Osama Habib| The Daily Star

BEIRUT: Elie Zakhour, the president of the International Chambers of Navigation, said the strict capital controls imposed by banks have dealt a severe blow to shipping agencies, importers and industrialists. “Companies, importers and industrialists will suffer heavy financial losses if the banks refuse to issue letters of credit or open new accounts to import raw materials and other essential supplies.

The numbers of containers handled at Beirut Port is expected to drop sharply end of this month,” Zakhour told The Daily Star.

Lebanese banks in general declined the requests of shipping agencies and importers to issue LCs to finance the imports of goods and raw materials to Lebanon under the pretext that the current dollar liquidity can’t meet the demands of all the customers.

Banks have applied this rigid capital control since the outbreak of the anti-government protests on Oct. 17, 2019.

“Before the revolution the performance of Beirut Port was generally reasonable. But since the outbreak of the mass protests, the activity dropped sharply. I am not saying that the revolution caused this drop but we were unable to secure funds from the banks to finance imports,” Zakhour explained.

He added that banks refuse to send the freight orders to the exporting companies abroad.

“I can’t understand why banks for example decline the request of industrialist to buy raw material from abroad. Industrialists can’t operate their factories without these raw materials and accessories. The money belongs to the industrialists and they are not borrowing from banks,” Zakhour said.

He added that as a result of the drop in the number of containers, Beirut Port revenues have declined in the first 10 months of 2019 and is expected to get worse in the next few months if banks continued to decline the request of importers and industrialists to open new accounts.

Figures released by Beirut Port show that the facility’s overall revenues reached $174.8 million in the in the same period of 2018. The port handled 5.7 million tons of freight in the covered period, down by 13.4 percent from 6.6 million tons in the first 10 months of 2018.Imported freight amounted to 5.1 million tons in the covered period and accounted for 88.2 percent of the total, while the remaining 676,000 tons, or 11.8 percent, consisted of export cargo.

A total of 1,502 vessels docked at the port in the first 10 months of 2019, down by 5 percent from 1,580 ships in the same period of 2018. On a monthly basis, the port’s overall revenues declined by 19.6 percent from $17.3 million in September to $14 million in October 2019.

“Now it’s all over. Exporters and foreign companies will refuse to send anything to Beirut Port unless all the goods are paid in advance,” Zakhour said.

He estimated that at least 40 shipping lines have been affected by the crisis in Lebanon.

Zakhour warned that many factories will be forced to close and lay off their workers if the banks insist on depriving manufacturers of funds needed to buy raw materials.

He added that in December the number of containers at Beirut Port dropped to 15,000, and aired concerns that that number may not even reach 5,000 at the end of January.

“The port used to receive 5,000 new cars each month but in the month of December this figure dropped to 500 cars only,” he said.

Zakhour argued that it was in Lebanon’s interest to encourage industrial exports to reduce the trade deficit, which is currently around $17 billion a year.

He expressed hope that the politicians would form a Cabinet quickly to address all the problems facing the country.