

Deadlock leaves government rudderless

Politics

Najmeh Bozorgmehr reports on six months of paralysis

A visitor to the Sunni-dominated city of Tripoli in northern Lebanon would be forgiven for thinking that an election is around the corner.

But the preponderance of large posters of politicians is a sign of political paralysis rather than campaign fever in a country struggling with a long power vacuum.

The big banners depict a serious looking Najib Mikati, premier-designate with the Lebanese flag in the background, reflecting his hopes of acting as a Sunni Muslim yet national figure in his six-month effort to form a cabinet.

There are also towering pictures of Saad Hariri, the caretaker prime minister, who, despite his big smile, sends an uncompromising message: "Al-Haq Aqwa" or "Right [is] Strongest" which suggests that the truth about the 2005 assassination

of his father, Rafiq, the former premier, will eventually be revealed.

Saad Hariri's government collapsed in January, when he refused to distance it from a UN-backed special tribunal which is expected to issue indictments in the Hariri case against his political opponents - members of Hizbollah, the Shia militant group backed by Iran and Syria and Lebanon's most powerful political organisation.

Hizbollah, which held an effective veto power in the Hariri cabinet of national unity, withdrew ministers allied to it, bringing down the government and pushing Lebanon into a new period of uncertainty.

Street protests in Tripoli and Beirut erupted at the time, with angry supporters of Mr Hariri insisting that Mr Mikati had been imposed on the Sunni community by Hizbollah.

When Mr Mikati took the job, he probably thought his biggest difficulty would be to persuade Mr Hariri to join another national unity administration, thus maintaining a semblance of unity within the Sunni community.

His aim was also to strike

a balance between the demands of Hizbollah for an end to the Hariri tribunal and the need not to antagonise the world community.

Mr Hariri, however, has refused to join the government, preferring to remain in opposition. Mr Mikati, meanwhile, has found the search for consensus elusive, even when he has to deal only with the Hizbollah-led alliance that helped him gain power.

The delay in the formation of the government is due, at least on the surface, to insistence from Michel Aoun, the Christian ally of Hizbollah, on control of the interior ministry. The problem for Mr Mikati is that Michel Suleiman, the president, also a Christian, has rejected Mr Aoun's appointee.

Analysts say Mr Aoun is trying to gain the upper hand over Mr Suleiman in the Christian community, in line with his ambitions to become the next president, a post held by Maronite Christians in the country's division of state positions along sectarian lines. But the interior ministry is also crucial for the Hizbollah-led alliance, whose intelligence arm and

internal security forces have become increasingly powerful, making it more urgent to keep them in check.

The political stalemate has not been helped by the turmoil in Syria, the neighbour with influence in Lebanon and which could therefore intervene to end the deadlock. For more than two months, Syria's Ba'athist regime has been battling a popular uprising, part of the wave of revolts

The deadlock is all the more disappointing as it follows a rare period of stability

sweeping the Arab world. "It is doubtful that there will be any new cabinet in Lebanon as long as Syria is in crisis," says one official.

Worse still, Lebanon's politics may be further poisoned by the unfolding drama in Damascus, where even if the regime of President Bashar al-Assad survives, it will be left much weakened, with potential consequences for its allies

in Beirut, not least Hizbollah.

Officials across the political spectrum have sought to keep a neutral attitude towards the uprising. The repatriation of three Syrian soldiers in mid-May who were probably trying to defect was Beirut's way of demonstrating to Damascus its impartiality.

Syrian television last month broadcast confessions of a group of Syrians accused of receiving financial support and weapons from the March 14 alliance to aggravate the crisis, a charge the western-backed group has denied.

Meanwhile, there is a steady flow of Syrians crossing land borders to find refuge with friends and relatives in Lebanon.

The UN-backed tribunal is another source of division and, although indictments that had been expected this year have yet to be issued, they threaten to fuel greater tension between Sunni and Shia.

"This tribunal is illegal and unconstitutional. It has also been politicised by the US to inflict sanctions on Lebanon," insists Ali Hamdani, an adviser to Nabih Berri, Shia speaker of par-

liament, who is allied to Hizbollah.

Some politicians believe that the delay in the formation of the government might be working to Mr Mikati's advantage, in that he would prefer not to have a hardcore Hizbollah-led cabinet at a time when the tribunal issue remains unsettled.

"If a new government is formed now, it will be according to the demands of Hassan Nasrallah [Hizbollah leader], who wants to organise a national confrontation front against the international tribunal," says Fares Souhad, the secretary-general of the March 14 alliance led by Mr Hariri's Future Movement.

For many Lebanese, the deadlock is all the more disappointing because it follows a rare period of stability in the country, after warring factions signed a deal in Qatar in May 2008 that ended an earlier period of paralysis.

The agreement allowed Beirut to benefit from the global financial crisis that hit the Gulf at the time, boosting tourism receipts and bank deposits.

True, Lebanon has a history of resilience to



Waiting game: Najib Mikati, prime minister-designate

domestic turmoil. But the current uncertainty is seen as particularly troubling, because it coincides with severe upheavals in the Arab world.

"Lebanon has not been a country reputed for long- or even mid-term planning. Uncertainty is part of its nature," says an official in the caretaker government.



Monumental ruin: regional uncertainty is blamed for 85 per cent of the drop in receipts and the rest on power struggles that have left Lebanon without a government

Visitors think twice before going to Baalbek in the springtime

Tourism

Najmeh Bozorgmehr on the declining fortunes of an industry crucial to the economy

Sitting on a stone behind the Roman Jupiter Temple in Baalbek, Roland, a German national, regrets that the rest of his family had changed their minds about holidaying in Lebanon.

The "Arab spring" sweeping the Middle East and north Africa has made western tourists think twice about whether Lebanon's seasonal spring is worth the risk.

"My wife was worried about taking two kids to Lebanon with the crisis in Syria, which she thought could spill over," Roland says in a sarcastic tone as he takes photographs to show his family what they missed.

Tourism is vital to Lebanon's economy, constituting about 22 per cent of gross domestic product, according to official figures, and employing 200,000 locals and 100,000 foreign workers.

The political turbulence in the Arab world has dealt a blow to tourism in the region. Lebanon, which is not experiencing turmoil, has been most affected by

its proximity to Syria, wracked by a popular uprising against the Ba'athist regime.

"Western tourists have written off tourism in the region," says Nassib Ghobril, head of research at Byblos Bank.

The tourism ministry puts the decline at 14 per cent in the first four months of this year, compared with the same period last year. But the drop is probably higher than official data suggest.

Ernst & Young's benchmark survey shows hotel occupancy in Beirut dropped to 50 per cent in the first four months of this year, from 72 per cent over the corresponding period of last year. Revenues per available room show a 43.6 per cent fall.

An official in Baalbek, who asked not to be named, also reckons the drop is higher. He has counted 60 Arabs and 30 Europeans visiting Baalbek's monumental ruins on a pleasant day in mid-May. The number of Europeans was probably three times higher on such a day a year ago, the official recalls.

The decline follows Lebanon's golden year in 2010, when the sector grew by 17.6 per cent thanks to a rare period of political stability, earning about \$8bn, including \$2bn of investment by Gulf Arabs in real estate. The figure means that 4m-strong Lebanon has one of

the highest per capita income rates from tourism in the world.

Despite the current downward trend, the country is still better positioned than during its more turbulent years following the assassination of Premier Rafiq Hariri in 2005 and the 33-day war with Israel in 2006.

In the first four months of this year, according to official figures, about 475,000 tourists visited, down from 562,000 tourists the year before.

"Our situation is not cata-

The country struggles with chronic infrastructure problems, including poor public transport

strophic at all," says Fadi Abboud, the tourism minister.

He blames regional uncertainty for 85 per cent of the drop and the rest because of the "psychological impacts" of internal power struggles which have prevented the formation of a new government.

The expected continuation of regional and domestic political tensions in the coming months means there is little chance of catching up with last year's performance.

The Syrian crisis shows no sign of abating, raising concern that Arab tourists will stay away during the holy month of Ramadan, which is in August this year.

Arab visitors, mainly from the Gulf, constitute about 40 per cent of tourists in number but generate about 60 per cent of tourism income.

Meanwhile, seven Estonian cyclists who were kidnapped in March have yet to be freed, an incident that has added to fears over a visit to the country.

Still, the country is used to ups and downs in its economy. The government and the private sector are trying to improve the quality of visitors' stay and expect that expatriates would not share western tourists' fears.

The government has started a new grading system for hotels and has been encouraging construction of three-star accommodation through subsidised banking loans.

It also plans to re-evaluate the grading of restaurants, which have grown in number by more than 20 per cent over the past three years, providing Beirut in particular with a wider variety of cuisines.

Last year, \$4bn was invested in the tourism sector, about \$1bn of which came from Gulf nationals.

Such measures are a long way from what Lebanon, often described as the region's "pearl" or "jewel", had once hoped to return to after the 1975-1990 civil war ended.

But the country struggles with chronic infrastructure problems, including poor public transport, shortages of water and electricity and under-developed roads.

Despite the variety of religious, eco and health tourism, Lebanon has been overtaken by some other countries in the region, notably the United Arab Emirates, which is thought to have an unrivalled quality of service and infrastructure.

It is Dubai that is benefiting today from the dislocation caused by the Arab uprisings, with a boost to its tourism industry. The emirate's hotel occupancy, according to an Ernst & Young benchmark, is 35 per cent higher than the figure for Lebanon, while its revenue per available room is more than double.

Lebanese officials say the country's mix of Arab and Mediterranean culture gives it a unique position, however.

"Comparing Dubai to Beirut is like comparing Las Vegas to Rome," Mr Abboud, says. "You can ski in Dubai in a warehouse, but you ski in this country on 3,000ft high mountains."

Bohemian heart starts to beat again

Nightlife

Lucy Fielder reports on the revival of Beirut's multireligious Hamra district

When Dany Khoury decided to expand his Beirut pub, he gave the regulars free shots and a hammer to knock through a graffiti-covered wall. Rough-around-the-edges bohemianism has always distinguished Beirut's western Hamra quarter from its glitzier nightspots.

As a boom revives the commercial district that was once the heart of the Lebanese capital's intellectual and cultural life, Mr Khoury is expanding his business again, this time more conventionally. He opened a bar-restaurant across the road two months ago. "Hamra has always been the real centre of Beirut for me, not downtown," he says. "It's the only part that has all religions, and it's a real locals' place."

The district was the fastest growing of Beirut's eating and drinking hubs last year. New outlets increased 39 per cent compared with an average of 20 per cent, according to a study conducted by Hodema, the hospitality consultancy, with Le Commerce du Levant magazine.

"Hamra is definitely the star of 2011," says Nagi Morkos, managing partner of Hodema and author of the report. Hamra now has close to 100 such venues, he says.

As late as the early 1960s, market gardens dotted with suburban villas covered most of the western Ras Beirut area, of which Hamra forms the nucleus. In the 1960s and 1970s, offices and banks sprang up along the main Hamra Street. Its cinemas and pavement cafes were legend, drawing in intellectuals and activists from across the Arab world.

Hamra Street suffered during the war years, though its radical image endured; one of its cafes witnessed the first Lebanese act of resistance to Israeli troops invading West Beirut in 1982.

Over the past two decades, all but a handful of the remaining cafes and pubs, refuge to the nostalgic faithful, have given way to international chains as decades-old controlled rents expired. "Now we're seeing a reverse and contagious trend: retail outlets becoming cafes and bars," says Jad Chaaban, economics professor at the American University of Beirut.

Developed late, and mainly for commerce, Ras Beirut avoided being dominated by one community as in other parts of the capital. Christians and Muslims, Lebanese, Armenians and Palestinians settled and created a rare diversity. Tourists, students, expatriates and journalists add to the mix. Hamra hosts most of Lebanon's main newspapers and several universities.

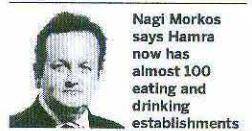
From the late 1990s, the Beirut Central District rose from the rubble of war. Its gleaming rebuilt facades attracted bank headquarters, designer bou-

tiques and high-end restaurants and cafes, leaving Hamra looking scuffed around the edges. But its restaurant business was knocked by a protest camp Hizbollah and its allies set up downtown for 18 months until May 2008, which kept diners and drinkers away and boosted Hamra's allure.

Post-war nightlife centred on the mainly Christian area of Achrafieh. Its Monot Street bristled with bars and nightclubs at the turn of the century. In 2004-05, Gemmayze, a boulevard of crumbling mansions, took the helm. It now has more than 100 venues, mostly bars.

Residents' protests in 2008 against the noise and traffic prompted a curfew and encouraged entrepreneurs to turn to Hamra. Last year, Gemmayze grew by just 3 per cent, Hodema found. Many are asking whether Hamra will experience the same boom and bust. "Hamra's first of all a business centre, so you don't have so many neighbours to disturb or the traffic," says Tony Rami, secretary-general of Lebanon's restaurant owners' syndicate. About 50 licence applications for new venues are being processed, he says.

Mr Morkos says the hospitality industry in Lebanon remains underdeveloped overall. "The reason for the boom is that we were really below average in 2009, so the progression since then has been incredible," he



Nagi Morkos says Hamra now has almost 100 eating and drinking establishments

says. "And Hamra still has a lot of potential."

In the past three years, commercial rents have at least doubled, and by some estimates quintupled in sought-after locations. Mr Morkos estimates that a start-up venue in Hamra would need about \$400,000 initial investment, more than in other districts because premises tend to be larger.

And political turbulence is ever a risk. "We were thinking of taking another place, but there's no government at the moment, and with the protests in Syria, we're holding off," Mr Khoury says. Hamra's young, middle class residents form the backbone of its diners and drinkers, says Prof Chaaban, and this integration offered some insulation from political shocks.

On Makkidisi Street, Hamra's latter-day hub, a group of thirty-somethings share ice cream and sip the last of their wine, chatting in Arabic peppered with French.

Tucked among Hamra's smoky, raucous pubs, the Cru winebar may be the taste of things to come. Unusually for Beirut, it is dedicated to wine, selling Lebanese boutique brands by the glass. "We're doing something a bit different and I think the crowd here likes that," says Karen Matta, the owner. "Hamra is becoming more of a destination."