

LEBANON EXPECTS ADVANCES IN 1965

Business Shakes Off Effect of 2 Bank Failures

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BEIRUT, Lebanon—The lone stronghold of private enterprise in the Arab Middle East, Lebanon, is heading into 1965 with confidence, one might even say gaily.

Having weathered two bank failures and the prolonged uncertainty of a presidential election in 1964, business is looking up in almost every sector—tourism, banking, the transit trade, imports and exports.

As has been the case ever since World War II, Lebanon continued last year to benefit from the experiments in Socialism, the mistakes and misfortunes of all her neighbors.

The foundation of Beirut's prosperity was laid by the Arab blockade of Israel following the Arab-Israeli War of 1948-49, which diverted the Arab transit trade from Haifa to Beirut.

Since then Socialist revolutions in Syria, Egypt and Iraq have diverted much of those countries' private capital to Lebanon's more than 70 banks.

It is still coming in. Whenever any man of substance has an opportunity he transfers some of his assets here. Even larger sums are banked by the "oil sheiks" and all the merchants and contractors who have made money with them in Saudi Arabia, Kuwait and the other Persian Gulf principalities in the last 15 years.

On top of all this has come tourism, which grows like a tropical plant, with Americans in the lead as the annual tourist tide laps ever farther eastward. Here are some of the specifics:

BANKING: The new central bank, which began operations April 1 may prevent the recurrence of bank failures. The central bank will issue new currency and regulate the formation of new banks, and may even encourage mergers of some old ones. A boycott of Chase Manhattan for its alleged connections with Israel is still pending but there are indications that the central Boycott Office of the Arab League has decided not to press the case.

TRADE: The transit trade rose 55 per cent during the last year and further rises are assured when the port completes its third basin and new silos. United States exports to Lebanon continued to rise, with American brands enjoying com-

manding positions particularly in trucks and refrigerators.

CONSTRUCTION: In spite of the annual predictions that Beirut cannot absorb any more apartment house construction, building goes on apace. The steady growth of Lebanese national income—now in excess of \$400 per capita, the highest in the Arab Middle East outside of Kuwait—together with the influx of foreigners, continues to fill new buildings even at high rents.

TOURISM: United States citizens accounted for an eighth of the 388,000 visitors in 1964, and probably, according to the United States Embassy, for 30 or 40 per cent of total tourist income of \$42 million. Thanks largely to the American tourist, the hotel industry is now Lebanon's largest. Among developments designed largely for the American trade is the new Tabarja Beach Hotel north of Beirut, building facilities for 400 guests with an Olympic-sized pool and a yacht basin.

DEVELOPMENT: With the five-year plan of 1960 nearing fulfillment, Lebanese authorities are thinking of another plan. Recommendations of a French consulting firm have been partly accepted. Major public works include expansion of the international airport, a vocational training school and a superhighway which will eventually reach Sidon and Tripoli. Beirut municipal improvements are being paid for out of a \$14 million dollar loan from Kuwait.

Lebanon's other major international loan—\$27 million from the World Bank, is being spent on the Litani River development which will by 1970 provide power for three hydroelectric plants supplying 45 per cent of Lebanon's power needs.