

Govt economic plan will not change: Wazni

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BEIRUT: The Lebanese government will not alter the figures presented to the International Monetary but it does not mind reviewing different approaches offered by the parliamentary blocs, Finance Minister Ghazi Wazni said Thursday. Wazni's comments to The Daily Star coincided with resignation of one of his top advisers, Henry Chaoul, over the reluctance of the authorities to implement the needed reforms.

"No, no, no. We are not going to modify the estimates of the losses presented by our government to the IMF. But we are willing to examine the different approaches to the issue of public debt and financial losses," Wazni told The Daily Star. Wazni Tuesday discussed the government's approach to the financial crisis in Lebanon with the budget and finance parliamentary committee as well as representatives of the Central Bank and the Association of Banks in Lebanon. Some lawmakers said the government had promised to change its approach to the financial crisis before approaching the IMF again.

According to some newspapers, some MPs who attended the meeting with Wazni insisted that the losses incurred by the Central Bank and commercial banks, including the lenders' private equities and customer deposits are LL81.2 trillion and not LL241 trillion based on the estimates of the economic paper presented by the government.

But a source familiar with the talks between the IMF and the government told The Daily Star that the fund was convinced that the estimates of the losses presented by the government was closer to reality, adding that the IMF appeared to be convinced that the losses were even bigger.

"What is certain is that the IMF will not accept any modification of the estimated losses and if the parliamentary blocs insist on lowering the estimated losses then the fund will tell Lebanon that our contribution will be \$900 million instead of \$10 billion," the source explained.

Another source said that some of the lawmakers who refuted the government's figures are actually shareholders in some banks, which explains their fierce defense of the banking sector.

The head of the budget and parliamentary committee Ibrahim Kanaan told the Al Markazia news agency that the figures presented by Wazni were not wrong, but there were different approaches to the issue of the financial crisis.

He indicated that the committee's deliberations and deep discussions showed that there were no incorrect numbers, as some people have claimed, but rather a different approach, because the numbers were the result of approaches and assumptions.

But lawmaker Nicolas Nahhas insisted that the paper presented by the government would not pass in Parliament if major amendments were not made.

"We are talking about approaches and not only numbers. There are some items in the government's that paper need the approval of Parliament and if we refuse to endorse them then the government will not be able to get any money from the IMF," Nahhas said.

On May 1, Prime Minister Hassan Diab Wazni signed a request for financial assistance from the IIMF, a first by a Lebanese government.

The request came just one day after the Cabinet amended and approved a comprehensive economic plan that outlined the measures the government would take to cut the budget deficit and stimulate the economy.

Previous governments have been reluctant to officially seek the financial support of the IMF, fearing a negative backlash from many political parties, trade unions and activists who fear that the fund may demand higher taxes and the removal of subsidies as a prerequisite for any large soft loans.

The minister stressed that no one was willing to help Lebanon unless there was a viable plan to implement reforms.

Wazni explained that floating the pound would be taken in stages until the end of 2020, adding that the government was aware of the magnitude of this step.

The IMF has repeatedly called on the successive governments to unpeg the pound as this was bleeding the resources of the Central Bank.

Some bankers admitted secretly that the national currency should eventually be devalued.

But some experts and economists expressed doubt on whether the IMF was willing to unlock \$10 billion in assistance for Lebanon over the next five years, arguing that the fund had many other countries that were seeking its help.

They also doubt whether the government would be able to receive a cash injection before the end of 2020.

A source told The Daily Star that the IMF was convinced that the losses incurred by the Central Bank and the Lebanese commercial banks were far more than the estimates presented by Diab's government, a source said Thursday.

"The IMF will not accept the estimates presented by BDL and commercial banks because they are convinced that the losses are even bigger than the numbers of the government," the source said.

In his resignation letter, Chaoul said he constantly reiterated that without deep and painful reforms, and away from failed politics, Lebanon would be heading for more economic and social problems.

"The establishment seems to be set on the "kicking the can down the road" approach, depriving the government of the ability to implement its policies, embarking the people on a journey of misleading information and stalling every endeavor to head in the right direction," Chaoul said in his resignation letter.