

### **Illicit cash inflows to Lebanon hit \$32.6B from 2005 to 2014**

BEIRUT: Caretaker Finance Minister Ali Hassan Khalil said illicit cash inflows in Lebanon reached \$32.6 billion from 2005 till 2014, or 17 percent of Lebanon's trade volume in the same period. "To combat this phenomenon, Lebanon adopted a number of measures. Among these measures were laws on the declaration of cash transfer across the border, anti-money and terrorism financing, exchange of tax information with other countries and the amended 316 article pertaining to sanctions on terrorism financing," Khalil told the participants at the "Financing Sustainable Development Curbing Illicit Financial Flows" conference, which was held at ESCWA.

But the minister did not elaborate on the \$32.6 billion illicit funding figure.

He added Lebanon and the Arab world have faced many economic, social and political challenges as a result of successive crises, including the Syrian crisis and the ongoing regional and local political impasse.

"Comparing our countries with those in Europe, the population of the 18 ESCWA member countries reached 350 million, with a GDP of \$2.275 trillion in 2017, compared with 338 million in 19 eurozone countries with a GDP of \$12.608 trillion in the same year.

"This means that the potential for growth in our economy is enormous and we have the capacity to increase at least five times the current level of our GDP," the minister explained.

The two-day conference was attended by key speakers from Lebanon, Arab world and Europe.

The conference highlighted the magnitude of the illicit financial inflows into the MENA region and the efforts to curb these practices.

One of the problems Lebanon faces is large-scale tax evasion, which is estimated by Bank Audi at more than \$4 billion annually.

Bank Audi argues if the government managed to collect all of these taxes or at least a big part of it, the budget deficit will drastically fall.

"But what hinders us [cracking down on illicit cash inflows] is the many challenges faced by our Arab world," Khalil said.

Among these challenges named by the minister were armed conflicts and conflicts in the countries of the region (Syria, Iraq, Yemen and Libya); the continued involvement of major powers in the region's policies and assistance to terrorists and extremist groups with money and weapons; extremism and terrorism that threaten Arab societies and delay development; and the crises of migration, displacement and asylum, which have put pressure in the region itself and had a ripple effect beyond.

The challenges also include increased need for additional funding to cope with emergency pressures, at a time when the funding gap reached \$3.6 trillion to achieve sustainable development; the lack of adequate and systematic statistics on the status of development in the Arab region.