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The report *Business Impact of the 2026 Lebanon-Israel War* by Lebanon Opportunities, April 2026, presents a detailed analysis of how the 2026 Lebanon-Israel war affected Lebanese businesses, particularly those located outside the areas that experienced direct destruction and evacuation such as the Southern suburbs of Beirut (Dahieh) and areas south of the Litani. Rather than focusing only on physical damage, the study explores how the conflict disrupted the broader business environment through weaker demand, rising costs, labor instability, and logistical difficulties. Based on a survey conducted between March 25 and April 24, 2026 among 196 firms concentrated mainly in Beirut and Mount Lebanon, the article offers a practical view of how companies struggled to continue operating during a period of extreme uncertainty.

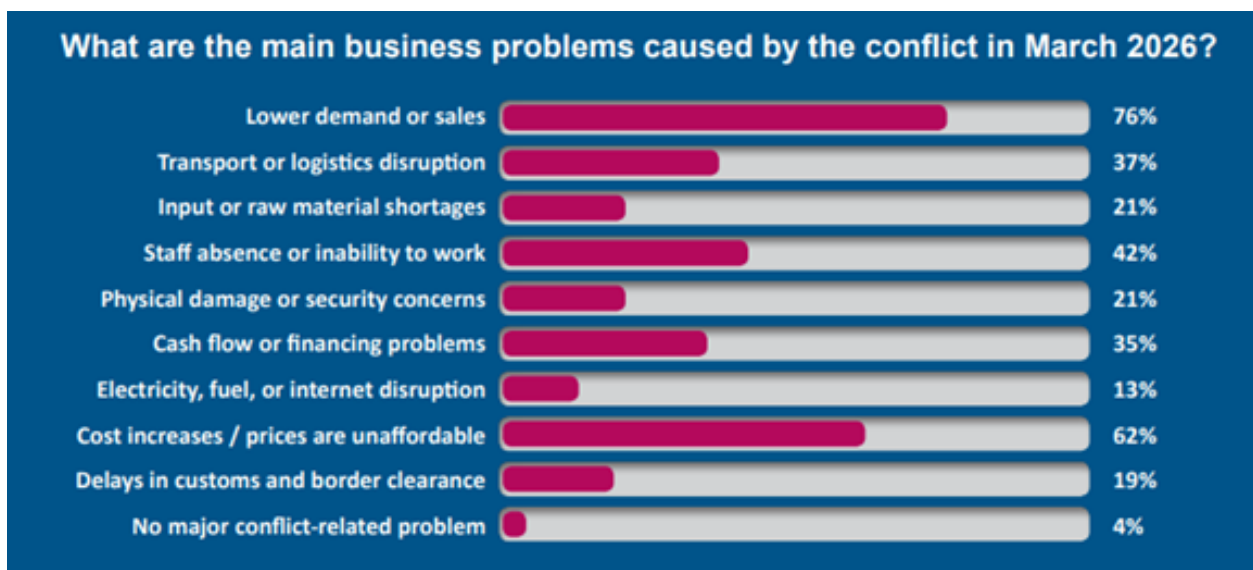
What makes the analysis particularly important is that it highlights the indirect economic consequences of war, which are often less visible than physical destruction but equally damaging. Although most businesses remained technically open during the conflict, many operated far below normal capacity as consumer demand weakened and operating conditions

deteriorated. According to the findings, the shock was driven less by the destruction of assets and more by collapsing revenues, inflation in operating costs, disruptions in staffing, transportation difficulties, and declining business confidence. This reveals how conflict can gradually weaken economic activity even in areas that were not directly bombed or evacuated.

One of the clearest signs of distress was the sharp decline in revenues experienced by firms during March 2026. Around 77% of surveyed businesses reported lower revenues compared to February 2026, while nearly 74% experienced declines compared to March 2025. More importantly, the average losses among affected companies were extremely severe, reaching around 58%, which demonstrates that the conflict caused far more than a temporary interruption in activity. These figures suggest that the war deeply disrupted commercial activity and significantly weakened purchasing power and market demand across the country. Even businesses that continued operating faced shrinking sales and lower throughput, showing that remaining open did not necessarily mean remaining economically stable.

The report also explains that the 2026 conflict occurred while many Lebanese firms were still recovering from the 2024 war. Only a minority of companies stated that they had fully recovered before the latest escalation began, while the majority described themselves as either partially recovered or not recovered at all. This point is particularly significant because it illustrates the cumulative nature of Lebanon's economic crises. Businesses entered the new conflict already weakened by previous disruptions, meaning that many firms lacked the liquidity, resilience, and financial flexibility needed to absorb another major shock. As a result, the 2026 war intensified existing vulnerabilities instead of creating entirely new ones.

Another major theme throughout the report is the contrast between limited physical damage and severe economic strain. Although 88% of firms reported no direct damage to buildings, equipment, or inventory, companies still experienced major operational difficulties. The most common problems included lower sales, rising operating costs, staff absences, transportation disruptions, and cash-flow pressures. More than three quarters of firms identified weak demand as a major issue, while nearly two thirds complained about unaffordable cost increases. This demonstrates that the economic effects of war extend beyond visible destruction, affecting confidence, trade activity, mobility, and the overall ability of businesses to function normally.



Source: Leaders Club by Lebanon Opportunities

Rising costs placed additional pressure on firms already struggling with falling revenues. Fuel and energy costs increased sharply, alongside transport, logistics, and raw material expenses. These pressures forced companies to adopt survival-oriented strategies rather than pursue expansion or growth. Many firms reduced working hours, lowered production levels, temporarily shut parts of their businesses, changed delivery routes, relied on existing inventories, or increased prices in an attempt to preserve liquidity. The report therefore shows

how businesses shifted into a defensive mode, focusing primarily on continuity and short-term survival amid an increasingly unstable economic environment.

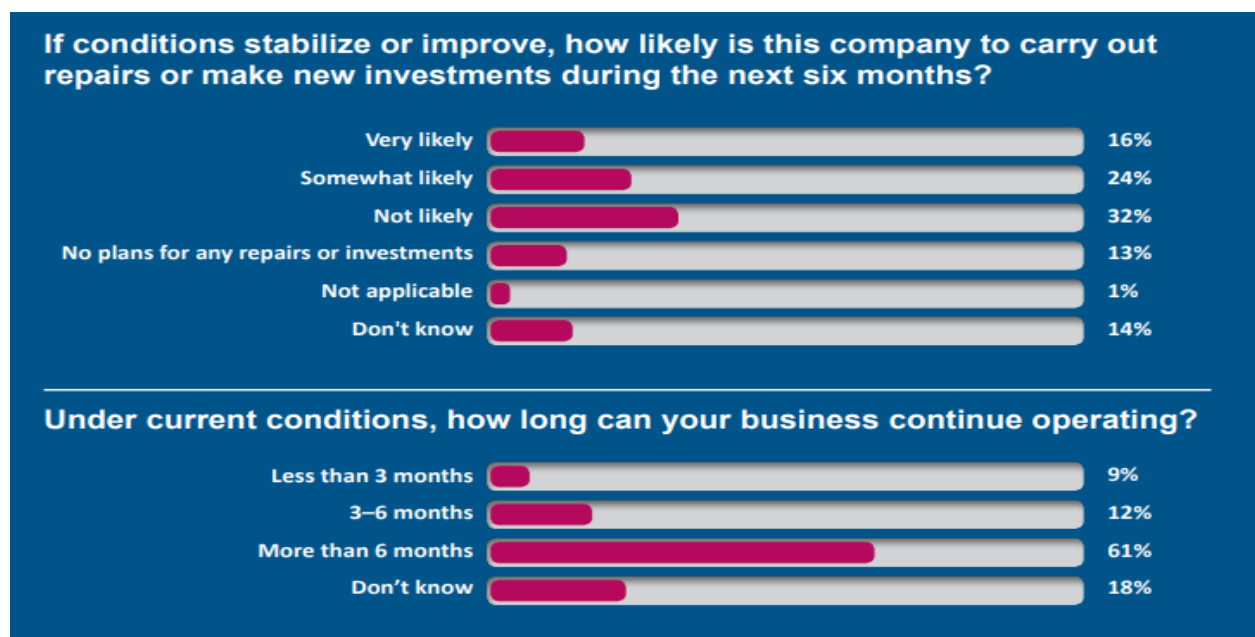
The labor market was also heavily affected, although the impact appeared in more indirect forms rather than through mass layoffs alone. Instead of immediately dismissing workers, many firms relied on softer adjustment measures such as hiring freezes, reduced working hours, and salary cuts. Around 30% of firms reduced employee hours, while 26% froze hiring and 7% reduced salaries significantly. This suggests that employers attempted to avoid large-scale layoffs while still lowering operational expenses. However, the article makes it clear that employment stability on paper does not necessarily reflect real economic security, as many workers remained employed but faced lower incomes, reduced activity, and greater uncertainty regarding the future.

The findings further reveal that smaller businesses suffered more heavily than larger firms. Small and medium-sized enterprises were more likely to experience deeper revenue losses, stronger cash-flow pressures, and lower operating capacity. This reflects the structural weakness of smaller firms, which often have fewer financial reserves and less flexibility during periods of crisis. Larger firms appeared somewhat more resilient because they possessed greater capacity to manage disruptions and maintain operations, although they were still affected by staff shortages, temporary closures, and logistical problems. The difference therefore was not immunity from the crisis, but rather the ability to absorb pressure for a longer period.

Sectoral differences also shaped how businesses experienced the conflict. Trade companies were among the most exposed because they depended heavily on consumer demand and transportation networks, both of which deteriorated during the war. Manufacturing firms,

meanwhile, faced serious difficulties related to energy costs, raw material shortages, and transportation expenses, making production increasingly difficult to sustain. Service-sector firms appeared relatively more resilient in terms of operational continuity, yet they still struggled with weaker demand and uncertainty surrounding future activity. This variation between sectors highlights how the conflict affected each industry differently depending on its dependence on supply chains, mobility, energy, and consumer spending.

Looking ahead, the report presents a cautious and uncertain outlook for the Lebanese business sector. While some companies expected production to improve over the following months, many others anticipated further decline or preferred to maintain current staffing levels without expanding operations. Investment intentions were especially weak, as many firms either had no plans for new investments or remained uncertain about whether they could carry out repairs or expansion projects in the near future. This hesitation reflects a broader collapse in confidence, where businesses are prioritizing survival over long-term planning or growth.



Source: Leaders Club by Lebanon Opportunities

Ultimately, the report argues that supporting economic recovery requires more than rebuilding physical infrastructure alone. The main challenges facing Lebanese firms involve liquidity shortages, high operating costs, weak demand, and unstable business conditions. As a result, recovery efforts should focus on helping businesses remain operational, maintain employees, and restore confidence within the market. Overall, the analysis paints the picture of an economy that continues to function, yet under severe strain, where businesses remain active but weakened, cautious, and increasingly focused on survival rather than expansion.

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