

**Speech of Ambassador Angelina Eichhorst
Head of the Delegation of the European Union to Lebanon**

'Announcing the results of the survey on the Lebanese Franchise Industry'

Phoenicia Hotel – 8 April 2014

CHECK AGAINST DELIVERY

H.E. Minister of Economy and Trade Dr Alain Hakim,
Chairman of the Lebanese Franchise Association Mr Charles Arbid,
Ladies and Gentlemen,

I am pleased to be here today amongst a vibrant audience of entrepreneurs – not unusual for Lebanon – risk takers, innovators, job creators, as I am interested to, where I can, help boost the Lebanese Franchise Industry. I also hope that the Survey about the Industry, as supported by the European Union to improve the capacity of the Lebanese Franchise Association, will positively contribute in this regard.

The European Union's support to the Lebanese Franchise Association, an innovation in itself, with a total amount of 160,000 Euro, is part of a larger 14 million Euro operation to enhance Lebanon's private sector development, with the overall goal of creating jobs and opportunities in Lebanon.

The European Union is the main economic development and trade partner of Lebanon (in 2013, Lebanon's total imports from the EU amounted to 6.1 billion Euro; Lebanon total exports to the EU amounted to 257 million Euro; and the trade volume between the EU and Lebanon amounted to 6.3 billion Euro). We have been

quite active in helping to create an enabling environment for Lebanese entrepreneurs who are the engine for growth, jobs, development. You have proven over the years that you can inject confidence and dynamism into the economy, even in absence of a functioning government. The role of the business associations, along with that of Government, is particularly important at this point in time when the economy is facing the consequences of the war ravaging Syria, which hit many economic sectors and brought down the national growth rate from 8% in 2010 to just over 1% last year.

Ladies and Gentlemen,

I am not here to explain why the concept of franchising has allowed the Lebanese private sector to increase investments through partnerships with international companies that are providing solid guidance and know-how. But it should be said that indeed, consumers in Lebanon today benefit from internationally appreciated and often high quality products and services, and that, surprisingly, many additional job opportunities have been created. It appears, as shown by the survey, that the franchise sector currently provides some 100,000 job opportunities in Lebanon, which is almost 9% of total job opportunities in the country (!). This figure is rather high compared to the European Union, where it does not exceed 2% and in the United States 6%. As also shown by the survey, the franchise sector contributes to up to 4% of GDP in Lebanon against less than 2% in the EU and around 5% in the United States. This shows the benefits Lebanon has gained from the concept, made possible by the openness and dynamism of the economy.

It is the same dynamism, the same sense of competition and the same willingness to provide consumers with quality products and services that is now pushing the

Lebanese private sector to develop own brands and to market them on both the Lebanese and international markets through own franchising, building on the legacy of Lebanon's traditions and know-how. And this is where we need to talk serious business.

It is in our view high time for the Lebanese authorities to reward and further encourage the entrepreneurs who are transforming Lebanon's traditions and know-how into the country's comparative advantages. Sadly, an important part of the legislation that will protect them against unfair competition has been pending at Government level or at Parliament for many years now, notably the legislation about Competition, Intellectual Property Rights, Intellectual Works Protection, and Trademark Protection. By adopting and enforcing these laws, by strengthening entrepreneurs domestically, by protecting investors, innovators and producers of quality products and services, the authorities would also allow the country to join in a confident manner the international trading community through WTO accession. And this is a necessity. There is no doubt Lebanon's entry into the World Trade Organisation will have many advantages and for one, a positive effect on the further development of franchising in the country. WTO membership will attract new business players into the country, including new brands willing to operate as a franchise. Banks will also continue to provide loans and the decrease of customs duties on the import of foreign equipment will accordingly reduce business expenses. In turn, this would allow entrepreneurs to further develop businesses on the international markets and increase job opportunities in the country, and a smooth shift towards a specialisation in the country's comparative advantages. Consumers would benefit from a wider variety of products and services, at better prices, while being offered new job opportunities in more competitive and innovative sectors.

Of course a lot of this is already ongoing based on the Free Trade Agreements you have signed with your main trading partners, not least the EU. But for those who know me, you know how much I am in favour of Lebanon entering the WTO. It is because you need the tariff reductions and less trade barriers. You need transparent, stable and predictable rules. Fair competition, non-discrimination – all very important to attract Foreign Investment. WTO membership helps you on the path of necessary reforms. That is why it is the key cornerstone of the European Union – Lebanon Action Plan, which was successfully reviewed and re-negotiated with Prime Minister Miqati's government and is now awaiting urgent approval by Prime Minister Salam's government. Without an agreed Action Plan we cannot move ahead with high level meetings foreseen with the Lebanese and EU institutions' leadership in the foreseeable future and with the necessary decisions – including our financial package for the country – that go with it.

WTO membership is not just important; it is urgent.

Minister Alain Hakim expressed his keen interest to develop ever closer ties with the European Union for which I thank him. I count on his efforts to get our Action Plan through the Council of Ministers and get Lebanon on the right track of what a modern economy looks like. Mr Charles Arbid demonstrated great collaboration in the framework of our joint venture. Thank you. Let me also mention the Contractor TRANSTEC as well as INFOPRO Research, who conducted the survey.

Our partnership is strong and steady. We can only move forward. Together.

Thank you.