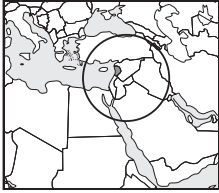


LEBANON

Economic social and environmental consequences of the war: a preliminary assessment

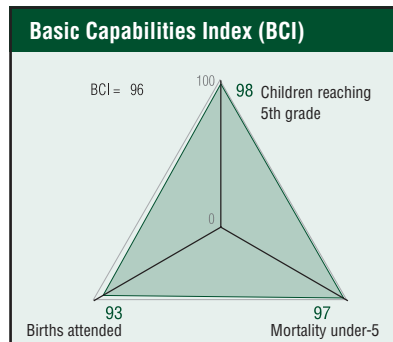


Due to the emergency situation in Lebanon, the national report by Amal Moukarzel-Damien in collaboration with May Hazaz (École Libanaise de Formation Sociale, Université Saint-Joseph), written before the Israeli attacks, was replaced at the last moment by this overview contributed by ANND on 23 August 2006.

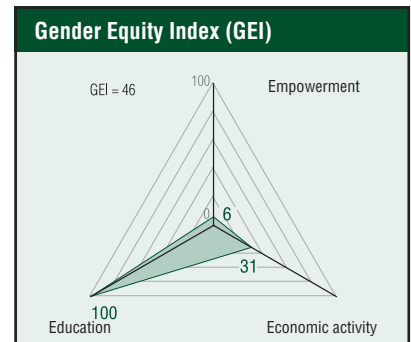
Arab NGO Network for Development

On 12 July 2006 Israel launched a massive attack on Lebanon that only ended 33 days later with a UN Security Council resolution and unprecedented world public opinion outrage. The Lebanese Association for Human Rights documented 57 massacres while the attack lasted. The number of dead in those incidents ranged between 6 and 35 (the Association highlighted that they were only reporting the events that they documented). As of 23 August, the Lebanese government had published these official estimates: 1,183 dead; 4,059 injured; 256,184 displaced; 15,000 homes destroyed and 77 bridges hit.

The effects of the war, by all estimates, are so massive in relation to the size and capabilities of the Lebanese economy, that many government and private-sector analysts are describing it in terms of massive natural disasters such as earthquakes and tsunamis. Overall losses (actual and lost opportunities) are being estimated at USD 9.5 billion or 40% percent of GDP. However, basic economics would say that if the total economic consequences were similar to those of an earthquake, the Lebanese would, believe it or not, be relatively lucky.



The damage in infrastructure, factories and other productive facilities is estimated at around USD 2.5 billion. The minister of Agriculture said the losses inflicted to the agricultural sector were estimated at USD 500 million. The implications of these losses on economic activity are severe, and several agencies have already significantly revised their growth projections for 2006 down from 6% to 0% at best, i.e., a loss of USD 1.1 billion. The implications on the fiscal front, for a country with an already very high debt ratio, will also be hard, including loss of revenue from taxes and customs duties,



estimated at around USD 700 million. Additional expenditures to deal with the effects of the war, such as health issues, compensation, and reconstruction, are difficult to estimate at this stage.

As for the balance of payments, the loss of exports, estimated at USD 200 million, combined with the loss of revenues from a promising tourist season, estimated at USD 3 billion, will weaken the current accounts, which will in turn weaken the balance of payments if capital inflows are not stepped up. Indeed, the lost opportunities in foreign direct investment are already estimated at USD 2 billion. If international investors, tourists and even residents start to see the present war as a harbinger of indefinite conflicts in the future, the full economic implications of this war would be much higher indeed, observed economist Mazen Soueid in a column for *The Daily Star*.

Fadel al-Shalaq, head of the Lebanese Council for Development and Reconstruction (CDR), compared the devastation to the damage from the 1975-1990 civil war that tore the country apart, saying, "the result is that you can compare these losses with the losses Lebanon sustained over 17 years, except this time we witnessed it in one month". He added that 30,000 homes had been hit, a quarter of them in the crowded southern suburbs of Beirut, a Hezbollah stronghold that was battered by Israeli air strikes. If rebuilding began immediately, it would take at least a year to repair the infrastructure and three years to replace or repair damaged buildings. It took years and billions of dollars for Lebanon to recover from the 1975-1990 civil war, and now, in many cases, the country must start the process again.

ISRAEL'S HISTORY WITH LEBANON

Counting the costs of Lebanon's economic losses over years of Israeli attacks:
1968-2006: 24,000 killed; 49,000 wounded; USD 4.5 billion in physical damage and USD 25 billion in lost GDP

Between 1968 and 2006, Israel waged over 5,000 military attacks against Lebanon, including five invasions and/or major campaigns. Most of the economic damage was caused in the 1978 invasion (USD 418 million), the 1982 invasion (USD 1.7 billion) and the 2006 onslaught (USD 1.6 billion). The attacks harmed all economic sectors and targeted hundreds of thousands of housing units and private property at a cost of USD 1.6 billion, and of commercial establishments (damages valued at USD 938 million), manufacturing (USD 338 million), and airports, airline property and radars (USD 328 million). The largest single number of human losses occurred in 1982 when Israel launched a major invasion of Lebanon, killing over 19,000 Lebanese and wounding 32,000. In total, almost 24,000 Lebanese were killed during Israeli attacks between 1948 and 2006, and 49,000 were wounded.

In the period of 1968-2006, all major incursions caused the displacement of hundreds of thousands of civilians, especially from the southern regions to safer areas up north. For example, the current crisis forced almost a million Lebanese to leave their homes, which means loss of safety and security and hardships in obtaining shelter, medicine, food and the amenities of life.

By Kamal Dib, Canadian economist of Lebanese origin, author of several books on the Middle East, most recently "Warlords and Merchants". From an article published by *The Daily Star*.

Airport losses

The losses at the airport have been estimated at around USD 170 million with average daily losses of USD 5 million, including the losses of government revenues, the duty free market, and the airlines. This is in addition to the losses due to damages of fuel storage and airport infrastructure, which amount to around USD 18 million.

Port losses

The siege on ports continued after the ceasefire, inflicting chaos and delays in the resumption of work on the Lebanese ports, which are close to and competitive with the Israeli port of Haifa.

The losses to transport companies and the port administration are estimated at USD 4.5 million. The losses due to export and import stagnation and the related losses in taxation amount to around USD 60 million. This brings the overall direct losses to the port to around USD 65 million (from an article by Adnan el Hajj in *As-safir* newspaper).

Impact on the hotel sector

Lebanon had expected 2006 to be its best year for tourism since 1974, with estimates of 1.8 million tourists spending USD 2.5 billion. These expectations vanished into thin air, along with the exodus of tens of thousands of vacationers and expatriates. The overall hotel occupancy rate in Lebanon hovered around 34%, but several five-star hotels were all at least 70% full, and are typically frequented not by wealthy Gulf nationals, but by the international press, including the crews for the BBC, CNN and Fox News, multinational corporations, and global humanitarian groups.

The average price of a hotel room in Lebanon has dropped from USD 160 to USD 120 a night since the onset of the violence. Since the new market is ephemeral at best, most hotels have offered tour groups reductions of 30-40% on commercial tour packages and are organizing promotional campaigns to woo Gulf tourists back to Lebanon in time for religious holidays (based on reporting by Lysandra Ohrstrom, *The Daily Star*).

Migration, unemployment

Unemployment has increased dramatically since the attacks, as the work contracts of thousands of employees were cancelled. The number of Lebanese who left the country because of the war exceeds 210,000, many of whom will not return immediately. There were close to a million internally displaced persons.

Debts

The damages to the financial and monetary sector in this context were much smaller, but for banks the problem is that of investment plans that exceed USD 3 billion and which are all set on hold or cancelled. This is in addition to the problem of private sector debt, which amounted to around USD 18.6 billion before the Israeli attack, and which will increase as a result of the attack.

Environment and health

The war has badly polluted the air, sea and land. During the conflict, Israel's air force carried out ap-

proximately 7,000 aerial attacks throughout Lebanon while its navy conducted more than 2,500 bombardments of the Lebanese coast, according to the Israeli military. "A crater caused by Israeli munitions in Khiam contained a high degree of unidentified radioactive materials", reported Mohammad Qobeissi, a member of the National Council for Scientific Research. Qobeisi, along with Ibrahim Rashidi from the Faculty of Sciences at the Lebanese University, have inspected the crater – which is three metres deep and has a diameter of 10 metres – with a Geiger-Muller counter, used to detect nuclear radiation and radioactivity. The Israeli weapons launched on Khiam and the neighbouring areas of South Lebanon probably contained a high level of uranium, Qobeisi added. The inspection was done in the presence of former French health minister Bernard Kouchner.

Leftover cluster bombs kill after the ceasefire

On the morning of the ceasefire between Lebanese Hezbollah militias and the Israeli military, 11-year-old Hadi Hatab stepped out to play in the street for the first time in more than a month. Seconds later a cluster bomb exploded. Hearing the blast, Hadi's father, Moussa Hatab, 32, ran to help his son, detonating another bomb that killed him 72 hours later.

On 14 August, the Lebanese army began the painstaking task of clearing the thousands of unexploded cluster bombs that litter the fields, gardens, doorsteps and playgrounds of Nabatiyeh and its surrounding villages. A Lebanese soldier said he had detonated 1,000 such devices already.

"I have never seen anything like it before. It is far more widespread than in Iraq", said Sean Sutton, spokesman for the Nabatiyeh office of the Mines Advisory Group (MAG), a UK-based NGO. Sutton said the group was struggling to cope with the quantities of cluster bombs lying around Nabatiyeh. He added that he saw both M42 and M77 cluster bombs, which are either US-made or Israeli copies. The leftover bombs are hampering the delivery of relief food. "The threat is enormous", said Matt Hollingworth of the United Nation's World Food Programme.

These cluster bombs, or submunitions, are small metallic canisters, about the size of a torch battery. Typically, tens to hundreds of these bomblets are ejected from artillery shells in mid-flight, showering a wide area with explosions that kill anyone within 10 metres of where they land. The types of artillery-delivered submunitions used by Israel have an initial failure rate of at least 14%, according to U.S. military testing data. However, up to a quarter fail to explode. In Yohmor, 7 km from the Israeli border, locals say nearly three-quarters of the people from the area have been unable to return to their homes, because there is no safe path through the explosives.

Despite a decades-long campaign by human rights groups to ban cluster bombs altogether, they are permitted under international law as long as they are not used in urban areas. An Israeli military

spokesman insisted on 17 August that Israel used these munitions "within the confines of international humanitarian law". "Because of their wide dispersal pattern, cluster munitions should never be used in populated areas", said Kenneth Roth, executive director of Human Rights Watch. "The laws of war don't ban cluster munitions in all circumstances. But the use of cluster munitions in or near civilian areas violates the ban on indiscriminate attacks, because these weapons cannot be directed at only military targets". Cluster submunitions with high initial dud rates "effectively become antipersonnel landmines", Roth said. "Even if civilians are not present at the time of attack, they risk stumbling onto the submunitions weeks, months or even years later, triggering fatal explosions".

United Nations deminers, beginning emergency survey and clearance work in the south of Lebanon, have identified 10 locations where Israel used artillery-delivered cluster munitions during the recent hostilities, Human Rights Watch reported. They have been able to visit only a limited region so far, and fear that the 10 sites identified in the first two days could be the "tip of the iceberg".

Toxic air a major health hazard

Local non-governmental organizations and government officials have warned that chemicals and dust from the buildings hit during Israeli air strikes on Lebanon have badly polluted the air and land. "The combination of toxic fumes that has been spreading for the past five weeks, which people have inhaled and is already in their bodies, is a great source of contamination", said Greenpeace campaigner Zeina al-Hajj.

Israel's attacks on fuel tanks at the Jiyeh power station on 13 July and 15 July caused a 10,000-tonne oil spill into the Mediterranean Sea, which could not be cleaned up because of the ongoing fighting. These bombings on the fuel tanks also resulted in a fire that burned for three weeks, releasing a cloud of smoke which hung over Beirut and central Lebanon and which could be seen from 60 km away.

"The oil spill is the most visible environmental damage of this disaster but of course there are many more", al-Hajj said. "The bombs themselves are a problem. With all the chemicals that are in them and the amount that have been dropped, there you have an environmental disaster in itself". The bombing of factories that made products such as glass, foodstuffs and plastics has also released these chemicals and chlorine into the atmosphere in central areas of Lebanon, potentially affecting as many as two million people.

The bombing of electricity transformers such as the one that was hit by Israeli air strikes in the town of Sidon on 12 August resulted in the release of polychlorinated biphenyls (PCBs) into the atmosphere. Lebanon still uses transformers that contain parts that were made with PCBs, despite an international ban on the substance. "These are chemicals that are bio-accumulative and persistent so when you inhale them they stay in your body, and they cause cancer", said al-Hajj. ■