

"Lebanon's crisis needs \$20 billion-\$25 billion bailout": Reuters interview with Dr. Nasser Saidi, 3 Jan 2020

The interview with Dr. Nasser Saidi was published by Reuters on 3rd Jan, 2020 and was published in several regional newspapers as well as the [NYT](#). The original interview can be accessed [here](#) and is pasted below.

Lebanon's crisis needs \$20 billion-\$25 billion bailout, former minister says

Lebanon needs a \$20 billion-\$25 billion bailout including International Monetary Fund support to emerge from its financial crisis, former economy minister Nasser Saidi told Reuters on Friday.

Lebanon's crisis has shattered confidence in its banking system and raised investors' concerns that a default could loom for one of the world's most indebted countries, with a \$1.2 billion (917.01 million pounds) Eurobond due in March.

Lebanon's politicians have failed to come up with a rescue plan since Prime Minister Saad al-Hariri quit in October after protests over state corruption.

Depositors and investors say they have been kept in the dark about the country's dire financial situation.

President Michel Aoun said on Friday that he hoped a new government would be formed next week. But analysts say the cabinet to be led by Hassan Diab may struggle to win international support because he was nominated by the Iranian-backed Hezbollah group and its allies.

Saidi said time was running short, and that \$11 billion in

previously pledged support from foreign donors was now roughly half of what was needed to mount a recovery. "The danger of the current situation is we're approaching economic collapse that can potentially reduce GDP (for 2020) by 10%," Saidi said in an interview.

Economists have said 2020 is likely to register Lebanon's first economic contraction in 20 years, with some saying GDP will contract by 2%.

Others have predicted a long depression unseen since independence from France in 1943 or during the 1975-90 civil war.

Lebanese companies have laid off workers and business has ground to a halt. A hard currency crunch has prompted banks to restrict access to dollars and the Lebanese pound trades a third weaker on the parallel market, driving up prices.

"Our policymakers are not willing to recognise the depth of the problems we have ... They need the courage to tell the Lebanese population that difficult times are coming," said Saidi.

Credit ratings agencies have downgraded Lebanon's sovereign rating and the ratings of its commercial banks on fears of default.

Saidi said a \$20-\$25 billion package could guarantee payment on some of the country's public debt, enabling it to restructure in a way that would extend maturities and reduce interest rates. Saidi said that would need support from the IMF, World Bank, and Western and Gulf states.

Hariri last month discussed the possibility of technical assistance from the IMF and World Bank, but there has been no public mention of a financial package.