. Is there a dedicated department in the government that is in charge of improving/simplifying administrative procedures for enterprises?</p>	<p>The Office of the Minister of State for Administrative Reform (OMSAR, <a href="http://www.omsar.gov.lb">www.omsar.gov.lb</a>), with its Institutional Development Unit, is the main authority for improving and simplifying administrative procedures. OMSAR launched the Central Office for Administrative Information, composed of a phone help line and an internet website <a href="http://www.informs.gov.lb">www.informs.gov.lb</a> containing information on administrative procedures and developments.</p> <p>Furthermore each ministry in Lebanon is empowered by the government to improve administrative procedures within its jurisdiction.</p>

<p>C. Do simplification efforts target the needs of local small business? If yes, how are these needs identified? Through consultations with business organisations? Which ones?</p>	<p>The only project targeting the needs of small business is the creation of the SME Department at the Ministry of economy and Trade in line with the EU financed project: “Lebanon Integrated SME Support Programme”, which is expected to be launched before the end of 2004. This department will cater to the needs of the small and medium enterprises, which includes creating an enabling environment for the enterprises to flourish. The needs will be either identified by the small enterprise, the SME department, or the envisioned business development centres that will be set up to assist the development of SMEs.</p> <p>Another isolated example has taken place during the simplification exercise undertaken by OMSAR in the beginning of 2001, when the representatives of associations from specialized small businesses, such as the Association of Customs Clearing Agents, were associated to the identification of needs and the development of solutions.</p> <p>Regarding industries, a cooperation protocol has been signed between the Ministry of Industry and the Association of Lebanese Industrialists in order to foster dialog. Foreign programs target the needs of industries including small businesses, such as the Industrial Modernisation Programme (financed by the EU, €1 million) and the Competitive Capacity Development for the Lebanese Industries (financed by UNIDO, €7 million).</p>
<p>D. Do they take into account the concerns of foreign investors? If yes, how are consultations with foreign investors organised and at which political level? Is there a Council of Foreign Investors?</p>	<p>The Investment Development Law tackles the issues pertaining to the creation of a favourable business environment for foreign investors. Other legislation has also been developed in this direction (intellectual property rights, anti-dumping, law on competition, etc). However, only a few projects have benefited from the IDAL incentives packages so far.</p> <p>Agreements have also been developed with more than 40 countries in order to harmonize taxation.</p> <p>IDAL takes into account foreign investors’ needs by attending conferences, exhibitions, roundtables and conducting one-on-one meetings with key investors to gauge their needs and concerns. In addition, IDAL meets regularly with public and private officials concerned with the investment environment in Lebanon.</p> <p>A national committee formed according to the decision of the Prime Minister No 58/2003 dated July 12, 2003 Aiming to put in place a national database for foreign direct investments( FDI) and install the proper mechanism to collect FDI stock by source and by sector, includes representatives from the following parties: Ministries of Economy and trade, Industry, Finance, Justice - IDAL, Banque du Liban, Central administration for statistics, and the federation of the Chambers of Commerce, Industry &amp; Agriculture in Lebanon.</p>

<p>E. Is the impact on enterprises - especially on small business - of any new piece of legislation systematically assessed? Are business organisations involved in the law-making process? How? How is business informed of the applicable legislation?</p>	<p>It is not customary that the impact of new legislation on businesses be assessed in Lebanon.</p> <p>In law-making process, some ministries (and especially the Ministry of Economy and Trade and the Ministry of Industry) invite representatives of the private sector (such as Syndicates, NGOs, Chambers of Commerce, Industry and Agriculture, etc.) before the law is finalized, by taking their suggestions and comments into consideration. These associations take in charge the information of their relevant members.</p> <p>OMSAR had included the issue of conducting regulatory impact analyses in its yearly planning, but this project is not formally carried out yet.</p> <p>Informal impact assessment is conducted by independent bodies particularly when need arises to challenge the legislation.</p> <p>The main sources on legislation for businesses are private sector services. The official source for new legislation is the official gazette, published monthly. Some public institutions list also laws on their website. A searchable legislation database is also available at the Lebanese University.</p>																					
<p>F. How many days does it take to register a new company? How much does it cost (in equivalent euros)? What are the minimum capital requirements? How many procedures are necessary? Has the government planned any specific measure to simplify these procedures?</p>	<p>The procedure to register a company would take no more than 2 days if all documentation were ready. A company should be registered within the first month of its business activities. Registration procedures are not in fact complicated where that is reflected through the short time it takes to be achieved.</p> <p>The cost of registration also depends on the type of the company, and is calculated as follows:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: center;"><b>SNC • SCS • SARL</b></th> <th style="text-align: center;"><b>SCA • SAL • Holding • Offshore</b></th> </tr> </thead> <tbody> <tr> <td><b>Stamp Duty</b></td> <td>USD500 - If capital less than USD166,667 0.3% of capital - If capital more than USD166,667</td> <td>0.3% of capital</td> </tr> <tr> <td><b>Public Notary</b></td> <td colspan="2">0.1% of capital + flat fee USD5.65/page + flat fee USD60</td> </tr> <tr> <td><b>Bar Association</b></td> <td colspan="2">0.1% of capital + USD34</td> </tr> <tr> <td><b>Magistrate Mutual Fund</b></td> <td>USD334</td> <td>50% of stamp duty 50% of stamp duty +</td> </tr> <tr> <td><b>Commercial Registry</b></td> <td colspan="2">Flat Fee: USD667</td> </tr> <tr> <td><b>Various Fiscal Stamps</b></td> <td></td> <td>Approx. USD100    Approx. USD167</td> </tr> </tbody> </table>		<b>SNC • SCS • SARL</b>	<b>SCA • SAL • Holding • Offshore</b>	<b>Stamp Duty</b>	USD500 - If capital less than USD166,667 0.3% of capital - If capital more than USD166,667	0.3% of capital	<b>Public Notary</b>	0.1% of capital + flat fee USD5.65/page + flat fee USD60		<b>Bar Association</b>	0.1% of capital + USD34		<b>Magistrate Mutual Fund</b>	USD334	50% of stamp duty 50% of stamp duty +	<b>Commercial Registry</b>	Flat Fee: USD667		<b>Various Fiscal Stamps</b>		Approx. USD100    Approx. USD167
	<b>SNC • SCS • SARL</b>	<b>SCA • SAL • Holding • Offshore</b>																				
<b>Stamp Duty</b>	USD500 - If capital less than USD166,667 0.3% of capital - If capital more than USD166,667	0.3% of capital																				
<b>Public Notary</b>	0.1% of capital + flat fee USD5.65/page + flat fee USD60																					
<b>Bar Association</b>	0.1% of capital + USD34																					
<b>Magistrate Mutual Fund</b>	USD334	50% of stamp duty 50% of stamp duty +																				
<b>Commercial Registry</b>	Flat Fee: USD667																					
<b>Various Fiscal Stamps</b>		Approx. USD100    Approx. USD167																				

	<p><b>Certificate of Deposit</b> Usually free for customers, otherwise up to USD17</p> <p><b>Legal Fees</b> Minimum USD1,000 Minimum USD2,000</p> <p><b>Bank Guarantee</b> Average 1.5-2% of amount guaranteed</p> <p>Minimum capital requirement is set according to the type of the company to be established, and varies as such:</p> <ol style="list-style-type: none"> <li>1. Joint Stock (SAL) company: LBP 30,000,000 (~ €16,000)</li> <li>2. Limited Liability Company (SARL) company: LBP 5,000,000 (~ €2,666)</li> <li>3. Corporation In Commendam (SCA) company: no specific minimum capital requirements</li> <li>4. Offshore company: LBP 30,000,000 (~ €16,000)</li> </ol>
<p>G. Is there a company register? With on-line access? Is there a single identification number for each company?</p>	<p>There exists a register of commerce, which functions under the authority of the Ministry of Justice, and its offices are located within the Court Palace. OMSAR has recently undertaken the computerization of the register, and soon information will be available online for the Lebanese public. Information about commercial companies is kept at the register, whereas information about subsidiaries of foreign companies is documented at the Ministry of Economy and Trade, and data about banks is centralized at the Central Bank of Lebanon.</p> <p>There is a single identification number for each company at the Commercial Register; however identification codes at other institutions (e.g. Ministry of Finance) are different from the Commercial Register identification code.</p>
<p>H. How many legal forms of business are there?</p>	<p>A business can be conducted through sole proprietorship or as a company.</p> <p>The major types of companies are classified as such:</p> <ul style="list-style-type: none"> <li>- Partnerships</li> <li>- Co-Partnership</li> <li>- Partnership In Commendam</li> <li>- Joint Stock</li> <li>- Corporation In Commendam</li> <li>- Holding Company</li> <li>- Offshore Company</li> <li>- Foreign Company Representation Office</li> </ul>

<p>I. What are the applicable procedures to close down a company? How long does it take? Have efforts been made to streamline bankruptcy procedures and strengthen the capacity of administrators? Which ones? What is the degree of court involvement in the insolvency process? Does the bankruptcy legislation encourage risk-taking (i.e. enables entrepreneurs to have a second chance)?</p>	<p>To close a company an application must be applied in the Secretary of the Commercial Register in the area where its company is located ( attached with the required documents ) ,the owner must sign the company's crossing out report, where the application is submitted to the judge responsible of the commercial register to decide ,and then closing down a company must be published the same way than its constitution, i.e. using the Commercial Register, and in two newspapers published in the location where the company is established, the procedure takes no more than one day. As a legal form, the company has to remain operational as far as pending liabilities have not been met and for a minimum of 45 days. The court nominates the commissioner judge and the receiver managing the file.</p> <p>There are minimum capital requirements set to ensure continuity in the context off market risks, creating an adequate and coordinated prudential system to prevent risk of loss of the rights of investors from fraudulent bankruptcy.</p> <p>Bankruptcy legislation in Lebanon does not encourage risk -taking.</p>
<p>J. How many days does it take and what is the cost for settling commercial disputes? Are there any specific measures implemented / planned to simplify procedures for enforcing a contract?</p>	<p>Settling commercial disputes could take from 3 months for a maximum of 5 years. Disputes for example over an unpaid cheque can take a number of years due to the slow judicial sy stem. Costs for settling commercial disputes depend on the amount of the claim, and they are valued at 2.5% of the amount in question.</p> <p>No measure is planned to simplify the procedure for enforcing a contract, the procedures applied date from 1983. However, resorting to the Lebanese Centre for Arbitrage could provide rather rapid solutions in cases of disputes.</p>
<p>K. Are there any specific measures to promote labour market flexibility? Which ones?</p>	<p>On the national level, there aren't any. But the private sector h as its own training programmes to assure the adaptation of work force to the new work procedures and mechanisms.</p> <p>A professional training council established at the ministry of Labour to link the Universities to the Market, includes representatives from the concerned authorities such ministries of Labour, Industry, technical Education, Employment Institution, and private sector institutions.</p>

## **Access to Finance and Taxation**

Much of work has been made to meet the financial needs of the SMEs to attain long-term loans with a competitive interest rate. The main problem faced was encouraging the private financial institutions to grant loans despite of the slowness of the judicial system.

Reducing the credit cost was a priority for the public authorities by increasing the supported loans to 15 billion LP instead of 3billions, supporting interests rate by 7% on loans till 5 billions and 5% on those between 5 an 15 billions, and guarantee loans through kafalat scheme, have been major steps in this field, leading banks to introduce a new granting culture.

An agreement have been signed with the European Union introducing the industrial modernization program which aims to help medium and small sized enterprises in crossing obstacles facing its growth and increasing its exports, and offering them the technical backup by facilitating the long term industrial loans, through the European Bank of Investments, local banks and other financial sources.

More over, in trying to attract, facilitate, retain investments in the country, several tax exemptions were made. The new investment development law No. 360 dated 16/8/2001 classified Lebanon into 3 investment zones (A, B, C), which benefit from multiple exemptions, reductions and facilities (see the map next page). And with 15% corporate tax rate, Lebanon's fiscal charges are amount the lowest in the world.

## **ZONE A**

Areas that will benefit from the following exemptions, reductions, and facilities:

- 1-Work permit of various categories, exclusively needed for the project, provided that at least two Lebanese nationals are employed against one foreigner, and are registered in the National Fund for Social Security.
- 2-Exemption from income tax for two years (from the date of listing the shares thereof on the Beirut Stock Exchange), provided that the effective negotiable shares are no less than 40% of the capital of the company.

## **ZONE B**

Areas that will benefit from the following exemptions, reductions and facilities:

- 1-Work permits of various categories, exclusively needed for the project, provided that at least two Lebanese nationals are employed against one foreigner, and are registered in the National Social Security Fund.
- 2-Exemption from income tax for two years (from the date of listing the shares thereof on the Beirut Stock Exchange), provided that the effective negotiable shares are not less than 40% of the capital of the company.

This exemption period shall be added to any other exemption period enjoyed by the company

- 3-A 50% reduction in income taxes and taxes on project dividends, for a period of five years. Reduction shall apply from the date of commencement of exploitation of the project governed by the provisions of this law. In the event that the investor benefits from the aforementioned exemptions related to the listing of shares at the Beirut Stock Exchange, reduction shall apply after the lapse of that exemption period.

## **ZONE C**

Areas that will benefit from the following exemptions, reductions and facilities:

- 1-Work permits of various categories, exclusively needed for the project, provided that at least two Lebanese nationals are employed against one foreigner, and are registered in the National Social Security Fund.



2-Exemption from income tax for two years (from the date of listing the shares thereof on the Beirut Stock Exchange), provided that the effective negotiable shares are no less than 40% of the capital of the company. This exemption period shall be added to any other exemption period enjoyed by the company.

3-A full exemption for 10 years from income taxes and taxes on project dividends. Reduction shall apply from the date of commencement of exploitation of the project governed by the provisions of this law. If the investor already benefits from the aforementioned exemptions related to the listing of shares at the Beirut Stock Exchange, the reduction shall apply after the lapse of that exemption period.

2. ACCESS TO FINANCE AND TAXATION	
2.1 Access to finance	
A. What are the sources of finance available for enterprise development?	<p>Sources of finance available for enterprise development are:</p> <ul style="list-style-type: none"> <li>- Financing from the shareholders for the smaller firms.</li> <li>- Loans from the commercial banking system.</li> <li>- Investment banks.</li> <li>- Financial institutions.</li> <li>- Loans subsidized by the Central Bank (5 sectors: industry, tourism, agriculture, IT, handicraft).</li> <li>- Financing programs from foreign countries or institutions (EIB loans for industry and tourism, Export Financing Scheme with the Islamic Development Bank to help financing exports).</li> <li>- Local or foreign financial markets, for the biggest firms only.</li> <li>- Leasing or factoring (legislation has not been developed yet, however a few institutions provide leasing or factoring on a limited basis).</li> <li>- Micro-loans from NGOs.</li> </ul>
B. What are the main difficulties faced by business in the area of access to finance? Are these difficulties linked to the reform of the financial sector and the strengthening of the ownership and corporate governance system? What	<p>Difficulties faced by business in the area of access to finance are:</p> <ul style="list-style-type: none"> <li>- Providing a suitable guarantee for the loan. The collateral issue raises the cost of credit in Lebanon.</li> <li>- The practice of banks of proposing the overdraft as a source of financing.</li> <li>- Credit culture.</li> <li>- Lack of good corporate governance.</li> <li>- The lack of specialised financing tools, which would be more adapted to the needs of enterprises operating in industry, tourism or agriculture, than retail banking loans.</li> <li>- Lack of experience of some banks in managing long term loans (major improvements are witnessed as banks become more experienced).</li> </ul>

<p>are the priority measures taken by the government to help overcome these difficulties?</p>	<p>Measures taken by the government to help overcome some of these difficulties were:</p> <ul style="list-style-type: none"> <li>§ Kafalat guarantee scheme (which provides a loan guarantee with lower interest rates)</li> <li>§ Loans subsidized by the Central Bank (mainly targeting larger companies)</li> </ul>
<p>c. Is the financial sector ready to meet the needs of small business? If no, why? What are the difficulties put forward by banks? Does the bankruptcy legislation foresee a strong creditors' protection?</p>	<p>The financial sector has the potential to meet the needs of small business, although small business owners often judge that their needs are not tackled. Banks started building internal capacity over the past years (getting more experience in managing long term loans, setting up specialized units, implementing a retail banking culture).</p> <p>Difficulties put forward by banks are:</p> <ul style="list-style-type: none"> <li>- Banks' resources being mostly short-term based, banks have to enlarge their long-term resources by having recourse to international institutions such as IFC, EIB, or AFD, and thus meet the long-term financing needs of firms.</li> <li>- The over-indebtedness of firms, the ratio debt/equity of Lebanese firms being often very high.</li> <li>- The lack of transparency in the firms' financial statements.</li> <li>- The lack of scientific business plans.</li> <li>- The slowness of the judicial system, with a pending problem of non-performing loans.</li> </ul> <p>Bankruptcy legislation has to be reformed: creditors are theoretically protected, but recourse to court is very lengthy and burdensome.</p>
<p>d. What is the difference between the interest rates paid by large companies, small business, and new companies with no track record?</p>	<p>The debit interest rate will depend on many factors such as credit worthiness of the enterprise, the maturity of the loan, the business risk, or the collateral.</p> <p>Spreads of 3 pts can be observed in interest rates given to prime clients and others.</p>
<p>e. What are the market gaps at the different stages of company development? What type of financial services do public authorities provide where the private sector fails to meet the needs of small business? Are measures</p>	<p>1. <u>Start-up stage</u>:</p> <ul style="list-style-type: none"> <li>- Access to venture capital, financial angels or investment banks is extremely rare.</li> <li>- IDAL incentive programs are mainly intended at attracting new foreign investment but do not answer the needs of local entrepreneurs.</li> <li>- Financial institutions are more reluctant in financing the activities of the company at both the start-up and the survival stages.</li> <li>- Micro loan programs do not have a wide exposure</li> </ul>

<p>enabling an easier access to finance coupled with training and advisory activities for entrepreneurs in dealing with financial institutions and loan applications? How are enterprises informed about the existence of these services?</p>	<p>2. <u>Growth and maturity stages:</u></p> <ul style="list-style-type: none"> <li>- Commercial banks are more eager to deliver loans to large firms than SMEs.</li> <li>- Credit is expensive.</li> <li>- Providing a suitable guarantee is a problem.</li> <li>- Long-term loans are not always available.</li> <li>- Credit ratings are not sufficiently developed.</li> </ul> <p>Another gap is the absence of information for businesses on the available sources of finance.</p> <p>The solution introduced by public authorities to narrow the gaps for small business was the Kafalat guarantee scheme. The Ministry of Economy and Trade is also preparing a Business Advisory Services project, to be available through Lebanon.</p> <p>Training and advisory activities for entrepreneurs in dealing with financial institutions and loan applications are sometimes provided through foreign countries' assistance. Through the EU program, ELCIM provides assistance to entrepreneurs on the availability of loans and for loans applications.</p> <p>Enterprises are informed about these services through institutions such as professional associations or the Chambers of Commerce and Industry, or through the press.</p> <p>Banks also offer their clients advisory services since they become stakeholders of the project.</p>
<p>F. Are there micro loan and grant schemes? How are they channelled?</p>	<p>There are about 20 micro -loan programs, provided through NGOs (CHF, Alamine, AEP, ADR.....), which are usually financed by their founders and/or receive local or international aids.</p> <p>The sizes of the loans range from \$200 to \$5,000 depending on the institution, and the programs are channelled through their offices, through cooperatives (agricultural/industrial/handicraft), or through commercial banks.</p> <p>Finally, the Investment Promotion Unit (IPU) at IDAL, in collaboration with UNCTAD, will be operational in 2005 and will provide new and existing SMEs micro -loans to develop their projects.</p>
<p>G. How high are the requirements for collateral for young enterprises and SMEs in your country? Do loan and mutual guarantee schemes exist? How are they designed?</p>	<p>Requirement for collateral are usually high in Lebanon, reaching sometimes 200% or 300% of the amount of the loan. This is due to the prudential rules imposed by monetary authorities, requiring banks to ask for a collateral higher than the amount of the loan for cash collateral, or higher than twice the amount of the loan for real estate collateral. About a third of bank credits are provided against real estate or real guarantees, a third by personal guarantees or cash, and a third are overdraft.</p>

<p>Do companies and financial institutions use those schemes?</p>	<p>Kafalat is the only existing loan guarantee scheme (<a href="http://www.kafalat.com.lb">www.kafalat.com.lb</a>), providing a guarantee of 75% for loans obtained through commercial banks. Moreover, the borrower benefits from an interest rate subsidy. Loans can be for a period of up to 7 years and the following sectors are covered by the program: industry, agriculture, tourism, traditional crafts, high technology. The loan can cover the entire range of capital requirements: purchase of raw materials and spare parts, working capital, construction of premises, purchase of machinery and equipment.</p> <p>It is to be noted that, in the light of the new prudential rules that will be applied as a consequence of Basel II agreement, the flexibility for banks to accept real estate collateral will be reduced.</p>
<p>H. Are there measures aimed at encouraging private financial institutions to grant loans to SMEs? How successful are they? Are there measures to encourage capacity building in banks for SME lending?</p>	<p>The only measure encouraging private financial institutions to grant loans to SMEs is the following: commercial banks granting loans through the Kafalat guarantee scheme have deductions in their reserve requirements equal to 60% of the face value of the loans granted, which is translated into a subsidy in the loan interest rate.</p> <p>Banks are trying to improve their internal capacity by building specialized units within credit departments, even though no specific measure exists from the government.</p>
<p>I. How is the equity culture in your country? Are the investor's rights sufficiently protected?</p>	<p>The equity culture is very weak in Lebanon. Most equity is still provided from family resources. There are a couple of equity funds that have entered the market, but were not very successful.</p> <p>Liquidity on the Beirut stock market is very weak, as a number of measures affecting the stock exchange have to be put in place. So far, the bulk of savings are absorbed as deposits in commercial banks. To a limited extent, largest companies can raise funds through GDRs on foreign markets.</p> <p>Investors' rights are not sufficiently protected. There is a lack in legislation concerning minorities interest protection, auditing obligations, disclosure and reporting obligations, and modalities for convocations for general assemblies.</p>
<p>J. Have venture capital schemes been set up? How do they work (reinvestment of capital gains, etc.)? Are they operated by public institutions/private</p>	<p>Venture capital is practiced on a strictly private level. Venture capitalists target specific industries such as the tourism industry (hotels, restaurants) and the real estate development industry.</p> <p>Moreover, Lebanese firms owners aren't usually keen to accepting external shareholders in the capital, as venture capital is often associated with intervention hence a loss of independence in the management of the firm.</p>

<p>sector/foreign investors? Do they operate at national/regional level? Do they target specific types of companies? How can they be assessed with respect to the increase of management expertise? What are the exit mechanisms for venture capitalists? What are the tax rules/incentives that apply to risk capital funds? Have they proven effective so far to promote the development of venture capital?</p>	<p>Finally, the absence of dynamism of the Beirut Stock Exchange renders the exit more uncertain, causing venture capital to be further difficult.</p> <p>There are no tax rules / incentives to encourage risk capital in Lebanon.</p>
<p>k. Are there business angels in your country? Is the creation of a network of private investors for new enterprises stimulated (e.g. through the Chambers of Commerce)? How?</p>	<p>There are a few business angels in Lebanon but they carry out business on a strictly private basis. There are also several proposals in the market for setting up funds to cater for seed capital needs and venture capital.</p> <p>In most cases, private networks of investors are formed on an informal basis, usually based on personal contacts.</p>
<p>2.2 Taxation</p>	
<p>A. Are there tax exemptions for SMEs? Does small business benefit from special VAT rates?</p>	<p>Small businesses benefited from a grace period during the introduction of VAT. Also small businesses with turnover below 165,000 \$/year are exempt from paying the VAT.</p> <p>However, following are the tax exemptions available in Lebanon (regardless of the size);</p> <p><b>Permanent tax exemptions:</b> are granted for activities like educational establishments, farms and agricultural establishments, air and sea transport navigation, and holding and offshore companies.</p>

	<p><b>Temporary tax exemptions</b> , however, are as such:</p> <ol style="list-style-type: none"> <li>1. Exemption of newly established industries: The profits of newly established industries in Lebanon, set up after 1980, are exempt from income tax for a period of 10 years, as from the date of beginning of production, provided that new goods or products are manufactured.</li> <li>2. Exemption on self-financed investments: Industries applying ploughed-back profits on capital expenditure are exempted from income tax, up to 50% of the profits of the first year in which the expenditure was incurred and up to 50% of the profits of the subsequent three years. To take advantage of this tax exoneration, the investments must aim to realise one of the following objectives: <ul style="list-style-type: none"> <li>§ capital expenditure for increasing the manufacturing capacity (in quantities or new product lines).</li> <li>§ building houses for the staff and labourers.</li> </ul> </li> <li>3. Exemptions for banks of long and medium term credits: These banks are exempted from income tax for a period of seven years, as from the date of constitution of the bank. As from the eighth year, the tax exemption is limited to an income equals to 4% of the capital.</li> </ol> <p>The tax rate is reduced to 5% in the following cases:</p> <ol style="list-style-type: none"> <li>1. If the company's shares are quoted on the Beirut Stock Exchange; or</li> <li>2. If 20% of its share capital is owned by companies quoted in any Arab or OECD country; or</li> <li>3. If the company issues Global Depository Receipts (GDR) equivalent to at least 20% of its share capital quoted at the Beirut Stock Exchange.</li> </ol>
<p>b. Are there specific aid schemes or fiscal incentives to encourage RTD by SMEs? What are the criteria applied? Do companies use those schemes?</p>	<p>There aren't any.</p>
<p>c. Does the tax system favour job creation and maintenance? If yes, what are the main fiscal</p>	<p>There are no fiscal incentives for job creation or maintenance. On the contrary, specificities of the Social Security plan, which is compulsory, do not encourage job maintenance.</p>

incentives? What form do they take? Do they prove effective?	
D. Are there any plans to place selected labour-intensive services under the lowest VAT range band?	No. VAT rate in Lebanon is uniform at 10%.

## **Access to Information and Business Support Service**

As for information and business support services, lots of efforts have been made to provide information and increase awareness about strategic investments facts and capabilities, and offering services designed to meet the business needs of investors.

In Lebanon, the lack of information does not really exist, all the concerned authorities already have their own Web pages, through which the investors are now able to have a centric look to Lebanon's opportunities (ministry's : finance, industry, economy, omsar, justice, culture):

- [www.industry.gov.lb/](http://www.industry.gov.lb/) - [www.economy.gov.lb/](http://www.economy.gov.lb/) - [www.finance.gov.lb/](http://www.finance.gov.lb/)

- public institutions: conseil du développement et de la reconstruction, IDAL, IRI, Libnor, BDL, gov...)

- [www.iri.org.lb/](http://www.iri.org.lb/) [www.libnor.com/](http://www.libnor.com/) [www.bdl.gov.lb/](http://www.bdl.gov.lb/)

in addition to periodically updated publications, promotional campaigns, gathered meetings .

Last but not least, a new initiative to complement the investors matching service , in cooperation with the Italian Government and The UNIDO organisation, is prepared to be launched in 2005 titled as “ the Investment Promotion Unit ”( IPU), its role will be to provide support to small – and medium – sized enterprises.

In the same frame, a financial agreement is recently signed between the Ministry Of Economy, EU representatives, and CDR to support the SME'S program launched with the EU by ELCI M with a sum of 17 million Euro . One of its objectives is to create a service's network.



<p>3. ACCESS TO INFORMATION AND BUSINESS SUPPORT SERVICES</p>	
<p>A. Could you describe the offer of business support services in your country? Is it homogeneous over the whole national territory? Are there measures to promote business development in specific areas?</p>	<p>Business support centres in Lebanon encompass different public and private organizations (namely NGOs) including:</p> <ul style="list-style-type: none"> <li>o Ministries (of Economy and Trade, of Administrative Reforms, etc.). A Trade Information Centre has been set up at the MOET. Through the SME support programme at MOET, business development services will be set up in regional centres. There is a coordination between ministries, public institutions and the IMF Commission for applying the General Documents Diffusion System (GDDS).</li> <li>o The ministry of industry has already an industrial Information center.</li> <li>o Public institutions (one-stop shop at IDAL, information on technical standards at LIBNOR, technical advice at IRI).</li> <li>o Syndicates and professional associations (Association of Lebanese Industrialists, Association of Lebanese Banks, Association of Insurance Companies, etc.).</li> <li>o Business incubators (Berytech).</li> <li>o Chambers of Commerce, Industry and Agriculture.</li> <li>o Foreign support centres (Euro Lebanese Centre for Industrial Modernization -ELCIM, Euro Info Centre-EIC).</li> </ul> <p>These organizations offer services including information, business incubation, technical assistance, and financial assistance. Some of these associations target businesses operating in specific sectors (IT, agro industries, etc.), while others are involved in all the productive sectors.</p> <p>There are measures to promote business in some areas such as incentives put by the government to develop country side and other regions.</p>
<p>B. How are companies informed about the available business support measures? Do companies use the Internet widely to get access to information? Is there a difference between small and medium-sized business in</p>	<p>Business support centres inform companies about their services through seminars and conferences, publications and newsletters, internet, media, etc. Some institutions, such as the MoET, plan to establish a one stop-shop for information, in order to better inform the public on its programs and services. It is also customary that such centres respond to e-mail queries on a regular basis. Internet is increasingly being used in order to access to information. It should be noted that internet penetration rate in Lebanon (10%) is actually the third highest in the Arab region after the UAE and Bahrain.</p> <p>All businesses have the same access to information, and support business centres reach firms of different sizes and activities when they disseminate information:</p> <p>.</p>

<p>the access to information? What is the role of business organisations in this field?</p>	
<p>c. Does the government support the development of powerful business associations? How? Are there any specific measures to strengthen associations representing the interests of small business?</p>	<p>Lebanon has long enjoyed a liberal system, both on the political and economic levels. Though no specific measures are undertaken to directly support the development of business associations, the free and democratic dialogue has always been the mean, for small and large businesses, to transmit their demands to the government.</p>
<p>d. Do information centres run databases providing information on companies with a view to promoting networking and co-operation?</p>	<p>In the public level, the Ministry of Industry develops a database. IDAL has a match -making service. The Subcontracting and Partnership Exchange (SPX) at IRI provides information and advisory services to Lebanese industries and promotes subcontracting and partnership between Lebanese subcontractors and international SMEs.</p> <p>On the private level, some business support centres (e.g. Chambers of Commerce, Euro Info Centre) promote networking and co-operation among SMEs (local and international). There are also a few private initiatives (InfoPro and Lebanon Business Network project -investor matching).</p>

## **Access to Education and Training**

Lebanon's principle asset is the competence of its human resources. Its well-educated, flexible, multi-lingual, and multi-skilled workforce is considered one of the most capable in the Middle East.

In the attempt to link educational institutions & research center to business world, several investments were made to promote the participation of workers in training, related courses, scholarships, and information gathering. Several steps were made in this direction, where one of the main objectives of the ELCIM's program was to implement a specialized short term expertise in order to carry out the feasibility phase of the setting -up of the two pilot schools envisaged by the program (agro-industrial and printing). Another one is the activities of the Council of vocational training at the ministry of labour.

Moreover private sector has paid efforts to coordinate with foreign authorities in order to support academic cooperation and exchange of information, technology, and experience.

<p>4. ACCESS TO EDUCATION AND TRAINING</p>	
<p>4.1 Education for an entrepreneurial society <sup>i</sup></p>	
<p>A. Is the promotion of entrepreneurship included in the education system / planned in its reform? If yes, what are the main actions and programmes? At which education level<sup>ii</sup> do they take place? Are there courses specifically aimed at encouraging business creation / at managing small business? Do enterprises participate in the preparation of curricula? Are there partnerships with foreign universities to develop this type of curricula? Do they cover the whole territory or are they localised in specific regions? How many students do they target (in % of total number of students)? Has the government set targets in this field?</p>	<p>At the primary level, activities such as visiting local factories are planned in an informal way, at the discretion of each school.</p> <p>At high-school level, the official programme includes a curriculum in socio-economics, leading to the Lebanese diploma in socio-economics branch. This branch includes courses relative to business creation and managing.</p> <p>Entrepreneurship and related courses (drafting business plans, setting up a business, family owned business, etc.) are available at university at undergraduate and graduate levels through many curricula (business administration, engineering, etc.), and in many professional and technical schools. Moreover, the contact of students with the business world is encouraged through training programs.</p> <p>American University of Beirut (AUB) offers the possibility of concentrating on entrepreneurship as an area of study. AUB advises other institutions on building similar sets of activities. This has been developed in collaboration with MIT and the international private sector.</p> <p>Enterprises are participating in the preparation of official curricula, especially in the area of vocational training.</p> <p>The CNRS (<a href="http://www.cnrs.edu.lb">www.cnrs.edu.lb</a>) implements an important programme of scholarships/grants to Lebanese students to work on PhD degrees abroad. The CNRS is credited with its role in building up scientifically trained manpower in Lebanon. Currently around 70 graduate students, most of them in Europe and the USA, are recipients of CNRS fellowships for graduate studies. The target set by the government in this field is granting 20 scholarships a year. They are not localized in specific regions but covers universities and institutes spread all over Lebanon</p>

<p>B. Are there entrepreneurship courses? Public or private courses? Are they widespread in the country? Do they cover the needs of entrepreneurs/enterprises? In terms of quality / quantity? Are they sponsored by the state, regional / local institutions? If yes, do they target specific categories of entrepreneurs / enterprises / skills? Which ones? Are business associations involved in the provision of such courses and how?</p>	<p>Entrepreneurship and related courses are available at university and in some private professional and technical schools.</p> <p>Public institutions sometimes offer courses, but not on a regular basis. Public professional or technical schools do sometimes include entrepreneurship-related courses in their curricula.</p> <p>The regional Chambers of Commerce, Industry and Agriculture propose also courses related to entrepreneurship throughout the year.</p>
<p>c. Are there examples of partnerships between schools / universities and enterprises? If yes, what is the nature of these partnerships and the role that public institutions play to promote those if any? If no, what are the barriers to setting up such partnerships? Does the government have plans to promote the development of such partnerships?</p>	<p>On the private side, AUB promotes partnerships with enterprises through the entrepreneurship program, the yearly interdisciplinary business plan competition, and the possibility given to private sector investors to approach students for their final year project.</p> <p>Berytech has a yearly “Incubation Award” contest offering grants of 7,000 Euros as seed fund to encourage holders of innovative projects to launch themselves in a start-up creation and develop their company in the incubator of Berytech.</p> <p>On the public side, the CNRS grants PhD scholarships in fields that are reviewed yearly to answer the needs of universities, research institutes, agriculture and industry sectors and the business community at large.</p> <p>The CNRS has organised several conferences to inform industry about the usefulness of research carried out in universities and the CNRS research centres. It is now also considering setting up a research and development centre in technology, annexed to the division for Engineering Sciences and Technology. A scheme to form a link with SMEs by arranging for small teams of 2 or 3 experts to work with these companies and identify problems is being discussed. An incubator in the area of technology in general and one in the area of software engineering in particular are under consideration.</p>

	Finally, partnerships between universities and enterprises are promoted through the LIRA program (more in the section on innovation).
4.2 Training	
A. What measures are taken to improve the level of management skills amongst entrepreneurs and in particular amongst managers of smaller business?	Entrepreneurs can improve their management skills through programs available at various private institutions. Business centres will be set up by the Ministry of Economy and Trade through the country to provide business advisory services.
B. Are there measures/schemes aimed at promoting the participation of workers, particularly from small business in vocational training activities?	There aren't any government measures aimed at promoting the participation of workers in vocational training. Some private firms however have their own internal programmes in this matter.
c. Has the government designed incentives to facilitate the participation in and access of entrepreneurs and employees to vocational training activities and/or consulting schemes (e.g. tax incentives, social security contributions, legal provisions to spend a percentage of	No.

the wage bill or turnover in training activities)? Which ones?	
D. What are the priorities in the field of vocational training?	Priorities in the field of vocational training are the following: agriculture, mechanical (automotive, machinery), electrical, construction.
4.3. Promoting entrepreneurship	
Are there initiatives to promote the image of entrepreneurship in your country such as media campaigns or awards targeting e.g. women entrepreneurs or young entrepreneurs?	<p>Several initiatives have been launched to promote entrepreneurship, such as:</p> <ul style="list-style-type: none"> <li>- AUB business plan competition</li> <li>- Berytech Incubation Award</li> <li>- Berytech Open Day event</li> <li>- The National Day for Industry</li> <li>- Made in Lebanon media campaign</li> <li>- “The woman and man of the year”, rewarding individuals for their achievements.</li> </ul>

## **Promotion of Research and Innovation**

**Described as elements that complement the process of economical development, research and innovation are given an important deal of attention and concern at the national level.**

**Researching is a main source of information, and the takeoff point from which investments could be launched on strong bases. And developing such important aspect can positively affect the whole economical system including small and medium sized enterprises. Programs have been established to support and motivate the achievements in the researching field, with the help of different parties, and this direction takes the shape of Reinforcing the role of knowledge and technology through improving the relation with universities and the National Council of Scientific Researches, encouraging young creative capacities in different educational institutions to prepare application researches in the technological fields in order to serve the improvement of production lines, and supporting the researches shared between the universities, institutes and business fields, and put them in the reach of everybody.**

**Not forgetting to mention the conferences and exhibitions held from time to time, where yearly creativity awards are offered for special outstanding projects evaluated according to scientific measures such as “LIRA Programme” and the “National Day of Lebanese Industry”. And that thing promotes innovation that improves techniques and capabilities, create the suitable work opportunities which adopt new ideas that have the capacity to be transformed into productive institutions.**



<p>5. PROMOTION OF RESEARCH AND INNOVATION</p>	
<p>A. Is there a national innovation policy? If yes, what are its main objectives, priorities and instruments? What are the ministries involved and what are the coordination structures? How are the stakeholders in research and innovation organised (associations of researchers, engineers, companies that carry out research, etc.)?</p>	<p>The CNRS launched in 2000 an initiative to develop a Science Technology and Innovation Policy (STIP) for Lebanon. The CNRS received the support of UNESCO, ALECSO and ESCWA. International specialized experts were closely involved in the development, analysis and drafting of this policy which viewed the formation of three task forces including some 30 national experts in three different fields:</p> <ol style="list-style-type: none"> <li>1. Industry, Basic Sciences and Engineering (TFI)</li> <li>2. Environment, Agriculture and Biological Sciences (TFE)</li> <li>3. Health and Medical Sciences (TFM)</li> </ol> <p>The Industrial Research Institute (IRI, <a href="http://www.iri.org.lb">www.iri.org.lb</a>) is a para-public institution and reports to the Ministry of Industry. Research at IRI is mainly focused on applied research and for short and medium-term missions, according to internal factors and to the demand driven by industrial or research firms, local or foreign. Hence, IRI laboratories conduct research, tests and analyses to participate in the industrial development schemes. Efforts to prevent pollution through cleaner production processes were also made and designed for minimum waste, maximum use of by-products, savings through reduced pollution control technology, and reduced the use of energy waste treatment, transport and disposal. IRI conducts research for studying technical standards if it is requested by LIBNOR. In addition, feasibility of new industries as well as recycling processes is being studied.</p> <p>Lebanese Industrial Research Achievements (LIRA) initiative groups the Ministry of Industry, the National Council for Scientific Research, and the Association of Industrialists, and main Universities. LIRA objectives are to encourage university – industry collaboration, seek industrial sponsorship for proposed university projects, match defined industrial problems with university groups, contribute to bridging the gap between university activities/research and industry needs/problems, and offer national platform for potential new products and services. Some of the used instruments are annual conference for research achievements, regular contact with industrialists and universities, studies. As a result, Lebanese factories adopted some 70, out of the 300 models conceived under this program.</p>
<p>B. Is there a mapping and efficiency assessment of the national research system</p>	<p>CNRS and its researched centres are audited yearly so as to assess their efficiency.</p> <p>The Industrial Research Institute (IRI), which function under the authority of the Ministry of Industry, works in close collaboration with universities and always strives to offer new services in field of applied research.</p>

<p>(universities and public research centres)?</p>	<p>The efficiency assessment of the LIRA programme is provided by the recommendations of the annual conferences.</p>
<p>C. Are there measures to promote business R&amp;D (tax schemes, direct measures)? Are there measures implemented / planned to promote innovation or foster the use of new technologies and e-business practices? What measures are taken to promote the knowledge and technology transfers between science and industry?</p>	<p>No direct measures exist to promote business R&amp;D; however the IRI and the LIRA program have been active in promoting knowledge and technology transfers between science and industry.</p> <p>The Industrial Research Institute (IRI) is a para -public institution and reports to the Ministry of Industry. Research at IRI is mainly focused on applied research and for short and medium -term missions, according to internal factors and to the demand driven by industrial or research firms, local or foreign.</p> <p>One of the issues tackled by LIRA in 2004 was the role of research centres and national laboratories in the development of industry. Indeed awareness about the importance of science and technology is insufficient, yet there are many opportunities and ideas to reinforce it. Industry expresses a readiness to act and participate in efforts to step up Lebanon's science and technology base and its utilisation by firms and for tackling social problems. Indeed, increasing the private sector's role will be indispensable for the further development of Lebanon. It will therefore be very important in the follow -up activities to define a set of concrete, consistent and mutually reinforcing steps between industry, the government, and the science and technology institutions.</p> <p>Another major issue of LIRA is local technology and the critical role of national education programmes in engineering. The quality and effectiveness of education in engineering in Lebanon suffers from the fact that no accreditation process exists to guide, monitor and control education programmes.</p> <p>Weaknesses of the LIRA programme are the following:</p> <ul style="list-style-type: none"> <li>• So far the Lebanese Industrial Research Achievements – LIRA – has mainly concentrated on research projects prepared by engineering students with no emphasis on end -use</li> <li>• There has not been any attempt aiming at coordinating the efforts of the Government, the Industrialists and the Researchers. A new approach will hopefully be followed this year</li> <li>• Financing of students' research projects is not adequate.</li> <li>• No follow-up on students projects has been made to ensure that these projects are used by the industrial sector or find a client</li> <li>• There is no display or exposure of the projects once the LIRA is over.</li> </ul>
<p>D. Are there any specific measures to promote networking between</p>	<p>Based at IRI, a Subcontracting and Partnership Exchange (SPX) provides information and advisory services to Lebanese industries and promotes subcontracting and partnership between Lebanese subcontractors and international SMEs.</p>

<p>universities, research centres, large enterprises and SMEs?</p>	<p>Berytech is a technological pole hosting SMEs as well as the Agence Universitaire de la Francophonie (AUF, groups the French-speaking universities and research centres in Lebanon). Common programs are developed and supported between all the partners, facilitating networking and creating a synergy between a high level university environment and hosted companies. Companies have also access to the local resources of the Campus of Science &amp; Technology of the University Saint Joseph such as laboratories, research and documentation centres, and the E-Campus of the AUF.</p>
<p>E. Are there any measures to attract foreign direct investment – FDI – in technology-intensive areas? Are there measures to enhance knowledge and technology spillovers from technology-intensive FDI?</p>	<p>The Investment Development Law 360, implemented at IDAL, grants tax incentives and fee waivers to investments projects in selected areas, including technology, provided that they fulfil certain criteria imposed by the Law. To encourage investors to invest in the ICT sector, projects benefit from the maximum incentives granted by the law independently from their geographical location.</p> <p>IDAL is also in the process of launching the Beirut Emerging Technology Zone – BETZ, a technology research, development and manufacturing park housing state-of-the-art, hassle-free and environmentally sound facilities, expected to be operational in 2007. It will offer major tenant/anchor facilities, incubator/start-up facilities, single and multi-tenant subdivisions, village centre and common user facilities and expansive landscaped area. BETZ will help attract FDI.</p> <p>A prototype industry will be soon established at IRI and aims to be a pilot project for applied research. In addition, IRI conducts studies and research relevant to the establishment of new industries.</p>
<p>F. Are there policies to encourage innovative regional clusters?</p>	<p>There is no national policy for encouraging the formation of clusters.</p> <p>However, several institutions, mainly NGOs, promote clustering in Lebanon: these include the Federation of the Chambers of Commerce, Industry and Agriculture in Lebanon, through the National Cluster Initiative, and the ESCWA. A regional cluster approach is also supported through an ESCWA/UNIDO program.</p> <p>Additionally, Berytech has created a nucleus-cluster around the major players in the Lebanese film and the multimedia industries. This reassembly of firms has resulted in the creation of a “media village” in a growing sector. Companies in the movie industry and hosted in Berytech benefit from the existing complementary competences, optimising thus their investments.</p>
<p>G. Are there technology/industrial parks and business incubators? Which (private or public) institutions are</p>	<p>Berytech is the first Lebanese technological pole offering a complete range of support services that create the appropriate environment to help the creation and the growth of businesses. The incubator of Berytech identifies projects with potential and helps them evolve into sustainable companies. Berytech also hosts well-established companies that need to benefit from the conducive and high-tech facilities (video-conference auditorium, training and meeting rooms, fast Internet access, etc), and that are looking for visibility and clustering with other companies in Berytech and other scientific parks.</p>

<p>responsible for those? What have been the results so far?</p>	<p>IDAL is in the process of launching the Beirut Emerging Technology Zone – BETZ, expected to operational in 2007. IDAL will be in charge of the BETZ project.</p> <p>An incubator service is available at IRI. IRI also provides specialized technological consulting services for achieving sustainable industrial and environmental development.</p>
<p>H. What were the R&amp;D expenditure and financing by public authorities and business (by firm size and sectors) over the last ten years? Are there any other relevant statistics, in particular on innovation expenditure, innovative products, etc.?</p>	<p>The official budget of CNRS is 1% of the State budget. In effect, CN RS receives about €4 million per year. (LIRA)20%of project cost is provided by the Ministry of Industry through the Association of Lebanese Industrialists, and the remaining 80% by the involved sponsoring industrialists. Cash prizes for top projects are offered by the LIRA sponsors. The Ministry covers the remaining expenditure.</p>
<p>I. Are there any measures to improve the use of patents by researchers, by companies (in particular small business)? What are the available statistics on patenting (including on the patenting of SMEs)?</p>	<p>IRI scientific publications in collaboration with European laboratories are regularly submitted to be published.</p> <p>The Intellectual Property Protection Office (IPPO) at the Ministry of Economy and Trade adopts a deposit system rather than an examination system. The summary of any deposited research is published in the official gazette.</p> <p>The following monthly statistics pertaining to patenting are available at the Ministry of Economy and Trade (<a href="http://www.economy.gov.lb">www.economy.gov.lb</a>): number of patents registered, number of copyrights, registered designs, and trademarks by type according to the Nice Classification.</p> <p>Regarding legislation, law on copyright was issued in year 1999 and law on patents in year 2000. Law on trademarks and geographical indications is to be passed by the end of year 2004. Law on the protection of industrial designs is being prepared.</p>

