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Economic Accounts of Lebanon
2004

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Foreword

This publication of Lebanon's 2004 Economic Accounts originates from the sequence selected and launched by H.E. Prime Minister Rafic Hariri and H.E. Minister for Economy and Trade Basil Fuleihan in 2002. It is aimed at compiling crucial data to better measure the development of Lebanon's economic activity. Based on a number of statistical surveys, this project's framework made it possible to obtain the economic accounts of the base year: 1997. These were followed by the 1997-2002¹ series of economic accounts, and the recent Economic Accounts of 2003². This venture benefits from the technical support of the French Institute of Statistics and Economic Studies (INSEE) – an institution that is above reproach in this field. These accounts not only provide an accurate analysis of the Lebanese economy's structure and mechanisms, but also offer an insight into the economic development of our country.

The Lebanese economy recovered during 2001-2002, and witnessed a significant recovery with the results achieved in 2003. Finally, 2004 marked an even stronger economic growth period in Lebanon, which corresponded to the cycle of economic expansion observed across the region. Several factors contributed to this growth: the significant improvement and increase of private investments and exports in addition to an increased rate of final consumption. The rationalization of public expenditure and a continuous reduction of the public deficit accompanied these developments. Regarding financing investments, Lebanon benefited from substantial capital inflows in 2002 and 2003 following the successful results of the Paris II conference. These were further complimented by continued additional private transfers, which kept the balance of payments in slight surplus, as well as the greater participation of Lebanese banks in the financing of the economy.

Beyond this valuable 2004 Lebanese economic report, the Economic Accounts team now also provides an in-depth series of data covering the 1997 to 2004 period. These should allow for the development of numerous economic analysis and models. Based on these series, and the good performance of many economic indicators during the first six months of the year, we know, for instance, that growth for 2006 could have equaled if not surpassed 2004. This proves that Lebanon's economy can accomplish considerable performances if unaffected by dramatic events, such as those witnessed by our country in 2004 and 2005.

In conclusion, I extend my profound thanks to Mr. Robert Kasparian and his team for their thorough work and professionalism, and all the Lebanese institutions and international organizations that collaborated on this project. I would also like to thank the French government and particularly INSEE, which have both —since the beginning of this project— offered us their ongoing support and expertise.

The President of the Council of Ministers

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Introduction

Previous publications of Lebanon's Economic Accounts for the years 1997-2002 highlighted the key features of the Lebanese economy, and its progress after the country's reconstruction period – launched in 1992 and completed in 1997.

Recognizing the significance of economic accounts as a framework for establishing economic policies, the Lebanese government made a resolute decision to continue with this vital analysis by authorizing this report, which is based on estimated economic accounts for the period 2003-2005. These estimated values have been released ahead of the publication of Lebanon's official statistics, which will accurately illustrate the present economic and social position of the country. The Central Administration of Statistics (CAS) is currently compiling these statistics.

The 2003 accounts, published in May 2006, as well as the 2004 accounts presented here, were established in accordance with identical conventions and modules previously adopted for the computation of accounts for preceding years. Please note that due to Lebanon's gaps in information regarding its economy, a simplified model was drawn from the national accounts system to close this gap - as recommended by the United Nations and the European Union. Utilizing this adaptation and the available data, estimation modules for the various headings of the accounts have been established³.

Furthermore, thanks to a 2003 French-funded survey, conducted by the French Technical Cooperation Body (ADETEF), our understanding of industrial and services enterprises has improved. The survey sampled nine hundred of the largest companies in Lebanon. These companies are listed in the "Observatory of Socio-economic Facts" publication of the Saint-Joseph University. The conclusions of the ADETEF survey led to modifications of some previous estimates. In particular, the net exports of service were revised upward. However, this new information did not considerably affect the main aggregates characterizing the economy and its development. Moreover, the analysis of industrial and commercial establishments tax declarations for 2003 and 2004 made it possible to disclose economic activity trends of certain economic sectors.

Economic growth recovered in the 2003 fiscal year, and this upward trend continues with increasing strength in 2004 but is marked by a moderate increase in prices. This growth is stimulated essentially by a combination of both external demand and the resumption of private investments. Conversely, the continuing fall of public investments limited Lebanon's overall economic development. The reason for this marked decline in public investments is due to the State's relentless handicaps: the burden of its debt, and its constant efforts to reduce the public deficit.

The recovery of activity, as well as the need for rebuilding inventories, involved a robust increase in imports and the trade deficit balance. However, current or capital

³ The reader can consult the accounts model and the detailed estimation methods in the two preceding publications published by the Ministry for Economy and Trade: "Economic Accounts of Lebanon 1997" - May 2003, and "Economic Accounts of Lebanon 1997-2002" - July 2005.

transfers made it possible to achieve two results: make up for the deficit and produce a surplus in the balance of payments.

All the above-mentioned topics are detailed in these accounts, which are presented in two parts:

Part One reviews the accounts of goods and services, which describe the various aspects of the real economy and their development, and includes five chapters devoted to the elements constituting the basic balance of these accounts:

production + importation = consumption + gross fixed capital formation and changes in inventories {stock} + export.

In two chapters, Part Two presents the general balance of accounts by integrating the total set of flows constituting the general economic activity. The first chapter is devoted to the integrated economic accounts of the national economy. Chapter 1 begins by comparing the accounts of production and binding them with the distribution operations and financial transactions account. Chapter 2 presents the rest of the world's accounts and the balance of payments.

PART ONE: Goods and services account

By definition, the real economy is described by the goods and services account. Table n° 1 illustrates the results of this account for 2004 and compares them with those of 2003. To determine the real growth, the accounts are estimated at constant prices, allowing for isolating the effects of price changes in the total variation.

Table n° 1
Goods and services account 2003-2004

	<i>Value (LBP billion)</i>		<i>% Change / year</i>		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
<i>Uses</i>					
Private consumption	25 407	27 660	26 826	3.1	5.6
Public consumption	4 991	4 840	4 810	0.6	-3.6
Private GFCF, varying inventories	4 844	6 077	5 964	1.9	23.1
Public GFCF	889	996	976	2.0	9.8
Total: national expenditure	36 131	39 573	38 577	2.6	6.8
Exports	4 988	6 423	6 277	2.3	25.9
Uses = resources	41 119	45 996	44 854	2.5	9.1
<i>Resources</i>					
GDP	29 851	32 357	32 072	0.9	7.4
Imports	11 268	13 638	12 782	6.7	13.4

Using the Gross Domestic Product (GDP) as a measure, the growth in real terms of domestic economic activity at previous year prices is 7.4% in 2004 against 2% on average over the 1997-2002 period and 4.1% in 2003.

National expenditure growth was slightly lower than +6.8% against 4.4% in 2003 and 1.1% on average for the preceding quinquennial period. Essentially, this growth is due to the strong restoration of private investments that occurred in 2003 after a period of regression. However, in comparison, progress in consumption is moderate.

In addition to national expenditure, 2004 figures in real terms reveal that exports raised total demand to levels exceeding 9.1% in comparison to 2003.

As observed, the domestic output did not follow the domestic and foreign demand growth rate. In fact, similar to 2003, imports increased much more quickly: +13.4% in actual value. Moving in the opposite direction, the same trend was observed during the 1997 to 2002 stagnation period or recession. During that period, the GDP growth rate was slightly higher than imports.

Inflation —measured by the variation of consumer prices levels— is moderate in 2004: 3.1% against 3.6% during 2003 and 4.7% in 2002. (Please note, this latter rise, which occurs after a period of stagnation or even deflation, is due to the introduction of VAT). This moderate inflation is also due to the import prices level—measured by

the index of import unit values— which increases by 6.7% in 2004 and 5.6% in 2003, whereas prices of domestic production remain comparatively stable: +0.9% in 2004, and +1.6% in 2003.

The next five chapters detail the development of these aggregates for 2004 :

1. Domestic output
2. Imports
3. Consumption
4. Gross formation of fixed capital and changes in inventories
5. Exports

Chapter 1 Production

Gross Domestic Product (GDP) measures the various economic agents level of production activity. It is equal to the sum of values added for enterprises (sole proprietorships, private companies and public enterprises) producing market goods and services evaluated at market prices, and government output value of non-market services evaluated at factor costs.

GDP distributions per the various economic sectors of industry and its progress in 2004 compared to 2003 are detailed in Table n° 2.

Table n° 2
Value added by sector 2003-2004

Sector	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Agriculture and livestock	1 639	1 697	1 730	-1.9	5.6
Energy and water supply	187	83	193	-56.9	3.2
Industry	3 513	3 782	3 781	0.0	7.6
Construction	2 202	2 407	2 417	-0.4	9.8
Transportation and communications	2 098	2 384	2 489	-4.2	18.7
Market services	9 981	10 629	10 536	0.9	5.6
Trade	6 693	7 763	7 315	6.1	9.3
Government	3 538	3 611	3 611	0.0	2.1
Total GDP	29 851	32 357	32 072	0.9	7.4

In contrast to the previous period, the value added in the agricultural sector demonstrates a clear improvement in 2004. Other production of goods sectors, such as industry and construction, continue to rise; a trend observed since 2003. This is due to the continuation of investments and a considerable increase in foreign demand. Table n° 2 clearly illustrates a sharp rise in the transportation and communications sector - achieved through the impressive development of telecommunications in the country.

The economic development was not uniform in every economic sector. Thus, the GDP share of the agricultural sector continues to weaken, dropping from 5.8% in 2002 to 5.5% in 2003, and down to 5.2% in 2004, whereas on the whole, the share of services exceeds three quarters as registered in the previous period.

The growth or regression of value added in a sector does not solely depend on the real activity development within it, but also depends on the change of producer and input prices. It is worthy to note that in spite of the energy sector's real growth, the value added in this sector decreases following the significant global increase in the price of oil products, which are used for electricity production. This price increase was not accompanied by an equivalent increase in electrical energy rate charges.

The following sections provide formation details of value added in the various sectors.

Section I. Agriculture and livestock

The value added in agriculture and livestock production is calculated by subtracting the estimated value of intermediate consumption from output at farm gate prices as illustrated in Table n° 3.

Table n° 3
Agricultural production 2003-2004

Output type	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Cereals	62	78	67	16.2	8.9
Fruits	781	821	856	-4.1	9.7
Industrial crops	101	117	111	5.3	10.1
Vegetables & other plants	570	596	589	1.3	3.3
Agricultural products	1 513	1 612	1 623	-0.7	7.3
Live animals	266	290	282	2.9	5.9
Animal products	214	214	209	2.3	-2.0
Fisheries products	58	54	54	0.2	-8.0
Animal and fish products	538	558	545	2.4	1.2
General total	2 050	2 170	2 168	0.1	5.7
- intermediate consumption	411	473	437	8.2	6.3
= Gross value added	1 639	1 697	1 730	-1.9	5.6

As this table demonstrates, the changes in output value and price differs from intermediate consumption. The output volume rise is accompanied by a significant rise in the volume of consumed intermediate goods. The result: a value added rise in real terms, which is moderately less than the output (+5.6% against +5.7% for output). In addition, farm gate prices almost stagnated, whereas those of inputs showed a significant rise (+8.2%). Consequently, the factors of production remuneration fell (-1.9%).

Development of Agricultural output

Vegetable output comprises of fruit and vegetables, which experiences a production rise during 2004 in terms of volume.

The 10.1% increase in quantities of fruits produced is simply due to the very strong rise in olive production. In fact, according to estimates performed by the Ministry of Agriculture for 2004, the production of olives is assumed to have reached 167 300 tons against 83 200 tons in 2003. Alternatively, the output quantities of all other fruits combined would have only increased by 2.4%.

Apart from potatoes, which witnesses an output increase from 416 400 tons in 2003 to 499 000 tons in 2004 (+20%), and a 10% fall in prices, the output of all other vegetables experienced a drop (-4.8%), which was accompanied by a rise in prices (+ 4.8%).

The *livestock and fisheries sector output* increases in 2004; however, when compared to previously recorded figures, it performs at a slower rate: 1.2% against 3.2% in

2003, and an average of 5.4% per year during the 1997-2002 period. This mediocre performance is due to the fall in output of animal sources and fisheries. Alternatively, animals bred for the production of red meats recorded a 5.9% growth.

The 2% fall in animal product quantities is the direct result of a decline in fresh milk production, which according to the Ministry of Agriculture estimates fell from 254 490 tons to 244 000 tons. Similarly, the production of eggs fell from 775 to 755 million units.

The increase witnessed in the production quantities of live animals is a direct result of the increased poultry output, which rises, according to the Ministry of Agriculture estimates, from 127 300 tons in 2003 to 137 300 tons in 2004. Alternatively, the production of red meats remained at almost the same level as 2003. However, the output of red meats represents less than 30% of the output value for live animals; the balance is mostly comprised of poultry.

Farm gate prices of livestock products experienced a rise from 2% to 3% in 2004 against 2003. Consequently, this sector's output value recorded a rise that is more significant than quantities produced (+3.7%).

Intermediate consumption in agriculture and livestock

The Ministry of Agriculture subjects output to regular statistical research by direct farmer surveys; however, intermediate consumption data in this sector is not retrieved by the same method. Instead, findings were estimated using indirect modules: production data and imported products intended for agricultural and livestock productions were scrutinized. These include seeds and seedlings, water for irrigation, fertilizers, pesticides, cattle feed, etc. Since most of these products are imported, it makes it easier to reach an approximation for the necessary computations that dictate their selling price to farmers.

The volume increase of intermediate agricultural products in 2004 against 2003 (+6.3%) is primarily due to the increase in quantities of fertilizers and imported pesticides: respectively +24.3% and +21.1%. On the other hand, the import of other input products for agriculture and livestock stagnates or drops: seeds and seedlings (-9%), cereals and other products for animals feed (-1.7%).

The rise in prices of these products +8.2% results from the increase in import prices, which reaches +13.5% in total: fertilizers (+13%), pesticides (+0.4%), seeds and seedlings (+15.7%), and animal feed (+15.9%).

Section II. Energy and water

In addition to public companies, which control the production and distribution of electricity and water, many small private enterprises produce and sell electrical energy on district scales, because of the frequent power cuts on the part of the public network. The same applies to water; private enterprises distribute water at a charge to households via water tankers. The 2004 estimates are based on previous approximations and utilize the available indicators.

Table n° 4 illustrates the development of production sectors account between 2003 and 2004.

Table n° 4
Energy and water production 2003-2004

Output sector	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Electricity	1 100	1 158	1 139	1.7	3.5
Water	169	171	171	0.0	1.2
Total	1 269	1 329	1 310	1.5	3.2
- intermediate consumption	1 083	1 246	1 117	11.6	3.2
= Gross value added	187	83	193	-56.9	3.2

Development of electricity and water output

The development in electricity output volume is proportional to the distribution of electrical current on the network. This sector records a fall of 0.5% (10 491 million kilowatt-hours in 2004 against 10 548 million kilowatt-hours in 2003). However, Electricity of Lebanon (EOL) accounts records a 4.3% rise in the number of kilowatt-hours invoiced.

In the absence of data regarding the distribution of water, the consumption of this natural resource is assumed to increase proportionally with population growth rate, which is approximately 1.2% per annum.

In theory, prices remain constant since there has not been any change in tariffs between 2003 and 2004. However, bearing in mind that electricity tariffs are progressive, the average price of kilowatt-hour distribution largely depends on the breakdown of consumption between households. According to the data provided by EOL, the average prices of kilowatt-hours invoiced in 2004 are slightly lower than those of 2003 (+1.7%).

Development of intermediate consumption in the energy sector

Comparable to production trends, intermediate consumption in this sector progresses in volume. This sector mainly comprises of oil products and shows a significant price increase in 2004. Consequently, the value added in this sector, which represents a low share of the output value, fell by more than 44%, dropping from LBP 187 billion in 2003 to LBP 83 billion in 2004.

Section III. Industry

Table n° 5 illustrates the development of various industry sectors output. It considers intermediate consumption of goods and services used in the production process by category.

Overall, the volume of industry inputs increases in proportion to the volume of outputs (7.5%). The result: the value added grew at constant prices, and at the same scale (+7.6%).

Table n° 5
Industrial production 2003-2004

Output sector	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Output					
Food and beverages	2 960	3 183	3 009	5.8	1.6
Textiles	596	706	687	2.7	15.3
Non-metallic ores	876	989	912	8.4	4.1
Metals, machinery, equipment	1 289	1 404	1 355	3.6	5.2
Timber, rubber and chemicals	976	1 182	1 124	5.2	15.2
Furniture	395	477	458	4.1	16.1
Other	874	967	1 020	-5.2	16.8
Total	7 966	8 908	8 567	4.0	7.5
Intermediate consumption					
Agricultural products	663	745	691	7.8	4.2
Animal products	558	580	556	4.3	-0.4
Energy and water	372	434	389	11.6	4.5
Food products	262	291	270	7.7	3.2
Textiles	232	275	270	1.7	16.3
Non-metallic ores	458	526	492	6.8	7.4
Metals, machinery, equipment	786	874	834	4.8	6.1
Timber, rubber and chemicals	896	1 148	1 030	11.4	15.3
Other manufactured goods	71	85	85	-0.2	18.9
Services	154	170	169	0.9	9.0
Total	4 452	5 126	4 785	7.1	7.5
Gross value added	3 513	3 782	3 781	0.0	7.6

In addition, the factors of production prices remained constant, because manufacturers did not raise producer prices in proportion to the prices of intermediate products consumed (+4% instead of +7.1%).

Development of industrial output

The growth of industrial production was spurred mainly by foreign demand in the form of exports and purchases made by tourists (see Chapter 5). The following sectors show remarkable progression in 2004: the furniture industry (+16.1% in volume), timber, rubber and chemicals industry (+15.2%), textiles industry (+15.3%), and in other sectors, jewellery (+26.6%) and print works (+10.1%).

Development of intermediate consumption in industry

The composition of industry inputs varies according to the development of production in various sectors. Thus, the moderate rises in consumption volume of agricultural and livestock products stems from the poor growth in the food and beverages industry.

The rise in consumption of textile products is the consequence of a production increase in the textiles and furniture sectors. Please note that the rise in consumption in relative value of various products is not significant when considering the low substance in inputs.

Section IV. Construction

In terms of industrial output, the real growth of construction is deduced from statistics on raw materials used in this sector: domestic cement deliveries by domestic cement factories and imported products used in construction and public works.

Table n° 6 better illustrates these changes; it shows in value and volume the variations of construction output, as well as the main products consumed in this industry.

Table n° 6
Construction production 2003-2004

Output sector	Value (LBP billion)		2004 at 2003 prices	% Change / year	
	2003	2004		Price changes	Volume change
Output	3 957	4 451	4 342	2.5	9.7
Intermediate consumption					
Non-metallic ores	715	819	767	6.8	7.2
Metals machinery, equipment	723	832	794	4.8	9.7
Timber, rubber, chemicals	180	228	204	11.4	14.2
Other goods	30	36	33	10.0	9.7
Services	107	129	127	1.1	19.9
Total	1 755	2 043	1 925	6.1	9.8
= Gross value added	2 202	2 407	2 417	-0.4	9.7

As they were not observed directly, the variations of building costs were estimated by the subjective average of workmen wages and raw materials price changes. With the price of labour remaining constant, building costs growth is assumed at 2.5% against a rise of 6.1% in the value of raw materials intended for construction.

Changes in the volume of consumed intermediate products are slightly higher than in production following a slight change in the number of inputs.

The total factors of production prices, comprising the value added, which include (depreciation, wages and mixed income), is assumed to have fallen slightly in this sector (-0.4%).

Section V. Transportation and communication

The transportation and communications sector records a strong growth in 2004 (+18.7% in volume); thus, continuing the upward progression experienced in previous

years. This growth is mainly due to the impressive development of telecommunications, and to a lesser extent, the growth of air transportation.

Table n° 7 demonstrates the importance of the telecommunications sector; it shows a production rise of 22.1% with prices remaining stable.

However, it should be noted that the road transportation segment is underestimated, because it does not take into account—for lack of information—the movement of goods. This factor results in decreasing this sector's share in GDP to the benefit of other sectors, particularly trade.

Table n° 7
Transportation and communication services production 2003-2004

Output sector	Value (LBP billion)			% Change / year	
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Road transportation	745	751	747	0.6	0.3
Air transportation and others	323	372	372	0.0	15.1
Post and telecommunications	2 844	3 474	3 474	0.0	22.1
Total	3 912	4 598	4 593	0.1	17.4
- intermediate consumption	1 815	2 214	2 104	5.2	15.9
= Gross value added	2 098	2 384	2 489	-4.3	18.7

The deterioration of value added prices is due to the rise in prices of inputs, in particular, prices of fuels; however, producer prices remain practically unchanged.

Section VI. Market services

The production account of the market services sector, excluding transportation, communication and trade, is reproduced in Table n° 8. The figures clearly indicate that this sector records considerable progress in 2004. The value added grew in real terms by 4.2%.

Development of market services output

The market services sector is very heterogeneous and regroups activities that experienced different developments.

Table n° 8
Market services production 2003-2004

Output sector	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Business services	816	900	872	3.2	6.8
Maintenance and repairs	214	251	244	2.8	14.2
Housing	2 252	2 299	2 298	0.1	2.0
Hotels and restaurants	1 093	1 258	1 235	1.9	13.0
Various personal services	772	785	781	0.5	1.2
Health services	1 752	1 865	1 847	1.0	5.5
Educational	2 788	3 059	2 968	3.1	6.5
Financial services	2 448	2 543	2 543	0.0	3.9
Total	12 135	12 961	12 789	1.3	5.4
- Intermediate consumption	2 153	2 332	2 253	3.5	4.6
= Gross value added	9 981	10 629	10 536	0.9	5.6

a) *Business Services*

These include services, such as engineering, law business, accountancy, data processing, hiring of materials, brokering, etc. The output of these services is not estimated from direct business surveys. It is equal to the sum of intermediate consumptions and usage of these services in various sectors, particularly government and exports. Possible errors in intermediate consumption inferences do not affect the GDP estimate, but rather, they influence the breakdown between the services sector and other sectors. On the other hand, an error in the estimate of service exports affects the GDP⁴. According to a recent survey, exports of such services are assumed to be the main factor of their development.

The prices of these services are not evaluated and maintained constant.

b) *Maintenance and repairs services*

In this approximation, maintenance and repairs services used by households and government were the only ones examined. Maintenance services used by enterprises were not subject to estimates, and as a result, the breakdown of the GDP between the services sector and other sectors is inexact.

Because of the 1997 Household Budget survey, household consumption in maintenance and repairs services as well as the principal counterpart of this sector's production is now known. Estimates for previous years were carried out using some indicators, such as imports of spare parts for car repairs and electrical household appliances, and a growth in housing numbers (households) for building maintenances.

⁴ The accounts of this sector were revised in 2003 after considering a large-scale survey involving large enterprises and its subsequent results. It appears that service exports adopted in the 1997-2002 accounts are underestimated.

According to these indicators, the consumption of production for such services would, therefore, affect the output; hence, a strong increase in this sector is assumed to mark 2004 (+14.2%) after having regressed to approximately 2% in 2003. The rise in prices of these services is assumed to have reached 2.8%, according to the prices survey statistics collected by the Chamber of Commerce, Industry and Agriculture of Beirut (CCIAB).

c) Hotel and restaurant services

By convention and statistical expediency, the output of hotels and restaurants is equal to their sales turnover, subtracted by the purchase values of foods and drinks used to serve customers. Based on 1997 estimates, this sector's approximated output for subsequent years was achieved by using —as an indicator of real growth— the simple growth rate averages of tourist arrivals and the resident population. Thus, according to this estimation method, the growth rate of this sector was approximated at 13% along with the increase in the arrival of foreign travellers, which is 24.9% in 2004 compared to the lower 2003 percentage (1.36 million arrivals in 2004 against 1.09 in 2003).

Price changes of restaurant services are deduced from the prices collected by CCIAB. Price changes in hotel services are considered as being similar to changes in restaurant prices.

d) Various personal services

These are leisure, personal and domestic care services. In recognition of the 1997 Household Budget survey, these figures are now known.

The estimate for the subsequent years is made arbitrarily by referring to the 1997 data. A real growth rate of 1.4% per year during the 1997-2002 period, and 1.2% for 2003 and 2004 are adopted. Thanks to the prices survey statistics collected by CCIAB, the rate of price variations can be calculated.

e) Health services

Health services were the subject of many studies between 1997 and 1999. They include, Household Living Conditions survey (CAS 1997), Health Accounts survey (WHO 1998), and the Use of Health Services survey (CAS, WHO 1999). Estimates, which were retained for 1997, are based on these studies and projected over subsequent years by using pharmaceutical imports as an indicator of health services output.

According to these estimates, the health sector in 2004 (market sector devoid of public health services) witnesses a slight growth over preceding years: +5.5% in 2004 against 3.2% in 2003, and 2.4% per year on average over the 1997-2002 period.

Price variations (+1% in 2004) are calculated according to the prices collected by CCIAB.

f) Educational services

The output of educational services only includes tuition fees and other assessment services provided by private schools and universities. Public school services and the Lebanese University are taken into account in non-market services of the public administration sector (see Chapter 4, Section II). Estimates, based on data from 1997, are projected over subsequent years according to pupil trends and student numbers registered in private educational institutions in addition to tuition fees, which are based on CCIAB statistics.

The result of these estimates shows a real growth rate in this sector: 4.6% in 2004 against 3.5% in 2003, and an annual average of 1.3% per year during the 1997-2002 period. Price surveys performed by CCIAB reveal a 3.1% rise in tuition fees in 2004.

g) Financial services

Financial services include banking and insurance services.

The value of banking services output is defined as being equal to the difference between interests and commissions, which are received by banks, and interests, which are paid to depositors. The “profit and loss” account statements communicated to the Central Bank of Lebanon provide the data utilized for the output calculation of these services.

It is difficult to define a price for banking services. A study that allows for the development of a determination method for such a price is being awaited; however, prices of banking services are supposed to have been constant over the studied period.

The value of the banking output (trade banks only) increased from LBP 1 551 billion in 1997 to LBP 1 924 billion in 2002. It then rises to LBP 2 025 billion in 2003 and falls to LBP 1 997 billion in 2004. Thus, after a period of growth at an average rate that ranged between 4% and 5%, the output of trade banks decreases by 2.3% in 2004 when compared to 2003. This fall was largely offset by medium and long-term credit growth of institutions.

Similarly, the output of insurance services is defined as being equal to the difference between received premiums and paid allowances; it was not envisaged to define a price for the service.

The output value of insurance services has been revised with the introduction of new statistics provided by the Ministry for Economy and Trade. This sector has recorded strong growth during the previous seven-year period. During the quinquennial period 1997-2002, the output of insurances increased from LBP 182 to LBP 299 billion, i.e. an average growth rate of 10% per annum. In 2003 and 2004, the increase is even more significant: +16% in 2003 and +21% in 2004.

Section VII. Trade

Development of trade output

In the broad sense, the output of trade services is measured in value by trade margins (the difference between purchase and selling prices), and the commissions received by intermediaries between consumers and producers of goods. These margins include the so-called trade margins and the taxation on consumption paid through the trade sector. Table n° 9 recapitulates the fundamentals included in the calculation of the trade sector output.

Only taxes paid at the time of goods entering into Lebanese territory can be detailed. They include customs duties, taxation on consumption and, since 2002, VAT.

Margins of domestic trade are equal to the difference between the value of goods and service uses, and that of imports and the domestic output, net of the taxation amounts paid by importers. Thus calculated, the margins include domestic taxes, such as domestic VAT of which the present statistics do not allow for a breakdown by economic activities.

The computation of trade margins at previous year prices translates into the compilation of margins for a given year. This is reached by applying the trade margin ratio of the previous year to the volume of goods exchanged for that year. This calculation is made separately for taxation and domestic trade margins. With regard to prices of foreign trade services, an estimate of their changes is not possible, and they are maintained at the same level.

Table n° 9
Trade sector account 2003-2004

	<i>Value (LBP billion)</i>		<i>% Change / year</i>		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Trade output components					
Taxation on imports	2 680	2 963	2 930	1.1	9.3
Domestic trade margins	4 331	5 177	4 729	9.5	9.2
Foreign trade services	718	950	950	0.0	32.4
Total = output	7 728	9 090	8 609	5.6	11.4
- Intermediate consumption	1 035	1 327	1 294	2.5	25.0
= Gross value added	6 693	7 763	7 315	6.1	9.3

The data derived from Table n° 9 reveals the following:

- Taxation on imports reached LBP 2 963 billion, i.e. a relative rise when compared to 10.6% in 2003. Assessed against the imports growth rate value at current prices (+21%), it indicates a fall in the imports taxation ratio, which declines from 24.7% in 2003 to 22.5% in 2004. At constant prices and taxation rates, the increase in taxes is assumed to be 9.3%, which is also lower than the real growth rate of imports (+13.7%). The difference between growth of imports for taxed products and that of tax-free products cause this discrepancy

results. The remainder of taxation growth rate (1.1%) is thus due to changes in prices and taxation rates.

- Margins of domestic trade, on the other hand, strongly increases from LBP 4 331 billion in 2003 to LBP 5 177 billion in 2004, i.e. +19.5%. This increase comes from the augmentation in volume of resources regarding imported goods and domestic production (+10.0%), the rise in prices from the source of these goods (+4.9%), and the increase in trade margin ratios, which rises from 19.6% in 2003 to 20.2% in 2004. Thus, the rise of 9.5% in trade services "prices" is attributable to the 4.9% rise in source prices of goods, and it explains the 4.4% increase in trade margins.

Intermediate consumption and value added in the trade sector

Intermediate consumption, estimated for 1997, was then projected over subsequent years in accordance to the same modules utilized for other sectors of the economy. Transportation services of goods are not included in trade inputs, which involved a slight overvaluation of the value added in this sector, counterbalancing the undervaluation of the value added of the transportation sector.

Prices of products consumed by the trade sector increased overall: 2.5% against 1.8% in 2003.

Taking into account the production "prices" trend of this sector, the value added at constant prices increases in 2004 to 9.3% against 3.3% in 2003, and 0.6% per year on average during the 1998-2002 period.

Section VIII. Non-market services

The government provides non-market services, which include central government, autonomous administrations and municipalities. As their denominations indicate, these services are not sold on the market, and thus, do not carry a 'price' as such. Therefore, their value is estimated at their cost. This is made up of the three following elements: value of consumed goods and market services, public fixed assets depreciation value and salaries of civil servants.

Only the accounts of the central government are published regularly; the other administrations are estimated from 1997 figures. These estimates were projected over subsequent years from Treasury account indicators.

Table n° 10 details the components included in the calculation of the government's output in 2004 and compares them against 2003.

Table n° 10
Computation of non-market services production 2003-2004

Cost components	Value (LBP billion)			% Change / year	
	2003	2004	2004 at 2003 prices	Price changes	Volume change
<i>Intermediate consumption</i>					
Energy and water	68	65	58	11.7	-14.5
Manufactured goods	134	156	144	8.3	7.4
Transportation and communications	24	28	28	0.0	15.8
Financial services	730	487	487	0.0	-33.3
Other market services	497	493	482	2.2	-3.1
Total: intermediate consumption	1 453	1 228	1 199	2.5	-17.5
<i>Value added components</i>					
Depreciation	702	689	689	0.0	-1.2
Compensation	2 837	2 922	2 922	0.0	3.0
Total: Gross value added	3 538	3 611	3 611	0.0	2.1
Output value	4 991	4 840	4 810	0.6	-3.6

The consumed market goods and services value constitute the intermediate consumption in the production process. The government value added is thus equal to the salaries of civil servants and the fixed assets depreciation of collective use.

a) Intermediate consumption of market goods and services

Nearly 40% of market goods and services consumed by government comprise of the value of banking services included in the debt servicing. Indeed, part of the interests paid by the State to banks having subscribed to treasury bills, constitute the payment of banking services. The value of these payments is measured by the difference between received interests and interests paid to depositors. The estimated value of financial services paid by government increased from LBP 633 billion in 1997 to LBP 736 billion in 2002, and then regressed to LBP 730 billion in 2003. In 2004, it falls further to reach LBP 487 billion. This last drop, which reached -33.3%, is partly due to the drop in national debt charges, and partially due to increases and more significant subscriptions to treasury bills separate from the banking structure. In fact, the sum of interests paid by the government and CDR drops from LBP 4 952 billion in 2003 to LBP 4 219 billion in 2004, i.e. a fall of 14.8%. Similarly, interests received by banks on their subscriptions for treasury bills records a fall of 30.6%, dropping from LBP 2 756 billion in 2003 to LBP 1 912 billion in 2004. This drop is accompanied by a fall in the “banking margins / received interests” ratio: from 26.5% in 2003 to 25.5% in 2004.

b) The value added of government

The value added of administrations is calculated at factor cost, that is the fixed assets depreciation value and compensation of labour force.

The depreciation value of public goods is, by convention, equal to a thirtieth of their actualized value. This value is calculated through accumulating the national expenditure of gross fixed capital formation for the last thirty years. This results in the value of a preceding year expenditure being actualized by an adequate price index. However, because such an index does not exist, the minimum wage index is adopted (see calculation details in Appendix). Thus calculated, the value of depreciation increases from LBP 498 to LBP 671 billion between 1997 and 2002, then rises to LBP 698 billion in 2003 and drops slightly to LBP 689 billion in 2004. This latter negligible fall occurs, because the pace of public investments decreased in the course of very recent years.

The government's compensation for employees includes basic wages, various premiums and allowances, and employers' contributions to social security bodies. The cost factor of work increases in 2004 against 2003; thus, 2004 records 2.2% in comparison to 2% in 2003, and 4.9% per year on average during the preceding quinquennial period.

c) Volume change of non-market services

Strictly speaking, as non-market services do not have a price, the calculation of the volume for such services at a reference year price is performed by totalling the cost components, which is then evaluated at the chosen reference prices. Only prices of consumed products have varied (+2.5% in 2004). The factors of production prices (wages and fixed assets valorisation index) did not change over this period.

Thus, the variation in volume of non-market services is assumed to be -3% in volume, for a variation of -2.9% in value.

Chapter 2 Imports

Imports include imports of goods on the national territory and consumer expenditure out of the territory by residents in Lebanon. Imports of services do not appear because they are deducted from exports of services.

Customs statistics are credited for revealing the imports of goods on the territory. Their values include the costs of freight and insurance to customs posts (CIF price). However, some modifications have been made to these statistics. Firstly, imports of gold ingots for the charter of reserves or those imported with a speculative aim are not taken into account. Only the gold used in the creation of jewellery is included in the imports. Secondly, the value and quantities of imported oil products are modified according to the statistics provided by the General Directorate of Oil.⁵

Table n° 11 recapitulates the total import figures according to the classification adopted for the compilation of these accounts and their development in 2004 compared to 2003 in value and volume.

Imports, after a period of relative stagnation, in the territorial meaning of the term, experienced a significant recovery in 2003. With the rise in the unit values index, estimated at 5.5%, 2003 recorded +11.9% in value and 6.1% in volume against 2002. In 2004, the increase in imports is even stronger: +21.4% in value. Again, with a rise of unit values index, estimated at 6.8%, the increase in volume is assumed to reach 13.7% (the growth of imports on the national level was lower).

⁵ This table illustrates the modifications made to customs statistics

	Value (LBP billion)			% Change / year	
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Customs values	10 810	14 171	13 426	5.5	24.2
Oil corrections:	235	-552	-692		
- <i>customs values</i>	-1 503	-2 771	-2 430	14.0	61.7
+ <i>Directorate of Oil values</i>	1 738	2 219	1 738	27.7	0.0
Values excluded	-194	-445	-395		
<i>Currency</i>	-3	-5	-6	...	...
<i>gold ingots</i>	-238	-499	-442	13.0	86.0
+ <i>gold for jewellery</i>	47	60	53	13.0	12.1
Total corrections	42	-997	-1087		
Total corrected	10 851	13 173	12 338	6.8	13.7

Table n° 11
Distribution of imports by group of products 2003-2004

Type of product	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Agricultural	575	657	578	13.6	0.5
Livestock	345	349	332	5.1	-4.0
Oil	1 916	2 424	1 914	26.7	-0.1
Food	1 087	1 250	1 190	5.0	9.5
Textiles	806	943	926	1.8	14.9
Non-metallic ores	432	559	528	5.9	22.2
Metals, machinery, equipment	3 209	3 977	3 942	0.9	22.8
Timber, rubber, chemicals	1 898	2 305	2 197	4.9	15.8
Furniture	85	100	108	- 7.7	27.4
Others	498	609	623	- 2.2	25.1
Total territorial imports	10 851	13 173	12 338	6.8	13.7
Residents expenditure abroad	417	465	444	4.9	6.4
Total national imports	11 268	13 638	12 782	6.7	13.4

Import prices are strongly influenced by the rise in the prices of oil products (+18.7% in 2003 and +26.7% in 2004). From these figures, it is evident that a considerable rise in unit values of agricultural products occurred. This is predominantly due to the rise in the price of Durum wheat (+25.6%), corn (+16.3%), Brazilian coffee (+27.4%) and Soya (+34.9%).

This rise in import prices is also partly due to the devaluation of the Lebanese pound against the euro because of the former's peg to the US dollar. In fact, the euro rate of exchange, compared to the US dollar, thus, compared to the Lebanese pound, continued to rise in 2003 - though at a slower pace: the average price of the euro on the Beirut Stock Exchange increases from LBP 1 425.41 in 2002 to LBP 1 706.67 in 2003, and then rises to LBP 1 873.99 in 2004. Hence, this marks a rise of 19.6% in 2003 and 9.8% in 2004. Because of the euro's appreciation, Lebanon, which imports more than a third of its goods from countries in the euro zone, would have, with all other factors being equal, experienced a much higher increase in the prices of imports. In fact, two main factors diminished the effects of such a rise. Firstly, European countries were compelled to reduce their export prices, and secondly, Lebanon substituted its imports from the euro zone through alternative sources. With a constant rate of exchange, the value of imports received from the euro zone drops by 9.9% in 2003 and increases by only 8.6% in 2004. Thus, the euro zone's share of imports for total imports at current value drops by 36.4% in 2002 against 35.3% in 2003 and 32.5% in 2004.

Goods, whose imports strongly increased in volume, are non-metallic ores products (+22.2%), metal works, machinery and equipment (+22.8%), and furniture (+27.4%).

The first stimulant to imports was the recovery of households demand for equipment in the form of durable consumer goods. Indeed, as noted in Table n° 12 below, imports of equipment goods intended for households (durable consumer goods) strongly increase in 2004 against 2003: respectively, 30.7% in value and 32.4% in

volume. Please note, however, that unit values of equipment goods, whose index decreases by 1.3%, do not accurately reflect their prices.

The second stimulant to imports was the overall increase in investments. Intermediate goods intended for construction purposes increased by 21.6% in value and 18.4% in volume. Similarly, import of capital equipment goods, intended for the gross fixed capital formation of enterprises, shows a rise of 13.1% in value and 14.1% in volume, while the estimated unit values index drops by 1%. As for capital goods intended for households, the unit values variation of such goods does not accurately reflect their price change.

Table n° 12
Territorial imports of goods according to its use 2003-2004

Type of use	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Intermediate uses in					
<i>agriculture and livestock</i>	249	298	262	13.7	5.2
<i>energy and industry</i>	2 765	3 373	3 065	10.0	10.8
<i>construction</i>	430	523	509	2.8	18.4
<i>other sectors</i>	1 128	1 427	1 227	16.3	8.8
Total of intermediate uses	4 586	5 620	5 063	11.0	10.4
Consumption	5 111	6 229	5 937	4.9	16.2
<i>Durable goods</i>	1 595	2 084	2 111	-1.3	32,4
<i>Non-durable goods</i>	3 516	4 145	3 826	8,3	8,8
GFCF	1 172	1 325	1 338	-1.0	14.2
Total	10 869	13 173	12 338	6.8	13.5

Oil prices aside, prices of many raw materials recorded significant rises during 2004. Thus, on average, unit values of products intended for intermediate consumption rise by 11% while the imports volume of such products increases at a moderate rate against imports in total (+10.4% against 13.5% for the total imports). Below are some details concerning the source of the increase for unit values of products intended for intermediate consumption:

- Among the intermediate goods intended for agriculture and breeding, whose unit values increases on the whole by 13.7%, it is evident to note the 19.6% increase in prices of potato seeds, 16.5% for phosphate-enriched fertilizers and enriched fertilizers, 20.4% for mineral or chemically-enriched fertilizers, 16.3% for corn —used as cattle and poultry feed— and 25% for cattle feed.
- Apart from oil products, the increase in unit values of products imported for industry is 9.1%. The most significant rises are recorded in the prices of the following intermediate goods: Durum wheat (+25.6%, previously stated), pinewood (+18%), polymers (+10.6%), diamonds (+14%) and gold for jewellery (+13%).

- Regarding products for use in construction, the rise in unit values of certain products, such as copper wire or steel tubes (+12.6%), was compensated by the fall of unit values of other products, such as ceramics flagstones (-16%).
- The unit values of products index used in other sectors, or common to all sectors, shows a rise of 16.3%; this is primarily due to a rise in the prices of oil products.

Regarding Lebanese consumer expenditures abroad, estimates are based on 1997 approximation figures, according to the available Household Budget survey data. Given the absence of direct observations during the period following 1997, this expenditure is assumed to increase in volume according to the movement of Lebanese travellers abroad: +6.8% in 2003 compared to 2002, and +6.4% in 2004 compared to 2003.

Expenditure growth in value was calculated by using the average price of the euro and US dollar at current exchange rates in comparison to the Lebanese pound. On average, the euro's rate of exchange in 2004 is 9.8%, which is higher than the rate observed in 2003. However, the dollar's exchange rate remains stable; hence, from this, the price effect estimate on the value of expenditure abroad is put at 4.9%.

Chapter 3 Consumption

Final consumption constitutes the most significant part of goods and services uses, and represents, according to years, between 70 and 75% of the resources available. It consists of households (private consumption) and government consumption (public consumption). Each of the two consumption types is presented in the following two sections.

Section I. Household consumption

Household consumption is obtained from estimates of private consumption on own territory (domestic consumption) after eliminating tourist consumptions and adding consumer expenditures of Lebanese travellers abroad. This consumption was estimated during the compilation of the 1997 accounts and is based on the results of the Household Budget survey. Estimates for the other years are made indirectly by using adequate indicators.

Table n° 13 shows the progress of household consumption according to its various components. A consumer price index has been especially compiled to realize the real development of consumption. Sources of data used for this computation are published in the methodological appendix.

Table n° 13
Household consumption by product 2003-2004

Type of product	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Food	6 400	6 689	6 465	3.5	0.9
Tobacco	628	614	625	-1.8	-0.4
Textiles and clothing	1 739	1 950	1 921	1.5	10.5
Energy and water	1 905	2 054	1 898	8.2	-0.3
Durables	2 032	3 043	2 819	8.0	16.8
Other manufactured goods	2 264	2 178	2 090	4.2	11.0
Transportation, communication	1 938	2 191	2 187	0.2	12.8
Housing rent	2 252	2 299	2 298	0.1	2.0
Education and health	4 540	4 924	4 816	2.3	6.1
Other services	2 491	2 796	2 763	1.2	10.9
Domestic consumption	26 190	28 738	27 881	3.1	6.5
- net expenditure of travellers	-782	-1 078	-1 054	2.3	34.7
Total	25 407	27 660	26 826	3.1	5.6

The growth rate of private and domestic consumption (households and tourists on the national territory) accelerates upward in 2004, reaching 6.5% in volume and 3.1% in price. In 2003, this growth was 3.4% in volume and 3.5% in price, whereas the

preceding quinquennial period, 1997 to 2002, was characterized by relative price stability and an average yearly growth of 2%.

The growth of private consumption is not similar for all types of expenditure. The expenditure on communication and the purchase of durable goods records a higher than average growth in real terms while the expenditure on energy-generating products shows a clear decline. The following paragraphs provide the estimated details of consumption in value and volume for each category quoted in these tables.

a) Food consumption

The share of food consumption in private and domestic consumption fell from 27.9% in 1997 to 25.7% in 2002, and drops to 25.2% in 2003 and 24.4% in 2004. This decrease is essentially due to the fall in prices of foodstuffs, which recorded an average regression of 2.2% per year during the 1997-2002 period. In 2003, overall, the increase of foodstuffs retail prices was more moderate than consumer prices (+2%). However, in 2004, food prices increase over other consumer prices, whereas consumed quantities increases by only 0.9%.

Food consumption values are detailed in Table n° 14. The table shows price variations of the various categories of foodstuffs in addition to evaluating the growth volume of each consumption category.

Table n°14
Household consumption of food by product 2003-2004

Type of product	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Agricultural products:	1 577	1 588	1 615	-1.7	2.4
<i>Fruits</i>	732	735	756	-2.7	3.3
<i>Vegetables</i>	760	760	770	-1.3	1.4
<i>Cereals and others</i>	85	93	89	3.9	4.6
Livestock products	516	550	524	5.0	1.6
Food products:	4 309	4 551	4 326	5.2	0.3
<i>Meats</i>	1 058	1 104	1 026	7.6	-3.4
<i>Grain mill products</i>	869	900	891	1.0	2.5
<i>Dairy products</i>	693	705	689	2.4	-0.6
<i>Fats and oils</i>	358	396	377	4.9	5.4
<i>Sugar, chocolate & sweets</i>	189	201	197	2.1	4.7
<i>Preserves and others</i>	654	708	671	5.4	2.7
<i>Beverages</i>	490	538	476	13.0	-2.9
Total	6 401	6 689	6 465	3.5	0.9

- The rise in consumed agricultural products quantities is higher than population increase following a relative fall in prices.
- The consumption of livestock products, mainly milk and fresh eggs, increases moderately (+1.6%); however, in decline when compared to the growth rate of previous years (+4.3% in volume in 2003), the decline parallels a rise in prices, which is higher than average (+5%).

- The consumption of food industries products is pulled downward by the significant fall in consumption of fresh meats (-3.4%) and beverages (-2.9%) following the significant rise in prices of these products (respectively, +7.6% and +13%).

b) Tobacco consumption

The purchases of manufactured tobacco by residents and non-residents on the national territory, according to statistics provided by the Tobacco State Control Agency, continues to fall: State Tobacco Control Firm sales, after a moderate rise during the 1997-2002 period, dropped from 9 944 tons in 2002 to 9 414 tons in 2003, and falls to 8 729 tons in 2004. Alternatively, quantities of imported cigarettes, after falling from 7 636 tons in 2002 to 7 193 tons in 2003 increases slightly in 2004 to reach 7 304 tons. Moreover, a slight fall in retail prices is indicated from prices collected by the Chamber of Commerce and Industry of Beirut.

c) Private expenditure on textiles and clothing

Consumer expenditure on textiles and clothing represents approximately 6.5% of the overall consumption in the goods and services market. This proportion, which has not changed significantly from 1997 till 2002, reaches 6.8% in 2003 and 6.9% in 2004. The rise of expenditure share on textiles and clothing in the consumption total is due, in 2003, to the price increases in this category of goods, and, in 2004, to a real increase of consumption, which is higher than the common average.

d) Private consumption of energy

The private consumption of energy includes the expenditures on electricity, water and oil products. The budgetary coefficient of this expenditure heading increased from 6.5% in 1997 to 7.5% in 2002, and it maintains this level throughout 2003 and 2004. This growth is primarily due to the fluctuation in prices. In 2004, an 8.2% increase in prices is accompanied by a minor decrease in quantities consumed (-0.3%).

Table n° 15 provides the details of energy and water consumption. From this table, it can be noted that electricity consumption increased from 1.7% in 2003 and was marked by a moderate rise in the average price of the kilowatt-hour. (Note: at constant tariff, the average price can be modified according to consumption type and structure because of the tariff's progressiveness).

In the absence of recent statistics, water consumption is estimated by supposing a population increase at the same pace, i.e. 1.3% per annum. Prices have remained unchanged.

Table n° 15
Household consumption of energy and water 2003-2004

Type of product	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Electricity	656	678	667	1.7	1.7
Water	153	155	155	0.0	1.3
Oil products	1 092	1 216	1 073	13.4	-1.7
Solid combustibles	4	4	4	...	...
Total	1 905	2 054	1 898	8.2	-0.3

The quantities of oil products consumed dropped by 1.7% because of the strong increase in prices (+13.4%).

Households have only two uses for oil products: transportation (fuel for private cars) and domestic use, which include central heating and kitchen-related operations (gas oil and gas butane).

- Quantities of gasoline consumed remain stable in comparison to 2003 and are marked by a moderate rise in prices. With the government continuing its prices stabilization policy within limits: the average price for twenty litres of gasoline increases from LBP 20 964 in 2003 to LBP 22 050 in 2004, i.e. a rise of 5.2%, whereas the prices of imports increase by approximately 35%. This stabilization is made possible through the reduction of consumption taxes. Thus, the share of taxes perceived on gasoline at consumer prices falls from 55.5% in 2003 to 43.7% in 2004.
- Alternatively, quantities of gas oil consumed by households are affected by the significant rise in the price of this fuel: + 26.9% (from LBP 8 835 for 20 litres to LBP 11 212). With a 6.9% estimate, it is assumed that households reduced their consumption of this product.
- As for domestic gas, its consumption in volume slightly decreases (-0.9%) following a 14.4% increase in its price: the average price of a 10-kilogram bottle rises from LBP 10 686 in 2003 to 12 226 in 2004.

e) *Purchase of capital goods by households*

Household expenses for the purchase of capital goods climbs in 2004: 16.8% in value and 8% in volume. Their influence in the budget increases from 9.5% in 2003 to 11.1% in 2004. This increase is primarily due to a purchase recovery of car equipment and electrical household appliances by households. The surge in jewellery expenditure may be as a result of tourist purchases.

The purchase of cars constitutes the principal expenditure heading on capital goods (more than 57% in 2004). Imported cars quantities dropped dramatically from 45 908 units in 1997 to 27 286 units in 2002, and then rise to 31 068 units and 45 443 units respectively in 2003 and 2004. Taking the development of the various car categories into account, the increase in volume for private car purchases is assumed to be 13.7%,

and considering the rise in prices, household expenses on car purchases increases by 29.3% in 2004.

Table n° 16
Purchase of capital goods by households 2003-2004

Type of equipment	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Cars	1 341	1 734	1 525	13.7	13.7
Machinery and equipment	453	530	513	3.3	13.3
Furniture	239	253	243	4.3	1.7
Various appliances	216	252	268	-5.9	24.2
Jewels	166	274	271	1.3	63.4
Total	2 414	3 043	2 819	8.0	16.8

The expenditure on purchases of machineries and electrical household appliances also increases substantially in 2004 after experiencing a fall in 2003. For example, refrigerator imports dropped from LBP 33 billion in 2002 to LBP 29.8 billion in 2003, and then rebounds to reach LBP 33.2 billion in 2004. Similarly, the importation of television sets, after a previous fall of LBP 82.3 to LBP 69.3 billion, reaches LBP 90 billion in 2004.

f) Consumption of other manufactured goods

The following categories are grouped under the heading, "other manufactured goods": chemicals and pharmaceutical industries products for personal and family care, publishing, toys and musical instruments, jewels, optical and precision instruments, as well as various articles made of glass, pottery or metal. The consumption development of these products is illustrated in Table n° 17.

Table n° 17
Consumption of manufactured goods by type 2003-2004

Type of consumed goods	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Chemicals & pharmaceuticals	1 286	1 487	1 398	6.4	8.7
Publishing	387	410	417	-1.5	7.8
Glassware, metal works	110	117	110	6.8	-0.4
Other products	101	164	166	-1.2	64.2
Total	1 883	2 178	2 090	4.2	11.0

- Chemicals and pharmaceutical products are the most significant of this group. They represent slightly less than 5% of the total private and domestic consumption. On average, the consumption of these products in terms of volume growth over the 1997-2002 period was 3.2%; their prices having dropped by an average of 1.2% per year. In 2003, a significant rise in prices of these products is noticeable (+13.9%) in addition to a stagnation of consumption in volume. In 2004, however, consumption recovers with a

moderated increase in prices: the expenditure on this heading increases by 15.6%, including 6.4%, due to the rise in prices. It must be particularly noted that there is an increase in quantities and prices of pharmaceutical imports intended for retail sale: the value of these imports increases from LBP 544.3 billion in 2003 to LBP 603.5 billion in 2004, i.e. a rise of 10.9%, including 5.5%, which is directly attributed to the rise in import prices.

- Publishing primarily includes newspapers, magazines, broad-spectrum reading and educational books. After a period of stagnation, (volume growth rates of only +0.8% on average per annum from 1997 to 2002), the consumption of these products strongly recovered in 2003: +14.4% in volume with a 5.9% rise in prices. The increase of household expenditures on this heading continues in 2004, although at a more moderate pace: +5.9% in value, but +7.8% in volume with prices dropping by 1.5%.

g) Private expenditure on transportation and communications

Tourist and household expenditures on transportation and communications continue their accelerated growth, which was recorded during previous years: on annual average, +6.4% from 1997 to 2002, +8.8% in 2003 and +12.8% in 2004. This is due to an increase in demand for public transportation and mobile telephone services. The prices of these services have remained stationary.

Table n° 18

Domestic consumption of transportation and communication services 2003-2004

Type of consumed goods	Value (LBP billion)		2004 at 2003 prices	% Change / year	
	2003	2004		Price changes	Volume change
Road transportation	728	736	731	0.6	0.4
Air transportation and travel	319	368	368	0.0	15.3
P&T	891	1 088	1 088	0.0	22.1
Total	1 938	2 191	2 187	0.2	12.8

In 2004, the expenditure on the use of *road transportation* services by households and travellers increases by only 1% in value after a growth period of approximately 2% per year in both value and volume during the quinquennial period 1997-2002, and 4.8% in value for 2003.

Domestic consumption of air transportation services is equal to the value of air transportation tickets sold by travel agencies on the national territory. Thanks to IATA statistics, the values of these sales are known. Considering these figures, sales increased from LBP 188 billion in 1997 to LBP 296 billion pounds in 2002, and then rises to LBP 319 billion in 2003 to reach LBP 368 billion in 2004. This shows a nominal average growth rate of 9.5% per annum from 1997 to 2002, 7.7% in 2003, and 15.3% in 2004. In real terms, the growth rate of the 'X' passenger numbers in kilometres was 6.4%, from 1997 to 2002; hence, a deduction can be made from these price progressions: the average is 2.9% per year. In 2003 and 2004, the prices of air transportation could not be observed; however, they are assumed to have remained stable for the compilation of these accounts.

Household expenditure on postage and telecommunications services almost doubled in five years, rising from LBP 357 to LBP 706 billion between 1997 and 2002 - to be exact, an average increase of 14.6% per annum. In 2004, they show an increase of 22.1% against 12.7% in 2003. Overall, prices remained stable during this period except for one noticeable increase: the introduction of VAT, which occurred in 2002.

h) Rental value of housing

In the absence of viable statistics concerning housing development, the increase in the number of occupied residences is supposed to be correlated with the number of marriages registered yearly, net of re-entries of existing housing units. In 2004, this number represents 2% of housing units occupied in 2003. The average rental value of a flat was extremely unstable. Thus, the rental value of housing units, which has been previously estimated thanks to the Household Living Conditions survey at LBP 2 059 billion in 1997, reaching LBP 2 201 billion in 2002, LBP 2 252 billion in 2003, and LBP 2 299 billion in 2004.

i) Consumption of education and health services

In 2004, the social services market represents 17.7% of total private consumption, whereas they accounted for 17.9% in 2003, 17.3% in 2002 and 14.6% in 1997. The consumption of these services continues in the development trend that started in 2003: the real growth of this expenditure heading is +4.9% in 2004 and +3.4% in 2003 against an average of 1.7% per year during the 1997-2002 period. During this latter period, the influence of this expenditure in household budgets increased due to an increase in prices (+4.0% per year on average).

The growth of education services is slightly stronger than health services (9.7% against 6.5%). This is due to an increase in prices (3.1% against 1%) as Table n° 19 clearly demonstrates.

Table n° 19
Consumption of social services by type 2003-2004

Type of service	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Education	2 788	3 059	2 968	3.1	6.5
Health care	1 752	1 865	1 847	1.0	5.5
Total	4 540	4 924	4 816	2.3	6.1

Tuition fees for primary and secondary education, and private universities reaches LBP 2 788 billion in 2003 and LBP 3 059 billion in 2004, i.e. 9.7% higher than 2003. These figures mainly result from the effect of price increases (+3.1%) and high numbers of educational services (+6.5%). Thus, the frequency of registered pupils in private institutions continued accelerating: (3.5% in 2003 against 1.3%, on average, between 1997 and 2002). This growth is largely due to the proliferation of private universities.

In fact, the number of registered students in private universities increased from 38 202 in 1997 to reach 54 019 in 2002. In 2003, it reaches 57 841 and rises to 65 836 in 2004, which is an average growth rate of 7.2% between 1997 and 2002, 7.1% in 2003 and 13.8% in 2004. During the same period, the number of pupils registered in private schools regresses from 510 740 to 492 402 (-0.8% on average per year) then increases again to reach 502 629 in 2003 (+2.3%) and 522 757 in 2004 (+4%). Overall, the budgetary coefficient of expenditure on education increases from 8.5% in 1997 to 10.5% in 2002, and rises from 10.9% in 2003 to 11.1% in 2004.

The growth of *health care services* is less known. By supposing that this development is correlated with the quantities of imported pharmaceuticals, it can be estimated that health care services, provided by the private health care sector, increases on average by 2.4% per annum between 1997 and 2002, 3.2% in 2003 and 5.5% in 2004. Price surveys concerning health care services show an increase in prices over these periods that were, respectively, 2.1% per year, 3.7% and 1%. Thus, health care services expenditure is assumed to have increased from 4.5% per year on average between 1997 and 2002 to 7.1% in 2003 and 6.4% in 2004. Taking this progression into account, the influence of health care services expenditure in household consumption stabilizes at around 6.8%, whereas it was 6.1% in 1997.

j) Consumption of individual services

Individual services represent between 8% and 9% of the total tourist and household expenses on the national territory. They include hotel and restaurant services, maintenance and repairs services and various other services, such as leisure, personal care and domestic services. During the 1997-2002 period, the average increase of these services was 4.0% in real value and 3.0% in current price because of declining price trends (-1.0% per year, on average, in spite of the rise recorded in 2002 following the introduction of VAT). In 2003 and 2004, the increase is stronger: respectively, 8.4% in volume and 12.2% in value.

Table n° 20 demonstrates the breakdown of these services and their development between 2003 and 2004.

Table n° 20
Consumption of individual services by type 2003-2004

Type of service	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Hotels and restaurants	1 093	1 258	1 235	1.9	13.0
Maintenance and repairs	198	232	226	2.8	14.2
Insurance and banks	429	521	521	0.0	21.3
Other services	772	785	781	0.5	1.2
Total	2 491	2 796	2 763	1.2	10.9

The hotels and restaurants sector is partly dependent on tourist activity and the increase in the resident population's standard of living. In 2004, the growth rate of arriving foreign travellers is superior to 2003 (24.9% against +6.2%). In addition, the local population is believed to have frequented hotels and restaurants at an increased

rate of 1.3% per annum; hence, a real growth rate for this sector is estimated to be 13% in 2004 (see Chapter 1, Section VI, Paragraph C).

The consumption of *maintenance and repairs services* is deduced from the output estimate of such services (see Chapter 1, Section VI, Paragraph B).

The consumption of *financial services* is primarily made up of insurance services whose value is equal to the sum of premiums paid by households minus the received allowances. This sector witnesses a strong growth in 2004.

Section II. Public consumption

By definition, public consumption is equal to the output of non-market services by public administrations. The estimate value of such services was shown in the chapter relating to production (Chapter 1, Section 8).

In fact, public consumption includes, in addition to the value of collective services, production costs of free individual services (or approximates), such as educational and health care services offered by publicly owned institutions. Normally, these services must be subject to separate estimates. Currently, the system of public accounts does not make it possible to establish a separate description for social services provided by the administration. However, by drawing from the main components that enter into the calculation, the value of such services is inferred. Table n° 21 shows the expenditure on education, such as they appear in the State's closure account for primary and secondary education and the Lebanese University for higher education. These figures also reveal the amounts spent by the Ministry of Health for the hospitalization of patients treated at the State's expense.

Table n° 21
Cost estimates of public services-education and health 2000-2004

Type of service	<i>LBP billion</i>				
	2000	2001	2002	2003	2004
Primary & secondary education					
<i>Wages and salaries</i>	391	447	460	499	504
<i>Consumption of goods & services</i>	20	23	22	23	41
Total	411	470	482	522	545
Lebanese university					
<i>Wages and salaries</i>	113	118	128	133 ^e	140 ^e
<i>Consumption of goods & services</i>	15	21	16	17 ^e	17 ^e
Total	128	139	144	150 ^e	157 ^e
Total Education	540	580	599	672 ^e	702 ^e
Hospital costs	190	182	217	274	227
Total of social services	730	762	816	946^e	929^e

^e Provisional figures (estimated)

In order to complete the estimates of the costs of such services, it would be necessary to assess the depreciation of schools and university buildings belonging to the State and to deduct part of the banking fees borne by the State to cover its deficit.

If measured by the development of pupil and registered student numbers each year, the growth in volume of public education services appears more significant than growth in value:

- *In primary and secondary education*, the number of pupils registered in public and private schools rose from 434 thousand in 1998-1999 to 490.7 thousand in 2001-2002. This shows an average growth rate of 4.2% per annum. The growth rate of costs between 1999 and 2002 was 6.5% per year to reach LBP 482 billion. In 2003, this cost amounted to LBP 522 billion; hence, it rose to 8.3%, whereas the number of registered pupils remained at almost the same level: 493 713 (+0.6%). In 2004, the cost of primary and secondary education increases by 4.4% to give a 0.4% rise in the number of registered pupils.

- *At the Lebanese University*, the cost of education increased between 1999 and 2002 at approximately the same pace as student numbers: during this period, the number of students increased from 59 727 registered students to 70 711; an upward trend of 5.8% per annum, whereas the average annual costs growth rate was 5.1%. In 2003, the tendency was reversed: the number of registered students fell to 65 530 (-7.3%) but the costs withstood the fall. In 2004, the registration number rises (+1.9%); however, it fails to replicate the high level achieved in 2002.

Chapter 4 Investments

Tangible investments consist of Gross Fixed Capital Formation (GFCF) and changes in inventories.

Section I. Gross fixed capital formation

Overall, GFCF is calculated by adding the value of capital goods purchased by enterprises and the government for the construction output sector. As most of such goods are imported, foreign trade statistics provide the necessary indicators for estimating their value. Table n° 22 shows the breakdown of the GFCF and its progress in 2004 compared to 2003.

Table n°22
Gross fixed capital formation by type 2003-2004

Type of fixed capital	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price change	Volume change
Construction & public works	3 957	4 451	4 342	2.5	9.7
Machinery and equipment	1 286	1 480	1 471	0.6	14.4
Furniture	256	342	332	2.8	29.6
Other products	363	402	401	0.1	10.5
Total	5 862	6 674	6 546	1.9	11.7

After a declining trend in investments over a period, investments resumed an upward movement in 2003. This rise continued in 2004 at an even higher pace. As previously noted in (Chapter 1, Section 4), construction activity has risen: +12.5% in value and +9.7% in volume, against 3.7% in volume in 2003, and -3% on average per year during the 1997-2002 period. This same tendency is observed in capital goods investments, particularly in machinery, equipment and means of transportation: +14.4% in volume against +9% in 2003, and -1.3% on average per year during the preceding quinquennial period. Overall, tangible investments are assumed to have increased by 13.9% in value and 11.7% in volume in 2004 compared to 2003.

Price changes used for the calculation of variations in volume of investment goods include building and public works (see Chapter 1, Section 4). The prices of capital goods adopted, through lack of direct observation, are the import unit values of these goods increased by taxes. In this case, the price variations could be partly due to quality variations.

Breakdown of gross fixed capital formation between the private and public sector

GFCF of enterprises is not directly known. It is deduced from the difference between the total value and that of public investments; thus, the investments of all enterprises are not obtained, but rather those of the private sector. Indeed, public investments, in addition to GFCF of the government, include the infrastructure expenditure of electricity and water distribution, which constitutes part of GFCF for public enterprises.

Table n° 23
Breakdown of gross fixed capital formation by public/private sector 2003-2004

	<i>Value (LBP billion)</i>		<i>% Change / year</i>		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
User sector					
Private sector	4 972	5 678	5 570	1.9	12.0
Public sector	889	996	976	2.0	9.8
Total	5 862	6 674	6 546	1.9	11.7

Public investments are estimated from the State accounts and autonomous administrations, including the CDR.

Public investments resume their growth in 2004 after a long period of contraction: +12.1% in value against -11.1% in 2003 and after a decline of 8.5% per year on average during the 1997-2002 period.

Section II. Changes in inventories

For inventories of enterprises, no statistics are available. Changes in inventories appearing in these accounts were introduced to regularize the use of resources in goods and services from one year to the next. Important inventories, which were calculated in 2001 to prepare for the introduction of VAT (LBP +608 billion), would have been partly taken out of stock in 2002 (LBP -357 billion) and 2003 (LBP -129 billion). In 2004, the strong increase in imports is assumed to be partly due to the need for rebuilding some inventories. The balancing of these accounts results in estimating changes in inventories at + LBP 400 billion in 2004.

Prices used for the calculation of changes in inventories in volume are the unit values at import of the stocked goods. Thus, in 2004, changes in inventories, in volume, are estimated at + LBP 395 billion.

Chapter 5 Exports

Exports, according to standard concepts, include exports in the territorial sense and tourist expenditures on the national ground.

Exports show strong growth in 2004 (+28.8% in value), continuing their growth trend, which started in 2001: 14.0%, 13.5%, 9% for 2001, 2002 and 2003 respectively. The paragraphs that follow review the export trends of the various sectors. The details are shown in Table n° 24.

The prices selected to evaluate the changes in volume for exported goods are those that are deduced from customs statistics by dividing values by quantities. The prices of services are supposed to have remained constant. As for the price index of tourist expenditures in Lebanon, it is supposed to be equal to the consumer price index.

Table n° 24
Exports of goods and services by type 2003-2004

Type of product	Value (LBP billion)		% Change / year		
	2003	2004	2004 at 2003 prices	Price changes	Volume change
Agricultural products	274	336	341	-1.6	24.4
<i>Agricultural products</i>	241	311	312	-0.3	29.6
<i>Livestock products</i>	33	24	29	-15.2	-13.3
Manufactured goods	2 390	3 077	2 971	3.5	24.9
<i>Agro-food industries</i>	240	289	280	3.2	16.7
<i>Textiles</i>	339	411	396	3.8	16.8
<i>Non-metallic ores</i>	171	237	205	15.4	20.2
<i>Metals, machinery & equip.</i>	826	1 137	1 111	2.3	34.6
<i>Timber, rubber, chemicals</i>	334	451	425	5.9	27.4
<i>Furniture</i>	36	52	49	5.2	36.9
<i>Other</i>	434	501	504	-0.7	16.2
Total export of goods	2 665	3 412	3 312	3.0	24.8
Net export services	1 134	1 467	1 467	0.0	29.3
<i>Telecommunications</i>	172	211	211	0.0	22.5
<i>Business services</i>	245	306	306	0.0	25.0
<i>Trade</i>	718	950	950	0.0	32.4
Exports abroad	3 788	4 879	4 779	2.1	26.2
Tourist expenditures	1 199	1 544	1 498	3.1	24.9
Total	4 987	6 423	6 277	2.3	25.9

a) Agricultural exports

The value of agricultural exports retained in these accounts is definitely higher than that which appears in customs statistics. The coefficients of correction, which are applied, vary from 1.5 to 3 following the needs for balancing the supplies-uses accounts of agricultural products. Thus corrected, agricultural exports record a strong growth during two consecutive years: +16% and +24.4% in volume, +21% and 28.8% in value, respectively for 2003 and 2004. This growth occurs after a period of decline: the value of exported agricultural products dropped from LBP 331 billion in 1997 to LBP 226 billion in 2002, (i.e. a fall of 7.6% on average per year) to pick up to LBP 274 billion in 2003. The drop witnessed over the 1997-2002 period was largely due to the fall in prices (-4.6%) while exported quantities dropped by 3% on average per annum.

This growth is primarily due to the export of fruits, which increases in quantities by approximately 35% in 2004 compared to 2003 and also marks a 3% fall in prices.

b) Industry exports

As for agricultural exports, customs statistics relating to exports of manufactured goods were increased for some goods, but in smaller proportions.

Industrial exports continued their upward trend in 2004; this trend started in 2000, but at a higher pace: +29.3% in value against +18.2% in 2003. Contrary to the 1997-2002 period in which there was a decline, prices at export rise by 2.1% in 2003 and 3.5% in 2004, which brings back the real growth rate to 15.8% and 24.9% during these two last years.

It should be noted that exports of gold ingots are excluded from these accounts; this staple is also applied to the imports account. Its inclusion would have distorted the accurate movement of industrial exports. Indeed, as Table n° 25 shows, gold exports fluctuated significantly between 2002 and 2004: +175% in 2003 and -49% in 2004.

Table n° 25
Exports of gold ingots 2001-2004

	2001	2002	2003	2004	% Change rate/ year		
					2002	2003	2004
Value (LBP billion)	89.2	194.8	535.2	272.3	118.6	174.7	-49.1
Quantity (kg)	8 126	14 656	35 001	16 504	80.4	138.8	-52.2
Price LBP million /kg	11.0	13.3	15.3	16.5	21.2	15.0	7.9

- The increase of agro-food product exports (+20.4% in value) is specifically due to the rise of fat substances food exports, such as vegetable oils (+32%) and grain mill products (+31.4%).
- Contrary to 2003, when the textiles sector was in recession, the sector in 2004 witnesses a remarkable recovery of textile products exports and leather (+21.2% in value). These are primarily articles of clothing (+24.4%), shoes (+20.6%) and carpets (+58.7%).
- Non-metallic ores exports and products containing these minerals also strongly increase in 2004 (+38.7%). This increase comes mainly from the price

increase (+15.4%). More than half of these products are made up of cement whose export rises from LBP 84.7 billion in 2003 to LBP 144.8 billion in 2004, i.e. a rise of 71.1%. This is partly due to the increase in prices, which reaches 26.2%, and a 35.6% increase in volume.

- The group of metals, machinery and equipment, occupies a significant position in industrial exports (comprising 37% of the value of exported manufactured goods). This group is composed of the following sub-groups: metals, other than gold (9%), metal works (6%), machinery and equipment (21%) and equipment for transportation (1%).
 - Metal exports increases by 71% in value. This rise comes from the export of scrap (waste) which rises from LBP 51 billion in 2003 to LBP 230 billion in 2004
 - Exports of metal works rise by 21%. Among the main products exported from this sub-group, it should be noted that metal structures used for construction demonstrated an export value that more than doubles between 2003 and 2004, increasing from LBP 10.2 billion to LBP 24.1 billion.
 - Machinery and equipment witnessed their exports strongly increasing in 2004: +36.4%. To detect export increases between 2003 and 2004, turning to two of the most significant products entering this sub-group will reveal the rise: power generating units (from LBP 74.4 to LBP 145.4 billion) and refrigerators (from LBP 21.9 to LBP 39.0 billion).
- All the sub-groups under the "timber, rubber, chemicals" grouping witnessed a remarkable increase in exports between 2003 and 2004: wood works, except for furniture sets (from LBP 26.3 to LBP 30.9 billion); papers and paperboards (from LBP 90.5 to LBP 106.7 billion); basic chemicals (from LBP 132.6 to LBP 171.7 billion) of which phosphate-enriched fertilizers (from LBP 39.7 to LBP 75.4 billion); various chemicals (from LBP 52.1 to LBP 81.2 billion); rubber works (from LBP 3.9 to LBP 6.0 billion) and finally plastic works (from LBP 38.7 to LBP 54.0 billion).
- Exports of furniture sets, though not very significant, progresses remarkably well: +44% in value.
- Other manufactured products also did well, such as the primary leader, jewellery, whose exports increases by 12.1% passing from LBP 109.9 billion in 2003 to LBP 123.2 billion in 2004.

c) Export of services

Foreign exchanges of services are not yet well inventoried. Only net receipts of public services for telecommunications are known; net exports of transportation services were neglected. Net exports of business services can now be estimated thanks to the large-scale survey carried out for big enterprises in 2004. The receipts of triangular trade retained in these accounts are very rough estimates.

The net income of the General Directorate of Telecommunications, resulting from the communications with foreign countries, after a period of strong growth from 1997 to 1999, tended to drop during 2000 to 2003. In 2004, they pick up again (+22.5%).

According to declarations of large companies surveyed, the sales turnover made abroad by Lebanese business services companies revealed that net payments of

services to non-residents, amounted to LBP 205 billion in 2002 and LBP 245 billion in 2003, i.e. a rise of 19.3%⁶. A growth rate of 25% is retained for 2004 considering the tax returns of (offshore) companies to the Ministry of Finance.

The growth rate retained for net prices of triangular trade estimates is that of transit movement and re-exportation. After a period of decline —from 1997 to 2000 at an average pace of -4.3% per year— this sector's activity recovered strongly in 2001 (+9.1%) and 2002 (+18.7%). It falls again in 2003 (-15.8%), then picks up in 2004 (+32.4%).

d) Expenditure of tourists

The growth rate in volume of tourists and other foreign travellers spending on the Lebanese territory is, by convention, equal to the number of foreign travellers (Syrians excluded) arriving annually in Lebanon: +5.9% in 2003 and +24.9% in 2004, against an average of +11.8% per year during the 1997-2002 period. The price index selected to estimate the expenditure in value is the consumer price index.

⁶ Following this survey, it proves that previous figures retained for exports of services in the 1997-2002 accounts were clearly underestimated.

PART TWO: Integrated economic accounts

The international system of economic accounts (SNA93) considers a set of accounts to be established for each of the five agent categories regarding the national economy, noted by S.1, and for the rest of the world, noted by S.2.

The five agent categories of the national economy are:

- S.11: non-financial enterprises
- S.12: financial institutions
- S.13: public administrations
- S.14: households
- S.15: non-profit associations

In terms of national statistics, the present level of development in Lebanon does not allow for a correct and separate economic accounts representation for each of the five agents. It is currently particularly impossible to break down the production and distribution operations between non-financial corporations and households. Nevertheless, it is possible to estimate the main components of the domestic agents integrated accounts as a whole and those of the rest of the world through approximation.

Tables n° 26 and n° 27 present the integrated economic accounts of the national economy (S.1) and the rest of the world (S.2). These accounts reveal the main aggregates that characterize the economic activity during the 2003-2004 period.

Chapter 1 presents the agent accounts of the national economy, which include the main aggregates: production account; generation of income account; secondary distribution of income account; use of income account; capital account and finally, the financial account.

Chapter 2 presents the estimates of the main components for the balance of payments, which are divided into four accounts: exchange of goods and services account, income and current transfers account, capital transfers account, and finally, financial account.

The agent accounts, which are possible to establish, relate to the central government and commercial banks accounts. These accounts are reproduced in the Appendix.

Table n° 26
Integrated accounts of the national economy (S.1)

Accounts	Uses		Resources	
	2003	2004	2003	2004
I. Production account				
P11. Market output			33 985	37 751
P12. Non-market output			4 991	4 840
D2-D3. Taxes-subsidies/products			5 032	5 755
P2. Intermediate consumption	14 158	15 989		
<i>B1. Gross value added (GDP)</i>	<i>29 851</i>	<i>32 357</i>		
Total	44 009	48 346	44 009	48 346
II.1. Generation and allocation of primary income account				
B1. GDP			29 851	32 357
D2-D3. Taxes-subsidies/products	5 032	5 755	5 032	5 755
D41. Interests	6 724	6 720	5 709	5 943
<i>private sector</i>	<i>2 471</i>	<i>2 998</i>	<i>...</i>	<i>...</i>
<i>public sector</i>	<i>4 253</i>	<i>3 722</i>	<i>...</i>	<i>...</i>
D1+D4. Compensation and others incomes	20 101	21 484	20 770	21 032
<i>B5. Balance of primary income (GNI)</i>	<i>29 505</i>	<i>31 129</i>		
Total	61 362	65 088	61 362	65 088
II.2. Secondary distribution of income account				
B5. GNI			29 505	31 129
D5. Direct taxes	1 318	1 521	1 318	1 521
D61. Social security contributions	722	841	722	841
D62. Social security benefits	1 655	1 633	1 678	1 656
D79. Other current transfers	470	497	5 511	5 542
<i>B6. Balance of secondary income (GNDI)</i>	<i>34 568</i>	<i>36 196</i>		
Total	38 734	40 688	38 734	40 688
II.4. Use of income account				
P2. Final consumption	30 399	32 499		
<i>B8. Gross saving</i>	<i>4 169</i>	<i>3 697</i>		
Total = GNDI	34 568	36 196	34 568	36 196
III. 1 Capital account				
B8. Gross saving			4 169	3 697
P51. Gross fixed capital formation	5 733	7 074		
D9. Capital transfers	6	6	2 540	2 193
<i>B9. Balance: net lending/borrowing</i>	<i>970</i>	<i>-1 199</i>		
Total	6 709	5 880	6 709	5 880
III. 2 Financial account				
B9. Net lending/borrowing			970	-1 199
F2. Currency and deposits (net)	12 920	6 676	7 515	6 434
F3. Securities other than loans	1 323	3 370	3 738	3 923
F4. Loans	60	301	137	264
F5. Shares/other equity	1,425	2 185	3 367	3 111
Total	15 728	12 532	15 728	12 532

Table n° 27
Rest of the world accounts (S.2)

Accounts	Uses		Resources	
	2003	2004	2003	2004
<i>LBP billion</i>				
I. Transactions on goods and services				
Imports			11 268	13 638
Exports	4 987	6 423		
<i>B11. Trade balance</i>	<i>6 281</i>	<i>7 215</i>		
Total	11 268	13 638	11 268	13 638
II. Primary income and current transfers account				
B11. Trade balance			6 281	7 215
D1. Wages	788	414	706	1 203
D41. Interests	620	1 036	1 635	1 813
D4... Other income (net)	588	337		
D62. Social security benefits	23	23		
D79. Other current transfers (net)	5 040	5 044		
<i>B12. Current account balance</i>	<i>1 564</i>	<i>3 377</i>		
Total	8 622	10 231	8 622	10 231
III. 1 Capital account				
B12. Current account balance			1 564	3 377
D9. Capital transfers (net)	2 534	2 177		
<i>B9. Balance: Net lending/borrowing</i>	<i>-970</i>	<i>1 199</i>		
Total	1 564	3 377	1 564	3 377
III. 2 Financial account				
B9. Net lending/borrowing			-970	1 199
F2. Currency and deposits (net)			5 405	242
F3. Securities other than loans	2 415	553		
F4. Loans	77	-37		
F5. Shares / other equity	1 942	926		
Total	4 434	1 442	4 434	1 442

Chapter 1

Integrated accounts of the national economy

The various operations carried out between the economic agents, or flows arising from economic activity, are broken down into the six following categories, or subcategories of accounts: (The numerals used are the codes for the international classification of accounts).

- I. Production account
- II.1 Generation and allocation of primary income account
- II.2. Secondary distribution of income account
- II.4. Use of income account
- III.1. Capital account
- III.2. Financial account

These accounts demonstrate the main aggregates characterizing the economic activity; these aggregates are summarized in Table n° 28.

Table n° 28
Evolution of main aggregates 2000-2004

Nature of aggregate	<i>LBP billion</i>				
	2000	2001	2002	2003	2004
GDP	25 359	25 947	28 216	29 851	32 357
+Net income factors	834	303	-302	-346	-1 229
= GNI	26 194	26 250	27 914	29 505	31 129
+ Net current transfers	2 463	2 544	2 974	5 063	5 067
= GNDI	28 657	28 795	30 888	34 568	36 196
- Final consumption	26 063	26 591	28 562	30 399	32 499
= Gross national saving	2 594	2 203	2 326	4 169	3 697
+ Net capital transfers	274	450	331	2 534	2 177
= Gross disposable saving	2 868	2 653	2 657	6 703	5 874
- GFCF	5 108	5 923	5 122	5 733	7 074
= Net lending (+)/borrowing (-)	-2 240	-3 269	-2 465	971	-1 199
+Foreign financing	1 803	1 502	4 821	4 434	1 441
= Balance of payments	-437	-1 767	2 356	5 405	242

Note: The 2000 to 2003 figures were revised

Thus:

- Gross Domestic Product (GDP) is the production account balancing item of all economic agents
- Gross National Income (GNI) is drawn from the allocation of primary income account
- Gross National Disposable Income (GNDI) is the secondary distribution balancing item of income account
- Gross National Saving is the balancing item of the use of disposable income account.
- Gross Disposable Saving and net lending/borrowing are deduced from the capital account

- The balancing item of the balance of payments appears in the financial account under the heading, “Change of cash and deposits”.

The details of these accounts are presented in subsequent sections.

Section I. Production account

In resources, the production account records the value of the output received by various economic agents. In uses, the production account records the value of intermediate consumption. The balance of this account is equal to the Gross Domestic Product or GDP.

The value of the output is subdivided into: market output (P.11), non-market output (P.12) and taxes minus subsidies on products (D.2 – D.3)

a) Market output (P.11)

The market output is equal to the net income from taxes of all manufacturing units resulting from sales of goods and services. However, considering the modules of estimation adopted in the absence of adequate statistics, the value of market output described here also includes the value of the self-consumed output.

The value of this output is equal to the output sum of all market sectors calculated at market prices, decreased by indirect taxes and increased by operating subsidies.

The details of market output, evaluated at prices paid by consumers are addressed in Part One, Chapter 1.

b) Non-market output (P.12)

The non-market production, such as it appears in these accounts, represents only the government output estimate. Thus, it does not include either the output value of self-consumed households or that of non-profit associations.

The estimation method of this output is addressed in Part One, Chapter 1.

c) Taxation less subsidies/ products (D.2 – D.3)

In theory, only specific taxes on products, minus subsidies, should appear in this account. However, through lack of sufficient information, all indirect taxes included in the generation of enterprises income accounts are retained. These include the following modules: customs duties, taxation on consumption of certain products including, since 2002, VAT, profit of public enterprises, and finally, municipal taxes and other taxes.

The municipal taxes posted here were not drawn from the municipalities account, as the proper authorities have not yet compiled these accounts. They were estimated through indications drawn from Treasury accounts; the Treasury collects certain taxes

on behalf of municipalities. These include an adjustment share that is necessary for the balance of public sector accounts.

Regarding other taxes, they are drawn from the State's closure account.

The various types of developments concerning indirect and consumption taxes, from 2000 to 2004, are demonstrated in Table n° 29.

Table n° 29
Indirect taxes by type 2000-2004

Type of tax	<i>LBP billion</i>				
	2000	2001	2002	2003	2004
Customs duties	1 067	858	596	475	529
Taxation on consumption	822	921	2 097	2 575	2 874
Profits of public enterprises	803	805	921	1 259	1 453
Stamps and others	198	197	198	224	274
Municipal taxes and adjustments	461	510	556	518	686
- <i>subsidies</i>	-122	-22	-20	-20	-61
Total	3 229	3 269	4 348	5 032	5 755

Customs duties, after a period of decline, from 2001 to 2003, following the government policy to gradually replace these duties with VAT, started rising again in 2004; however, the growth rate was lower than that of imports (11.4% against 31.1%).

Taxation on consumption strongly increased since 2002 following the introduction of VAT. In 2003 and 2004, the substantial receipts received from VAT revenues (+34% and +27.7%) are not entirely a consequence of transaction growth. The other factors are: widening of the taxation base, the significant time gap between receiving receipts and the refunding process (see Table n° 30). The fall of fuel taxes recorded in 2004 (-21%) is due to the government's stabilization policy of gasoline prices.

Table n° 30
Taxation on consumption by type 2000-2004

Type of taxation on	<i>LBP billion</i>				
	2000	2001	2002	2003	2004
- tobacco	79.9	111.2	167.7	184.6	196.5
- air transit departures	55.2	62.0	64.2	72.3	84.2
- cement	35.8	36.2	2.0	-	-
- fuels	424.6	472.3	703.3	816.3	644.7
- cars	180.1	190.2	149.8	164.2	242.2
- beverages	11.3	14.5	7.1	5.3	5.6
- hotels and restaurants	23.0	21.3	7.0	2.5	1.5
- leisure activity services	8.3	8.9	5.4	3.7	4.0
- others	3.6	4.6	4.3	3.9	7.0
- value added			986.4	1 322.4	1 688.2
Total	821.9	921.1	2 097.2	2 575.2	2 873.9

Profits of public enterprises are entered as taxation on products, because the prices of goods and services produced by these enterprises are fixed by the State. The profit of public enterprises, such as telecommunications, was the most significant and showed significant growth during the past six years: they rise from LBP 141 billion in 1997 to LBP 785 billion in 2002, and LBP 1 086 billion in 2003 to LBP 1 310 billion in 2004.

Subsidies to public companies, which appear in the State accounts, are presented as follows: (Table n° 31).

Table n° 31
Subsidies to public companies 2000-2004

Company	<i>LBP billion</i>				
	2000	2001	2002	2003	2004
Wheat and beet bureau	14.5	-	-	-	15.0
Tobacco bureau	55.0	-	-	-	-
Water bureau	3.0	3.1	4.5	0.4	1.6
Public transportation	13.0	11.5	11.5	15.0	14.0
National television	13.1	5.5	2.5	2.5	28.2
Others	23.8	2.1	1.6	2.4	2.1
Total	122.4	22.2	20.1	20.3	60.9

Subsidies granted to Electricity of Lebanon (EOL) are not posted in the budgetary expenditure of the State. Instead, these expenditures are entered in the Treasury accounts in the form of advances to publicly owned establishments and treated as financial transactions. EOL debts to the Treasury increase from LBP 55 billion in 2003 to LBP 700 billion in 2004.

d) Intermediate uses

Intermediate use is equal to the purchases by manufacturing units of consumable goods and services decreased by changes in inventories. They are evaluated at market prices, i.e. including taxation.

Intermediate consumption of the various industry sectors is described in Part One, Chapter 1.

Section II. Generation and primary distribution of income account

Primary income is understood as the factors of production costs and other components entering in the GDP value. The generation and allocation of primary income account records GDP and all primary income received by national agents in resources. It records the primary income paid by national agents in uses. The balance of this account examines the second significant aggregate - the Gross National Income or GNI. Compiled only for producing units, the generation and allocation of primary income account allows for the breakdown of GDP, according to the income approach.

a) *Income approach of GDP*

Table n° 32 illustrates the breakdown of GDP according to the factors of production costs and other components included in its value: wages, net taxes from subsidies on products, interests, other income and depreciation.

Table n° 32
GDP breakdown by factors of production 2000-2004

	<i>LBP billion</i>				
GDP components	2000	2001	2002	2003	2004
Taxation – subsidies/products	3 229	3 269	4 348	5 032	5 755
Interests	2 209	2 552	2 166	2 471	2 998
Compensation and other income	17 948	18 221	19 720	20 101	21 484
Depreciation (balance)	1 973	1 905	1 981	2 247	2 120
Total = GDP	25 359	25 947	28 216	29 851	32 357

Wages and salaries represent all labour charges borne by enterprises and public administrations. The wages and salaries paid by public administrations are drawn from the accounts of the public sector; their development is carried over in Table n°10 (see Part One, Chapter 1, Section VIII). Thanks to data surveys, the wages, salaries and other labour charges paid by enterprises were estimated during the establishment of the 1997 accounts. The wages and salaries share in GDP is 35.5%: 83.2% in the administrative sector and 29.1% in the market sector.

Unfortunately, because sufficient information is lacking over the 1998-2004 period, it makes it impossible to evaluate accurately the development of this share. The large-scale 2004 survey on big enterprises, which sampled 240 industrial plants, 270 services establishments (other than telecommunications, finances and educational services) and 96 trade firms, provided the following ratio: “labour charges/gross value added” in 2002 and 2003:

<u>Sector</u>	<u>2002</u>	<u>2003</u>
Industry	24.6%	24.2%
Services	32.4%	32.9%
Trade	10.5%	10.9%

The *share of indirect taxes less subsidies* in GDP progresses to a significant degree, rising from 10.5% in 1997 to 15.4% in 2002, and then from 16.9% in 2003 to 17.8% in 2004. This last development is due to the introduction of VAT in February 2002, and the widening of its base in the two years that followed.

Interests represent the return to financial capital paid by enterprises to owners of this capital. They do not include the interests paid by the government. By convention, these interests are not part of the non-market output estimate, and consequently, they are not part of GDP.

To estimate the interest charges borne by enterprises, the accounts presented here comprises of only retained bank deposits income. The interests paid by banks were allocated between debtor agents in proportion to their bank debts. It should be noted

that part of interests received by banks represents the remuneration of their financial intermediation service.

Table n° 33
Banking interests paid by enterprises and public administrations 2000-2004

	<i>LBP billion</i>				
Data from banks	2000	2001	2002	2003	2004
Received interests					
on treasury bills	2 881	2 816	2 852	2 756	1 912
from non-residents	499	507	372	214	214
from other debtors	2 913	3 301	2 919	3 361	4 021
Total	6 293	6 623	6 143	6 331	6 147
Interests paid to depositors	4 772	5 121	4 559	4 655	4 582
<i>Interests paid/received ratio</i>	<i>0.758</i>	<i>0.773</i>	<i>0.742</i>	<i>0.735</i>	<i>0.745</i>
<i>Banking service/interests ratio</i>	<i>0.242</i>	<i>0.227</i>	<i>0.258</i>	<i>0.265</i>	<i>0.255</i>
Estimates of interests paid to depositors in charge of:					
administrations	2 185	2 177	2 117	2 027	1 425
non-residents	378	392	276	157	159
enterprises	2 209	2 552	2 166	2 471	2 998
Total	4 772	5 121	4 559	4 655	4 582

Thus, interests paid by the private sector to deposit owners through commercial banks are evaluated to LBP 2 471 billion in 2003 and LBP 2 998 billion in 2004, i.e. 8.3% and 9.3% respectively of GDP. In 1997, this share amounted to only 5.3%.

Interests paid by the public sector, which are not part of GDP value, are nevertheless registered in the primary distribution account in accordance to international conventions. They are drawn from public administration accounts after deducting the banking services value. These banking services are estimated by applying the “banking services on interests” ratio from Table n° 33 on interests received by banks from their portfolio in treasury bills. Table n° 34 demonstrates the growth of national debt charges and their distribution between interests and banking services.

Table n° 34
Evolution of public debt burden and interests share 2000-2004

	<i>LBP billion</i>				
Breakdown of charges	2000	2001	2002	2003	2004
Debt servicing	4 337	4 427	4 830	4 983	4 209
- value of banking services	716	700	736	730	487
= paid interests	3 621	3 727	4 094	4 253	3 722

Other incomes comprise of the dividends paid to owners of the capital engaged in production, and the varied incomes of sole proprietors. These incomes were subject to an overall estimate in 1997; the remuneration of shareholders remained unknown. The wages and salaries estimate of employees is provided, but only for 1997, revealing a relative 42.3% share of these incomes in GDP.

Due to insufficient information, wages, salaries and other incomes, excluding interests, have been gathered using the same aggregate since 1998.

Depreciation is actually the remainder of the enterprises production income account increased by the estimated depreciation value of the government's fixed assets. This last component is provided in Table n° 10, and shows the calculation of the non-market production value.

b) Calculation of Gross National Income (GNI)

GNI is equal to the production and allocation balance of all national economic agents primary income account. It is, thus, equal to GDP plus the primary income balance (resources/uses), which is equal to the net income factors received from the rest of the world. The latter is drawn from the rest of the world accounts: S.2 (Table n° 27), which is examined in the following chapter.

The balances of the three types of primary incomes (compensation, interests and other incomes) are detailed in Table n° 35.

Table n° 35
Composition of gross national income 2000-2004

	<i>LBP billion</i>				
GNI components	2000	2001	2002	2003	2004
GDP	25 359	25 947	28 216	29 851	32 357
Net foreign compensation	-85	-59	-9	82	-789
Net foreign interests	486	-96	-803	-1 016	-777
Other net foreign income	434	458	511	588	338
Total = GNI	26 194	26 250	27 914	29 505	31 129

GNI growth was weaker than GDP, because of a reduction in net income factors received from the rest of the world. This income was affected by the decrease in interest rates paid on investments abroad, whereas non-residents investments in Lebanese securities, in particular treasury bills made out in currency, increased and benefited from returns that were more profitable. In 2004, it is observable there is an appreciable increase in the employment of immigrant workers whose remunerations exceed those of Lebanese nationals working abroad.

Section III. Secondary distribution of income account

In resources, Gross National Income (GNI) is the secondary distribution of income account records and the resources of the national agents collected from various types of transfers, such as: direct taxes, social security contributions, social security benefits and current transfers. The payments of such transfers executed by national agents are posted in uses. The balance of this account is thus equal to GNI increased by current net foreign transfers. From this, the third aggregate is obtained, which is useful for the study of the national economy's operations, namely: "Gross National Disposable Income" (GNDI).

a) Direct taxes

Direct taxes are compulsory levies collected by the government on resources of national agents. They are registered in the government's household and resource uses.

Two types of direct taxes can be distinguished: income and property tax. The taxation on private cars is similar to that on property and was taken into account with direct taxes. The latter is contrary to the administrative classification, which includes it among taxation on consumption. Table n° 36 posts the amounts cashed by the central government by means of these taxes, such as they appear in the State's closure accounts. The receipts of municipalities, which have the integrity of a direct tax, should complete these amounts. These receipts, however, are unknown; the amounts posted are close approximations and integrate an adjustment heading necessary to the balancing of the public sector accounts.

Table n° 36
Breakdown of direct taxes by type 2000-2004

Type of tax	<i>LBP billion</i>				
	2000	2001	2002	2003	2004
Income tax	427	585	642	708	801
Taxes on property	272	273	301	310	396
Taxes on private cars	191	226	210	238	238
Municipalities share & adjust.	53	54	60	62	86
Total	943	1 138	1 213	1 318	1 521

b) Social security contributions

Social security contributions, which may be listed in these accounts, relate to contributions received by the National Fund of Social Security (NFSS), and levies collected by the State on civil servant wages for the pension fund. Compulsory contributions to other funds, such as the civil servants co-operative, were neglected for lack of statistics.

All contributions, including those paid by employers to the NFSS, are supposed to be paid by employees (household uses) since they are charged in the remuneration of labour (household resources). These are recorded in the public administration's resources.

State payments to the NFSS are classified in the budget as transfers and not as due contributions from employers having contracted employees; these are not covered by civil servants status, and thus, are subjected to labour standards legislation. These payments are sporadic (LBP 60 billion in 2000, LBP 80 billion in 2004 and no payments between 2001 and 2003). These payments are excluded from both the remuneration of workers and social security contributions.

Table n° 37
Social security contributions paid by national agents 2000-2004

	<i>LBP billion</i>				
Type of contribution	2000	2001	2002	2003	2004
Contribution to NFSS					
Employers	681	588	576	596	...
Employees	49	50	51	52	...
Total	730	638	626	648	755
Contribution of civil servants	81	79	80	74	86
Total	811	717	706	722	841

c) Social security benefits

Social security benefits appearing in the resources of account (II.2) are higher than those registered in uses because resident households receive in addition to local allowances, retirement pensions paid by non-resident bodies. The Household Living Conditions survey estimated the amount of these pensions in 1997 at LBP 23 billion. It is maintained constant throughout the subsequent period for lack of information.

Table n°38
Breakdown of social security benefits received by type 2000-2004

	<i>LBP billion</i>				
Social security benefit	2000	2001	2002	2003	2004
Social security benefits from NFSS					
<i>Disease</i>	231	325	377	397	444
<i>Family</i>	124	188	207	215	217
<i>Severance payments</i>	177	256	303	194	150
Total	532	769	888	806	812
Pensions paid					
by the State	844	834	850	849	821
by the rest of the world	23	23	23	23	23
Total	1 399	1 626	1 761	1 678	1 656

Services provided by the national agents (registered in use) are limited to the allowances and expenditure paid by the NFSS and to the retirement pensions paid by the State. The former rises from LBP 407 billion in 1997 to LBP 806 billion in 2003 and LBP 812 billion in 2004. The latter also rises from LBP 528 to LBP 849 billion and then drops to LBP 821 billion during the same period. Thus, after a period of growth from 1997 to 2002, at an average rate of 13% per year, the social security benefits total regresses by 4.7% in 2003 and 1.3% in 2004. This decline is due to the substantial drop of severance payments paid by the NFSS.

In terms of social security contributions, benefits provided by other funds were neglected in the present accounting procedure.

d) Current transfers and GNDI calculation

The heading "current transfers" regroups three types of capital flows: non-tax receipts of the State, State assistance granted to individuals, associations and others, resident and non-resident, private sector organizations, and finally, current transfers carried out by non-residents to resident households.

The first two headings are drawn from the State's closure account and added; however, this calculation is made with an adjustment regarding intermediary assistance performed by other administrations.

The net foreign transfers result from the modules adopted for the various headings regarding the balance of payments estimate. These are shown in the following chapter.

Table n° 39
Breakdown of current transfers received by type 2000-2004

	<i>LBP billion</i>				
Type of transfer	2000	2001	2002	2003	2004
Non-tax receipts	330	297	301	315	337
Assistance	151	113	152	156	160
Net foreign transfers	2 440	2 521	2 951	5 040	5 044
Total	2 921	2 932	3 405	5 511	5 542

The secondary distribution of income account balance is equal to GNDI increased by net foreign payments on secondary distribution account, as Table n° 40 demonstrates.

Table n° 40
GNDI calculation 2000-2004

	<i>LBP billion</i>				
	2000	2001	2002	2003	2004
GNI	26 194	26 250	27 914	29 505	31 129
Foreign allowances	23	23	23	23	23
Net foreign transfers	2 440	2 521	2 951	5 040	5 044
Total = GNDI	28 657	28 795	30 888	34 568	36 196

From 1997 to 2002, net transfers tended to decline. Consequently, the GNDI growth during this period was weaker than GDP. In 2003, the balance of payments results revealed a strong growth of transfers toward Lebanon (see following chapter). Hence, GNDI growth was stronger than GDP in current value (+11.9% against +5.8% for GDP). In 2004, the net amount of foreign transfers records a slight fall and available income growth rate is less significant compared to output (4.7% against 8.4% for GDP in current prices).

Section IV. Use of income account

The function of income account records utilization in national consumption use and gross national disposable income resources. The balance of this account is equal to the national saving.

After a growth in 1998, the national saving appears to be in constant fall, especially from 2000 to 2002. Thus, the total savings rate, which was 12.5% in 1997, fell to 7.5% in 2002. This development appears to be related to foreign transfers, which fell strongly during the last period as the balance of payments study revealed. Subsequently, with the recovery of such transfers in 2003, the savings rate reached 12.1% and almost arrived at its previous 1997 level. In 2004, it climbs back to 10.2%.

The current state of the economic accounts allow for a rough economic agents performance approximation, for households, in particular consumption and saving. Table n° 41 breaks down the national saving as well as the gross national disposable income according to the three types of agents: households, enterprises regrouping of all market manufacturing units and public administrations.

The breakdown of disposable income within the private sector between households and enterprises is unknown. In fact, the method of accounting assumes that all market sector value added, once deducted from indirect taxes and capital depreciation, is paid to households. The amount indicated for the gross disposable income share attributed to enterprises is only a rough estimate of fixed assets depreciation. Under this proviso, the apparent households saving rate falls from 20.5% in 1997 to 16.1% in 2002; it rises to 18% in 2003 and then drops again to 11.3% in 2004.

Table n° 41
Breakdown of GNDI and gross national saving by agent 2000-2004

	<i>LBP billion</i>				
Economic agent	2000	2001	2002	2003	2004
	<i>Gross disposable income</i>				
Households	26 534	26 918	28 324	30 997	31 137
Enterprises	1 356	1 258	1 304	1 546	1 431
Public administrations	766	619	1 260	2 026	3 628
Total	28 657	28 795	30 888	34 568	36 196
	<i>Gross saving</i>				
Households	4 933	4 898	4 582	5 589	3 477
Enterprises	1 356	1 258	1 304	1 546	1 431
Public administrations	-3 695	-3 952	-3 561	-2 966	-1 211
Total	2 594	2 203	2 326	4 169	3 697

Such a development is the result of household weak disposable income growth during the 1997-2002 period. This was followed by a recovery in 2003 and 2004 combined with a more regular development of consumption. Household disposable incomes increased on average by 1.1% per annum between 1997 and 2002, and their consumption increased by 2.2% per annum. In 2003, household disposable incomes increased by 9.6%, but consumption increased by only 7%. Alternatively, in 2004,

household consumptions increase by 8.8% in current prices whereas their available incomes increase by only 0.5%⁷.

Section V. Capital account

Capital account records gross fixed capital formation, changes in inventories and transfers of capital paid by national agents in uses. It records gross saving and transfers of capital received in resources.

Capital transfers, which are recorded in uses, represent aid for rebuilding and is funded by the State for the return of citizens displaced by the war. Though significant to begin with (LBP 533 billion in 1997 and LBP 180 billion in 2000), these transfers decreased gradually and became negligible in 2001.

Transfers registered in resources include, in addition to those registered in use, the net capital transfers received from abroad. The latter also decreased gradually, dropping from LBP 1 718 billion in 1997 to LBP 348 billion in 2002, but recovered in 2003 and 2004 to reach LBP 2 534 billion and LBP 2 177 billion respectively. However, this is only a very rudimentary approximation resulting from the balance of payments estimates. These estimates are shown in the following chapter.

Capital accounts balance is also called capacity, which is the need for financing or net lending or borrowing, according to whether it is positive or negative. Overall, the Lebanese economy always required foreign financing, except for 2003, when, following the substantial capital transfers received from abroad, the national economy showed a capacity of financing itself. As Table n° 42 shows, prior to 2003, the capacity of household financing was not sufficient to meet the financing needs of firms, companies and public administrations.

Table n° 42
Breakdown of net lending (+) or borrowing (-) by agent
2000-2004

	<i>LBP billion</i>				
Economic agent	2000	2001	2002	2003	2004
Households	5 370	5 351	4 920	8 089	5 634
Enterprises	-2 520	-3 489	-2 815	-3 297	-4 682
Administrations	-5 090	-5 132	-4 570	-3 822	-2 189
Total	-2 240	-3 269	-2 466	970	-1 199

Households net lending is equal to their saving increased by capital net transfers received from abroad. In fact, the latter are supposed to be paid entirely to households in the accounting system adopted here. The fall of this capacity from LBP 7 712 billion in 1997 to LBP 4 920 billion in 2002 is the result of the fall of foreign current transfers and capital transfers. Following the recovery of such transfers, the financing

⁷ As explained in the following chapter, the current foreign transfers estimate is roughly approximated due to the division of transfer amounts between current and capital transfers following an arbitrary key. If all the transfers had been regarded as current, the disposable income of households is assumed to have reached LBP 33 188 billion, and the saving rate would have been 17.1%.

capacity of households rises in 2004, beyond the 1997-2002 average after having reached an exceptional peak in 2003 of LBP 8 089 billion.

Net enterprises borrowing is equal to the market sector gross fixed capital formation and changes in inventories decreased by the amounts retained as depreciation. The development of the need for enterprise financing, thus, followed the development of investments in the private sector, which were in decline during the 1997-2002 period and recovered in 2003.

Net public administration borrowing is equal to the public sector deficit. This deficit is significantly higher than the value of public investments. It accounted for 21.4% of GDP and 17.9% of GNDI in 1997. These ratios fall respectively to 16.2% and 14.8% in 2002, 12.8% and 11.1% in 2003, and 6.8% and 6.1% in 2004. The development over the course of the last two years is the consequence of a change in taxation policy: lower custom duties in 2001 and the introduction of VAT in 2002.

Section VI. Financial account

Financial accounts record the change in credits and claims in uses, as well as the change in national agent debts in resources. The balance of the financial account is equal to the capacity or need for financing. This equality results from the general balance of accounts principle. The estimation method adopted in the development of this account rests mainly on this balance principle. Thus, the households financing capacity results in an equivalent increase in the credits and claims held. The need for financing enterprises is met by drawing participations and obtaining credits. Ultimately, the public administration deficit will lead to an equal increase in the national debt.

According to international classification, claims and liabilities retained in the present accounts are classified under the four following headings: currency and deposits (F2), securities other than shares (F3), credits (F4), shares or other equities (F5).

a) Change in currency and deposits (F2)

The currency and deposits listed here only involve banknotes in LBP issued by the central bank, deposits held by residents within the banking system and net foreign assets of Lebanese banks. They do not include either banknotes in US dollars or other currencies, or deposits held with foreign banks by residents (excluding banks). The adopted figures are derived from data regarding money supply, which is established by the Central Bank of Lebanon.

The strong variations recorded in money supply constitute a resource for the banking system, and a use for the non-banking private sector. These are mainly deposits held by households, while the variations in currency and bank account of non-financial companies are regarded as negligible. Under these conditions, the decrease of the money supply variation (between 1997 and 2002, from LBP 5 920 to LBP 3 789 billion), witnesses a rise in 2003 to LBP 7 515 billion and then declines in 2004 to LBP 6 434 billion, reflecting the development of household financing capacities (see above).

Table n° 43

Changes in money supply and net foreign assets of the banking system 2000-2004

	<i>LBP billion</i>				
Type of currency	2000	2001	2002	2003	2004
Currency in LBP	-748	-2 209	3 121	5 672	-257
Foreign currency deposits	5 483	6 116	668	1 843	6 691
Total = resources	4 735	3 907	3 789	7 515	6 434
Net foreign assets of banks	-437	-1 767	2 355	5 405	242
Total = uses	4 298	2 140	6 144	12 920	6 676

The significant variations registered in the money supply between the Lebanese pound and foreign currencies arise from short-term cyclical variations of confidence in the national currency as well as interest differentials. It should be noted that changes in currencies deposits are calculated at a constant rate of exchange.

The net foreign assets variation of the banking system is equal to that of Lebanese banks deposits abroad minus the variations in non-residents deposits. It is calculated at a constant rate of exchange. By definition, this variation is equal to the balancing item in the balance of payments.

b) Changes in securities other than shares

Only Lebanese treasury bills were taken into account; securities from the private or foreign sectors were neglected⁸. The breakdown of treasury bills by subscribers is illustrated in Table n° 44. Treasury bills variations held by banks and other residents is entered in uses; those held by autonomous administrations are, however, excluded. In addition to bills subscribed by residents, the public administration also has non-resident bills subscribed as resources. However, it is necessary to note that the breakdown of treasury bills between resident and non-resident subscribers is not precisely known. The figures adopted are drawn from the balance items estimates performed by the Central Bank of Lebanon.

⁸ Treasury bills subscribed to by banks are drawn from their balance sheets as published by BDL. Treasury bills subscribed to by the public and administrations are posted at their face value. The variations of bonds in foreign currencies are calculated at constant rates of exchange.

Table n° 44
Changes in treasury bills (TB) broken down by subscriber 2000-2004

	<i>LBP billion</i>				
Subscriber	2000	2001	2002	2003	2004
TB in LBP					
Public administrations	518	333	149	-615	-291
Banks	1 087	1 212	-2 799	2 586	1 453
Others	-243	-1 108	1 401	-1 161	-1 839
Total	1 362	437	-1 249	810	-677
TB in foreign currencies					
Banks	1 948	3 415	3 855	-102	3 659
Non-banks	92	193	3 891	2 415	582
Total	2 039	3 608	7 746	2 313	4 241
Total TB:					
Of which: Banks	3 035	4 627	1 056	2 484	5 112
Residents (non-banks)	324	83	1 182	-1 776	-2 033
Non-residents	1 042	335	4 259	2 415	553
Total	3 401	4 045	6 497	3 123	3 632
Less Public administrations	-518	-333	-149	615	291
= Total Net	3 883	4 711	6 348	3 738	3 923

In 2002, the banks portfolio in LBP treasury bills decreased by LBP 2 799 billion following an accounting entry performed by BDL. This entry consisted of cancelling its credits in treasury bills for an amount of LBP 2 700 billion and coupled with an equivalent reduction in the cumulated rates of exchange loss or profit registered to the State's credit pursuant to article 115 of the currency and credit code. In 2004, the same operation is repeated for an amount of LBP 516 billion. This operation, which is equivalent to cashing an exchange rate profit, does not appear in the Treasury accounts as a receipt but as a financial resource under the heading, "Other loans in LBP", which balances the reduction of treasury bills mentioned above⁹. In addition, Central Bank of Lebanon statistics indicates a treasury bills increase in currencies of LBP 7 746 billion. Foreign bodies, following the Paris II conference subscribed most of these bills. In 2003, treasury bills subscription by non-residents continued, and their net refund amount is estimated at LBP 2 415 billion at a constant rate of exchange. In 2004, the issuance of treasury bills in foreign currencies tends to replace those in Lebanese pounds. In fact, banks subscribed to most of these issues.

c) Changes in credit

The amounts entered in uses represent bank credit variations, as published in the financial situation statistics, and an estimate of Treasury advances to public enterprises. In resources, the credits also include net foreign loans received by public administrations.

⁹ In the national accounting system, profits or losses on foreign currency transactions are not entered in flows accounts but rather in assets accounts. These latter accounts are not yet established in Lebanon.

Table n° 45
Changes in credits by type 2000-2004

Type of credit	<i>LBP billion</i>				
	2000	2001	2002	2003	2004
Bank credits to					
private sector	1 511	141	734	-192	1 072
public sector (net)	1 751	709	-1 622	130	-1 234
<i>Credits</i>	376	-9	-571	184	117
- <i>Public sector deposits</i>	1 375	718	-1 051	-54	-1 351
Total bank credits	3 262	850	-888	-62	-162
Advances from Treasury	596	110	213	123	463
Foreign credit	53	-32	57	77	-37
Total: resources	3 911	928	-618	137	264

Bank credits to the private sector recovers in 2004 after having undergone a clear decline during the 1997-2003 period. Their variation shows a fall from LBP 3 192 billion in 1997 to LBP -502 billion in 2003, and increases to LBP +1 072 billion in 2004. Table n° 46 shows the breakdown progress of credits from the financial sector by user sector as published by the Central Bank of Lebanon. These credits are different from those reported in the financial situation account but make it possible to compare the credit breakdown variations by sector and its progress. For example, it can be observed that credits to the construction sector shows the most decline during the 2000-2003 period and recovers slightly in 2004. Alternatively, an increase in credits to industry is noted in 2003 and 2004.

Table n° 46
Changes in credits to private sector by economic sector 2000-2004

Sector	<i>LBP billion</i>				
	2000	2001	2002	2003	2004
Agriculture	45	-47	20	1	46
Industry	172	232	-41	339	385
Construction	318	-130	-279	-440	293
Trade	238	489	114	61	404
Services	103	209	235	95	139
Financial institutions	38	97	8	67	86
Other bodies	2	79	88	-350	-46
Individuals	311	282	279	448	582
Total	1 227	1 211	424	221	1 889
Adjustment	284	-1 070	310	-723	-817
Total = Bank credits	1 511	141	734	-502	1 072

Bank credits to the public sector are deposit nets. Strictly speaking, the variations of credits are more similar to deposits than credits. The latter are negligible, because banks finance the public sector by subscribing to treasury bills. In 2004, for example, net bank credits to the public sector decreases by LBP 1 234 billion following a slight increase in credits (LBP +117 billion) and a strong increase in deposits (LBP +1 351 billion). Seeing that variations in treasury bills held by banks amounts to LBP +5 112 billion, bank net credits to the sector increases by LBP 3 878 billion.

Treasury advances to public enterprises, such as the Electricity of Lebanon (EOL) are not known precisely. The current system of public accounts does not make it possible to identify the breakdown of Treasury advances by recipient. The figures indicated are approximations and make it possible to balance the accounts of the public administration.

The posted *external public loans* are those performed by the CDR. The recourse of the State to foreign financing is done mainly by issuing euro bonds.

d) Changes in shares and other equity

Presently, data regarding the balance sheets of corporate enterprises is lacking. In principle, the figures indicated in uses represent the changes in household property rights on enterprises whether they are corporate or individual enterprises. They also include amounts spent by households for the purchase of new residences. These amounts were estimated at LBP 1 328 billion in 1997 by the Household Living Conditions survey. For lack of other data over subsequent years, the participation of the households in the gross capital formation of enterprises is estimated by residue.

In resources, direct investments of non-residents add to contributions of residents; the latter is estimated within the balance of payments framework (see following chapter).

Chapter 2

Rest of the world accounts and balance of payments

The transactions carried out with the rest of the world are entered in four accounts, which release the main aggregates of the balance of payments:

- I. Goods and services transactions account, the balance being equal to the trade balance
- II. Primary incomes and current transfers account, the balance being equal to the current balance
- III.1 Capital transfers account, the balance being equal to the capacity or need for foreign financing
- III.2 Financial account, the balance being equal to the balance of payments surplus or deficit

These various balances are included in table n° 47.

Table n° 47
Evolution of the various balancing items of the balance of payments 2000-2004

	<i>LBP billion</i>				
Nature of balance	2000	2001	2002	2003	2004
Trade balance	5 812	6 567	5 469	6 281	7 215
+ Net incomes and transfers	-3 298	-2 847	-2 673	-4 717	-3 839
= Current balance	2 514	3 719	2 797	1 564	3 377
+ Net capital transfers	-274	-450	-331	-2 534	-2 177
= Net lending/borrowing	2 240	3 269	2 466	-970	1 199
+ Net financing	-1 803	-1 502	-4 821	-4 434	-1 442
= Balance of payments	437	1 767	-2 355	-5 405	-242

Note: A positive balance in the foreign account represents a deficit for the country, while a negative balance represents a surplus. Thus, in 2000 and 2001, the balance of payments was in deficit, and in 2002, 2003 and 2004, it was in surplus.

Section I. External accounts of goods and services

The goods and services transactions account with the rest of the world enters exports in uses and imports in resources. These aggregates were reviewed in Part One, Chapter 2 and Chapter 5. The balance of this account —termed trade balance— has a broader meaning than the current meaning of the term since these exchanges are not only limited to goods but also include net exports of services.

In Lebanon, the trade balance has always been in deficit. Between 1997 and 2002, the foreign exchange deficit of goods and services fell from LBP 8 203 billion to LBP 5 469 billion following the imports stagnation and significant exports growth. In 2003 and 2004, following a growth of imports, which was more significant than exports, the deficit rises to LBP 6 281 billion, and then to LBP 7 215 billion. In 1997, this deficit accounted for 34.2% of GDP and 25.5% of national expenditure. In 2002, this deficit only accounted for 19.4% of GDP and 16.2% of national expenditure. These

ratios reach to 21.0% and 17.4% in 2003, and then to 22.4% and 18.3% in 2004 respectively.

Please note that the trade balance estimate has been revised downward since 2002, following the upward revision of net service exports.

Section II. Primary income and current transfers account

In uses, this account enters the primary income paid to Lebanese residents by the rest of the world as well as received net transfers. In resources, it carries forward the balance of goods and services transactions, and enters the payments of primary incomes performed by the national economy to non-residents.

The balance of this account is equal to the current balance of payments. Regarding the trade balance, this last balance is positive for the rest of the world, which indicates a deficit for Lebanon. In 2002, the current balance dropped following a trade balance improvement in Lebanon's favour, and in 2003, it fell significantly following a transfer movements improvement. In 2004, the strong surge of imports and the decline of current transfers movement results in pushing the current balance upward to the level reached in 2001.

Development outlines of the components entering this account are discussed below.

a) Primary income

The primary income, also termed income factors, includes wages and salaries, interests and other labour or capital incomes.

Wages, salaries, and other labour incomes received from abroad by Lebanese residents had been estimated for 1997 by the Household Living Conditions survey. These figures are projected over subsequent years by taking, as an indicator, the frequency of Lebanese travellers abroad. Wages and salaries paid to non-residents are projected proportionally with value added in the sectors of agriculture and construction.

Interests received by Lebanese residents on their investments abroad, and the Central Bank of Lebanon from the balance of payments accounts estimates interests paid to non-residents. These estimates show a clear decline of interests received, which fell from LBP 1 441 billion in 1997 to LBP 944 billion in 2002, and to LBP 626 billion in 2003, while interests paid to non-resident investors increased considerably, rising from LBP 951 billion in 1997 to LBP 1 642 billion in 2003 after peaking at LBP 1 747 billion in 2002. In 2004, it is noticeable that there is an increase in interests for both recipients, but the balance remains in favour of non-residents.

As interests constitute the most significant share of the primary income exchanged with foreign countries, the net income factors received from the rest of the world has been considerably reduced since 2001. This occurred after a sequence between 1997 and 2000 when foreign contribution to national income rose from LBP 691 to LBP 834 billion, this net income falls to LBP 303 billion in 2001 and becomes negative in

2002 (LBP -302 billion), 2003 (LBP -346 billion) and 2004 (LBP -1 229), see Table n° 27.

b) Net current transfers

For centuries, Lebanon has profited from a flow of transfers coming from abroad. However, there are no serious statistics available to illustrate the amounts of such transfers. While awaiting the results of this survey, the method adopted here —to estimate current transfers— is to consider the remainder of the balance of payments in its entirety. In other words, the "error and omission" heading is entered as transfers and distributed between current and capital transfers. This follows a distribution key, depending on the general economic situation, with particular reference to investments. The distribution key resulting between current and capital transfers were, except for an adjustment, the following: 0.7/0.3 in 1997 and 1998 and 2004, 0.8/0.2 in 1999, 0.85/0.15 in 2001, 0.9/0.1 in 2000 and 2002 and two thirds/one third in 2003.

There was a general declining tendency of net foreign transfers between 1997 and 2002. Considering the downward trend of investments in Lebanon, it was normal to assume that this fall concerned capital transfers more than current transfers. In 2003, the strong balance of payments surplus witnessed a significant movement of transfers toward Lebanon due to the rise in oil incomes. As investments in the private sector started to grow, the increase in capital transfers was regarded as being more significant than current transfers. In 2004, this movement is maintained but at a lower scale.

For net current transfers, it is advisable to add payments of retirement pensions and other social security benefits received from abroad. These payments had been estimated at LBP 23 billion in 1997 thanks to the Household Living Conditions survey and maintained constant throughout the period.

Section III. Capital transfers account

This account carries forward the current balance in resources and net transfers of capital in uses.

Net capital transfers were estimated by the same method as the current transfers (refer to preceding section). This estimation method leads to present net foreign capital transfers strongly declining between 1997 and 2002 and significantly rising in 2003: from LBP 1 718 billion in 1997 to LBP 331 billion in 2002, and then from LBP 2 534 billion in 2003 to LBP 2 177 billion in 2004.

Considering the general balance of accounts, the balance of this account is meticulously equal in absolute value to the need or the financing capacity of the national economy. Except in 2003, this balance remains positive throughout the entire 1997-2004 period.

Section IV. Financial account

In uses, the financial account records the variations in credits, the variations in debts of the rest of the world vis-à-vis the national economy in resources. The financial account balance is strictly equal to the capacity or the need for financing. Each category of receivables and liabilities is reported in net value.

In uses, one finds:

a) Securities other than shares

These concern the portfolio variation of Lebanese treasury bills held by non-residents. The Central Bank of Lebanon estimates these amounts (see preceding chapter, Section VI, Paragraph b).

b) Credits

These refer to only the foreign credits executed by the CDR

c) Shares and other equity

The rights of non-residents on resident enterprises primarily include real estate. From an approximation completed within the framework of the 1997 accounts, the variation of these rights was projected over subsequent years in proportion to direct investments retained by the Central Bank of Lebanon in estimating the balance of payments components.

In resources, one notes:

Under the heading: "money and deposits", in addition to financing capacity, the net foreign assets variation of Lebanese banks. By definition, the final balance is calculated through this variation in the balance of payments.

As seen, the balance of payments was in significant deficit in 2001 because of an increase in imports. In 2002, it was in significant surplus because of contributions made by foreign bodies in financing the Lebanese Treasury that resulted from the Paris II decisions. In 2003, the balance of payments recorded surpluses that were even more significant under a dual effect: the continued purchases of treasury bills, and the contribution of capital or current transfers. In 2004, despite the importance of volume transfers, the balance of payments surplus is more moderate due to a surge in imports and middling subscriptions to euro bonds.

Conclusion

The Economic Accounts assessment between 2003 and 2004 is made possible by adhering to the modules developed for the compilation of these accounts between 1997-2002. These modules were formulated not only to evaluate the macro-economic developments, but also to pinpoint the changes that have occurred in the main sectors of the Lebanese economy and finances. Here, in brief, are the principal facts that emerged:

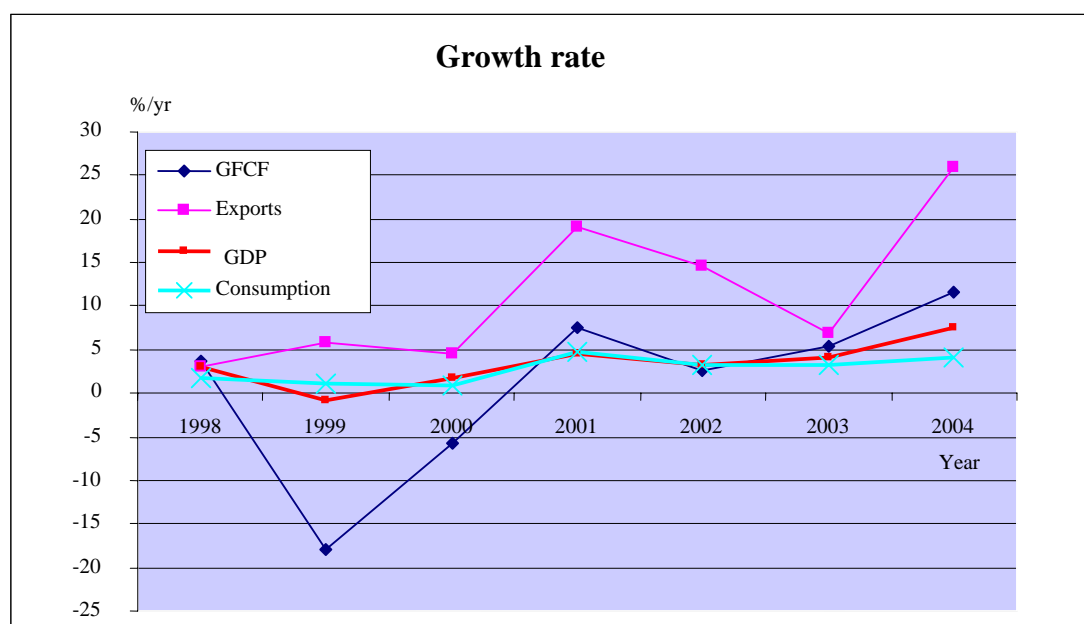
a) Investments and exports induced growth

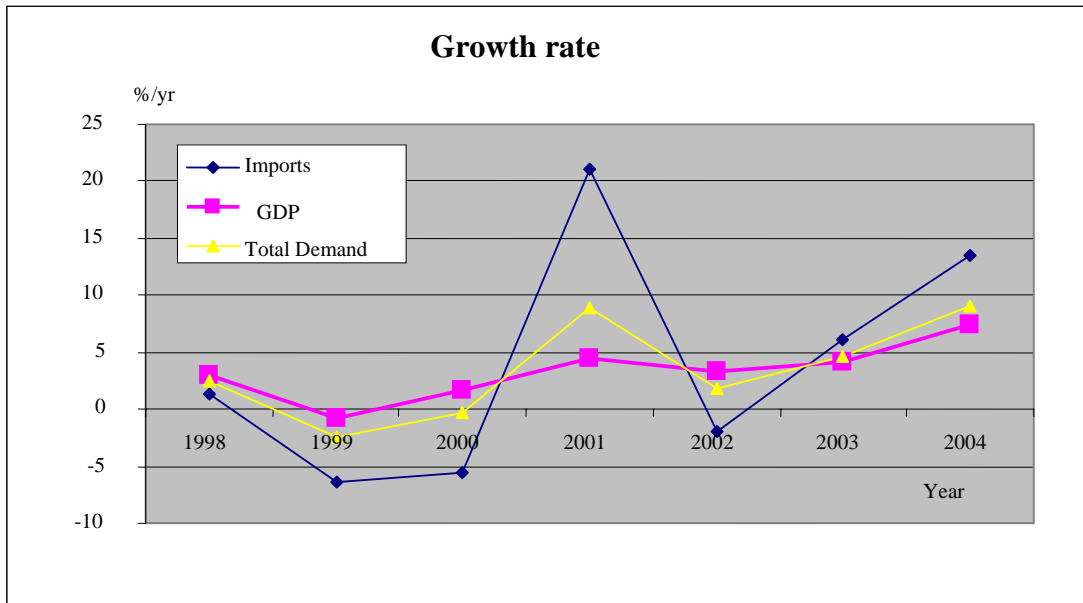
While consumption growth has been rather moderate, output growth has been stimulated by an increase in exports and investments. In fact, if one excludes the 2001 figures, in which the contribution of consumption to growth was at its strongest, the recent combination of investments and exports contribute significantly to demand growth, and thus, GDP, as the table below illustrates.

Contribution of the various components to GDP growth - %/year

Components of GDP	1998	1999	2000	2001	2002	2003	2004
Private consumption	1.5	-0.1	0.5	4.4	2.5	2.8	4.8
Public consumption	0.3	1.3	0.5	0.5	0.9	0.5	-0.6
GFCF and change in inventories	1.3	-5.3	-1.9	4.7	-3.2	1.9	4.0
Exports	0.4	0.7	0.6	2.7	2.3	1.1	4.3
Total demand	3.6	-3.4	-0.3	12.2	2.5	6.3	12.5
- Imports	-0.6	2.6	2.1	-7.7	0.8	-2.2	-5.1
= GDP	3.0	-0.8	1.7	4.5	3.3	4.1	7.4

Note: GDP contribution to growth is calculated by multiplying component growth by the ratio: "component value / GDP value".

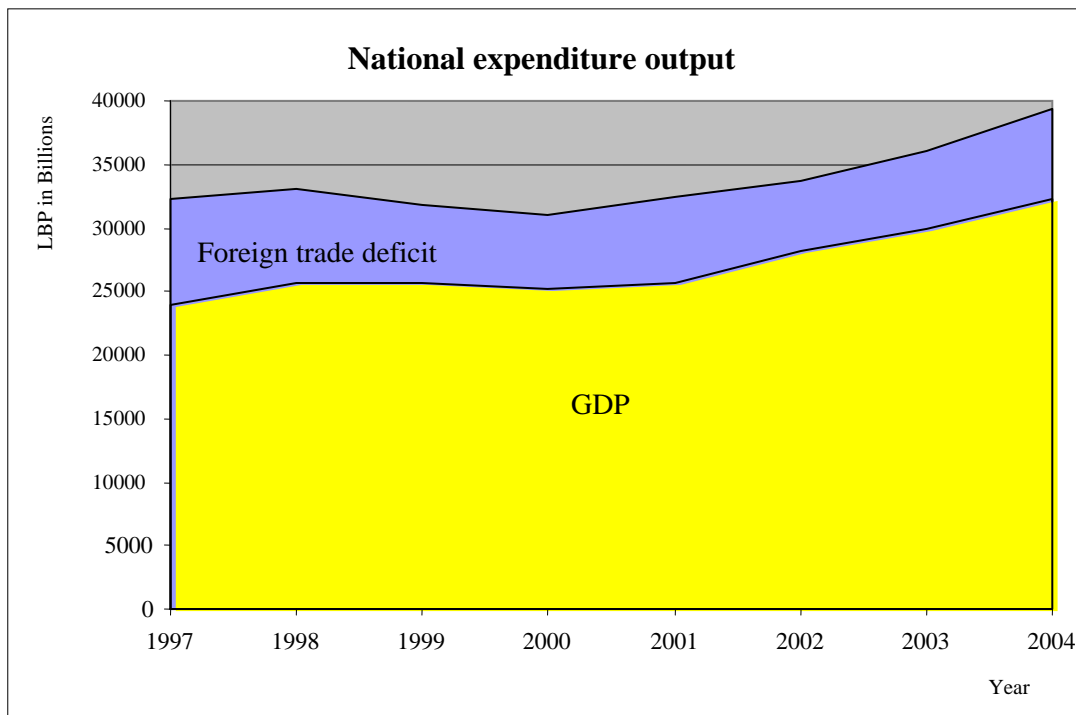




b) Continuation in the rise of investments

After a period of decline, private investments recovered with strength in 2003 (+17.5%), and this upward trend continues in 2004 (+25.4%); they were stimulated by the contribution of foreign capital in search of investment. Private investments share in national expenditure, which was 12.2% in 2002, rises to 13.4% in 2003 and 15.4% in 2004. Public investments, however, only recovers in 2004 (+12.1%).

c) Structural difference between national expenditure and domestic output has increased slightly

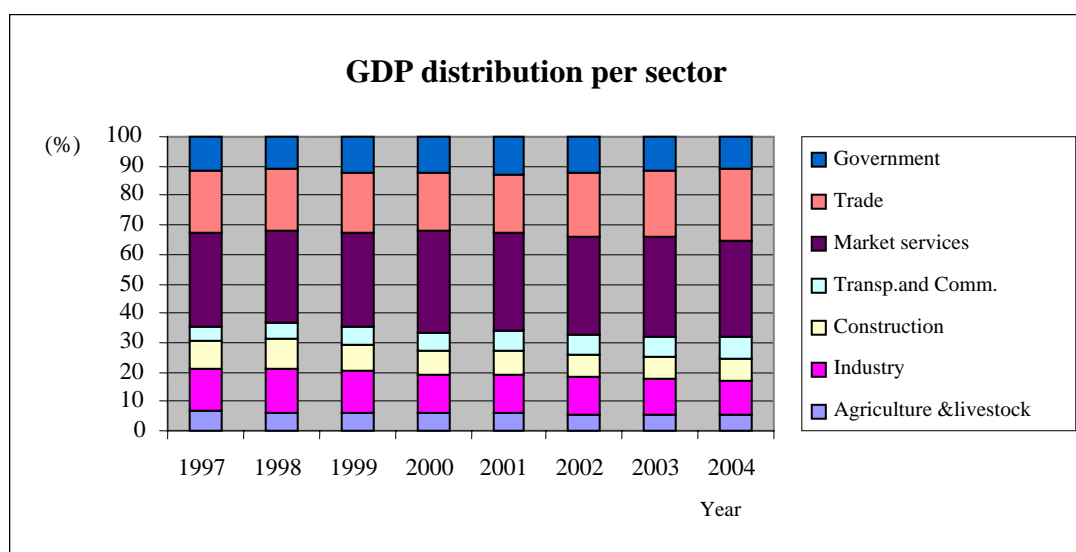


After the developments between 1997 and 2002, leading to a variation reduction in relative value between the national expenditure and GDP, the variation, which was 34.2% of GDP in 1997, increased from 19.4% in 2002 to 21% in 2003 and rises to 22.4% in 2004. This development is due to the inconsistent progress of the various economic sectors, and the discrepancy between import and producer prices.

Alternatively, the trade deficit in goods and services, which initially comprised 25.5% of the national expenditure in 1997, had returned to 16.2% of this expenditure in 2002. This ratio rises to 17.4% in 2003 and 18.3% in 2004.

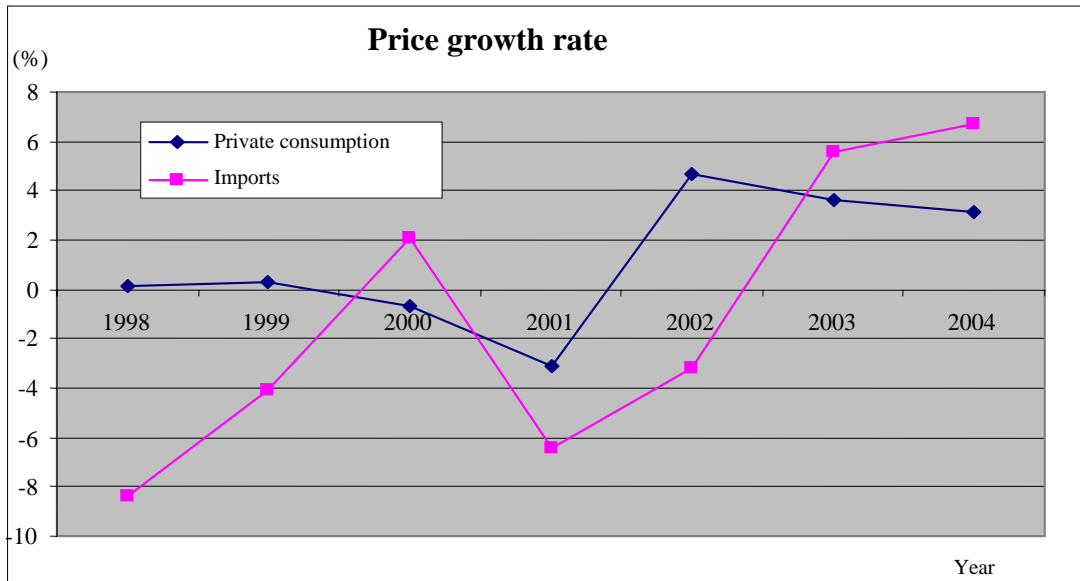
d) Persistent weakness in the production of goods sectors

The share of agriculture in GDP decreases to reach 5.3% in 2004 after having dropped from 6.5% in 1997 to 5.5% in 2003. Nevertheless, the declining tendency of the manufacturing sector has reversed since 2003: this sector's share in the GDP had fallen from 13.5% in 1997 to 11.5% in 2002, slightly increasing in 2003 to reach 11.8% and remains stable at this level in 2004. Overall, the contribution of these two productions of goods sectors was maintained to 17.0%. Please note, industry development would have been more significant if, instead of falling, prices of its factors of production had followed the same tendency as the total prices of added values.



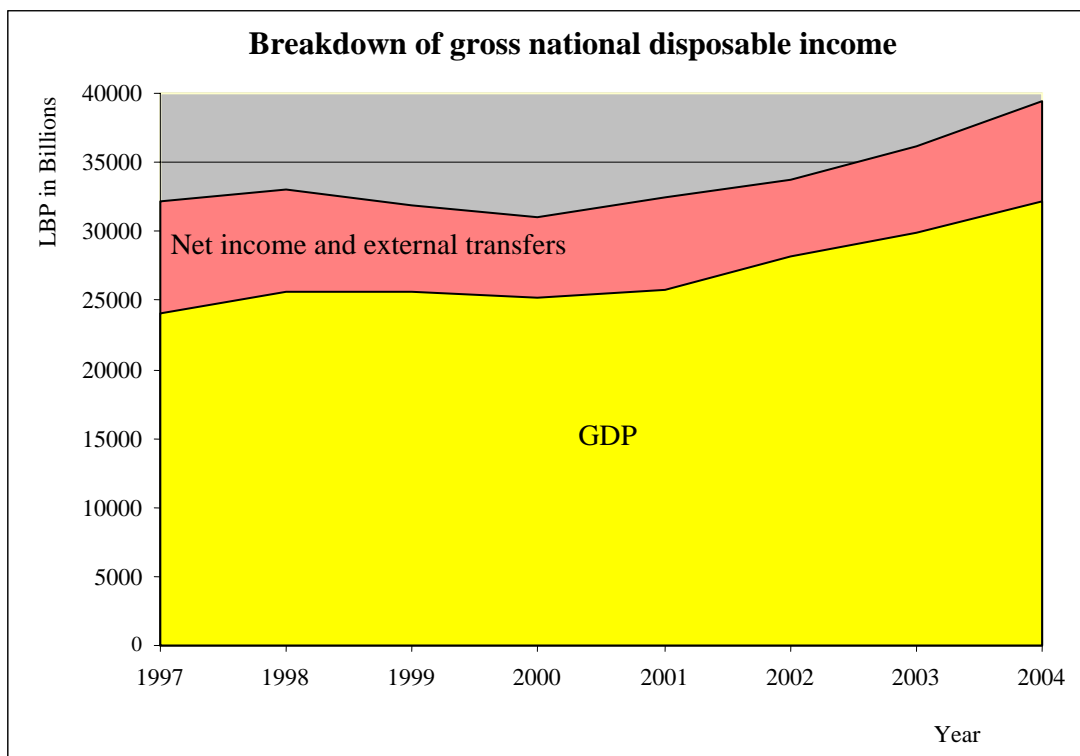
e) An increase in import prices partly reflected on consumer prices

On average, import unit prices dropped by 4.1% during the 1997-2002 period. This drop was mainly due to two factors: the appreciation of the Lebanese pound against main foreign currencies and the downward trend of raw materials. In 2003, the Lebanese pound, pegged to the US dollar, started to depreciate while prices of raw materials started to rise yet again. Consequently, this led to a 5.6% rise in import prices. However, domestic prices did not follow the same tendency; therefore consumer prices grew by only 3.6%. This same tendency is observed in 2004: unit values of imported goods increase by 6.7% whereas consumer prices only rise by 3.1%.

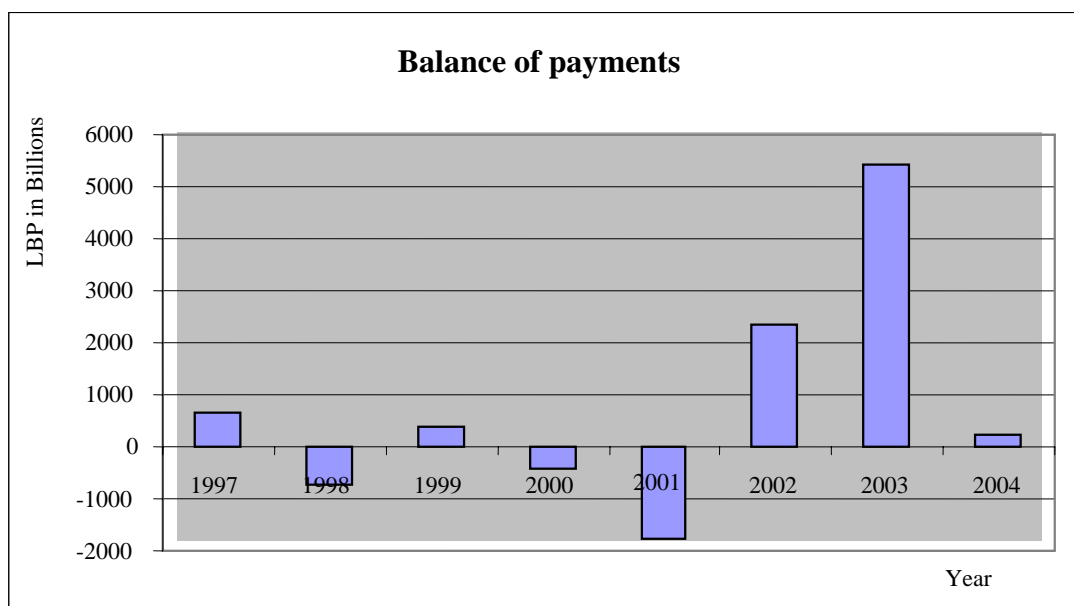


f) A more significant dependence on external transfers

The deficit in the goods and services exchanges with foreign countries has always been covered by foreign transfers, which contributed to the financing of the national economy, either directly or indirectly, while contributing to the formation of household savings. After a period of decline, the estimated transfers, other than direct investments, strongly recovers in 2003 and continues in 2004; thus, they reinforced the financing capacity of the private sector, which resulted in a notable resident deposits increase in trade banks.



g) Positive balance of payments remains constant



The importance of current or capital transfers, often accompanied by direct investments or savings in treasury bills, totalled more than the trade balance deficit; thus, generating a surplus in the balance of payments.

h) A slight decline in national savings compared to 2003

Gross national saving strongly declined between 1999 and 2002 after having peaked at LBP 4 476 billion in 1998. Partly due to the recovery of activity, but chiefly due to a balance of payments surplus, gross national saving rose again to LBP 4 169 billion in 2003 to almost reach the 1998 level. It then drops to LBP 3 455 billion following an increase in consumer expenditure.

i) Recovery of banks participation in financing private investments

The participation of the banks in the financing of private investments has been decreasing since 1997 to become negative in 2003. Bank surpluses were either invested in treasury bills, invested abroad or frozen by the Central Bank of Lebanon. In 2004, bank credits to the private sector resumed; their variation becomes positive and accounts for 18.8% of this sector's investments.

j) A public deficit in constant regression

The public deficit clearly declined in 2003 and 2004. The deficit/GDP ratio, after fluctuating during the 1997-2002 period between 15% and 20%, drops to 12.8% in 2003 and 6.7% in 2004. Balancing the public deficit requires the government to use a substantial part of its internal and external financing capacity.

k) The significant burden of the national debt

The importance of pure interests (excluding bank margins) paid to cover the national debt in the secondary distribution system was prevalent: they represented 149.3% of compulsory taxes on incomes, i.e. direct taxes and social security contributions in 1997. This ratio rose to 184% in 2002 and 181% in 2003 and falls to 138% in 2004.

APPENDICES

Appendix I Tables of basic accounts

N.B:

- The accounts from 2000 till 2003 have been modified.
- The difference in total found, is due to the rounding of figures from decimals.

1. Goods and services supply-use tables

1.0. All products

a) Current value *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	12 347	12 186	12 949	14 158	15 989
Final consumption	26 603	27 203	29 300	31 181	33 578
GFCF	5 268	5 314	5 479	5 862	6 674
Exports	2 675	3 110	3 492	3 788	4 879
Changes in inventories/Adjustment	-160	608	-357	-129	400
Total uses= resources	46 733	48 421	50 862	54 860	61 519
Output except Trade	31 862	32 081	34 077	36 281	39 256
Imports	9 027	10 289	9 698	10 851	13 173
Taxes/imports	1 903	1 783	2 501	2 680	2 963
Trade output*	3 941	4 269	4 585	5 048	6 127

b) Volume at previous year prices *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	12 040	12 839	12 555	13 501	15 114
Final consumption	26 709	27 930	28 184	30 282	32 691
GFCF	5 609	5 665	5 458	5 774	6 546
Exports	2 728	3 240	3 566	3 745	4 779
Changes in inventories/Adjustment	-167	629	-367	-127	395
Total uses= resources	46 919	50 303	49 395	53 174	59 525
Output except Trade	32 225	32 764	33 159	35 579	38 578
Imports	8 792	10 968	10 047	10 290	12 338
Taxes/imports	1 996	2 292	1 697	2 650	2 930
Trade output*	3 906	4 279	4 493	4 656	5 679

*=Trade margins + trade services exports

Note:

Supply-Use tables are established according to the territorial concept. Consequently imports and consumption do not include household expenses abroad. In the same way, tourists expenses on the territory are not included in exports but in consumption.

1. Goods and services supply-use tables (continued)

1.1. Agricultural products

a) Current value *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	865	843	893	874	984
Final consumption	1 496	1 467	1 559	1 576	1 588
GFCF	0	0	0	0	0
Exports	199	217	203	241	311
Changes in inventories/Adjustment	0	20	-20	0	0
Total uses= resources	2 561	2 547	2 635	2 692	2 884
Output	1 498	1 407	1 503	1 513	1 612
Imports	491	544	509	575	657
Taxes/imports	76	78	75	71	89
Trade output	496	519	548	533	526

b) Volume at previous year prices *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	864	851	866	835	913
Final consumption	1 554	1 495	1 497	1 560	1 615
GFCF	0	0	0	0	0
Exports	212	226	218	226	312
Changes in inventories/Adjustment	0	21	-22	0	0
Total uses= resources	2 630	2 594	2 559	2 621	2 841
Output	1 481	1 422	1 416	1 473	1 623
Imports	516	597	540	533	578
Taxes/imports	55	97	74	76	77
Trade output	577	478	529	539	563

1. Goods and services supply-use tables (continued)

1.2. Livestock products

a) Current value *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	457	476	518	559	580
Final consumption	490	510	473	515	550
GFCF	19	19	19	19	19
Exports	15	18	23	33	24
Changes in inventories/Adjustment	0	30	0	0	0
Total uses= resources	980	1 053	1 032	1 126	1 173
Output	537	529	517	538	558
Imports	240	298	304	345	349
Taxes/imports	10	4	4	4	4
Trade output	192	222	207	239	263

b) Volume at previous year prices *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	492	495	522	504	556
Final consumption	503	521	524	494	524
GFCF	18	22	19	14	18
Exports	21	20	27	36	29
Changes in inventories/Adjustment	0	30	0	0	0
Total uses= resources	1 034	1 088	1 092	1 047	1 127
Output	593	544	564	534	545
Imports	235	308	306	295	332
Taxes/imports	9	14	3	5	4
Trade output	196	222	219	214	246

1. Goods and services supply-use tables (continued)

1.3. Energy and water

a) Current value *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	2 117	2 047	2 354	2 703	3 056
Final consumption	1 498	1 551	1 791	1 905	2 054
GFCF	0	0	0	0	0
Exports	2	2	7	5	8
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	3 617	3 600	4 152	4 613	5 118
Output	1 101	1 132	1 231	1 269	1 329
Imports	1 708	1 579	1 587	1 916	2 424
Taxes/imports	543	689	1 016	1 077	1 012
Trade output	265	200	318	351	353

b) Volume at previous year prices *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	1 654	2 142	2 102	2 480	2 738
Final consumption	1 330	1 516	1 581	1 855	1 898
GFCF	0	0	0	0	0
Exports	2	2	8	4	7
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	2 986	3 660	3 691	4 339	4 643
Output	1 089	1 124	1 168	1 270	1 310
Imports	1 134	1 825	1 608	1 613	1 914
Taxes/imports	600	510	690	1 064	1 060
Trade output	163	201	225	392	360

1. Goods and services supply-use tables (continued)

1.4. Food industry products

a) Current value

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	339	347	339	369	412
Final consumption	4 372	4 563	4 828	4 937	5 164
GFCF	0	0	0	0	0
Exports	130	145	166	240	289
Changes in inventories/Adjustment	-23	15	-6	-39	70
Total uses= resources	4 819	5 070	5 326	5 507	5 935
Output	2 641	2 687	2 903	2 960	3 183
Imports	974	1 072	1 054	1 087	1,250
Taxes/imports	370	413	396	379	412
Trade output	834	898	973	1 081	1 091

b) Volume at previous year prices

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	365	358	340	329	383
Final consumption	4 398	4 718	4 831	4 838	4 951
GFCF	0	0	0	0	0
Exports	136	153	168	247	280
Changes in inventories/Adjustment	-22	16	-7	-36	65
Total uses= resources	4 878	5 245	5 332	5 378	5 679
Output	2 731	2 740	2 887	2 959	3 009
Imports	1 027	1 105	1 092	1 054	1 190
Taxes/imports	331	501	379	382	402
Trade output	789	899	974	983	1 077

1. Goods and services supply-use tables (continued)

1.5. Textiles and leather

a) Current value

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	302	268	265	258	296
Final consumption	1 443	1 461	1 573	1 739	1 950
GFCF	2	3	3	2	3
Exports	171	315	291	339	411
Changes in inventories/Adjustment	-80	70	50	0	80
Total uses= resources	1 838	2 116	2 182	2 338	2 741
Output	565	553	583	596	706
Imports	645	843	793	806	943
Taxes/imports	169	101	163	176	201
Trade output	459	619	644	760	891

b) Volume at previous year prices

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	336	334	270	271	291
Final consumption	1 438	1 614	1 484	1 619	1 921
GFCF	3	4	3	2	4
Exports	176	336	298	321	396
Changes in inventories/Adjustment	-82	80	53	0	79
Total uses= resources	1 871	2 367	2 107	2 213	2 691
Output	582	600	543	560	687
Imports	663	959	847	836	926
Taxes/imports	172	252	102	171	202
Trade output	454	557	616	646	875

1. Goods and services supply-use tables (continued)

1.6. Non-metal ores

a) Current value *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	1 255	1 168	1 194	1 322	1 498
Final consumption	54	55	56	56	57
GFCF	24	27	27	22	26
Exports	79	91	108	171	237
Changes in inventories/Adjustment	0	46	-18	-40	0
Total uses= resources	1 412	1 387	1 366	1 530	1 818
Output	859	825	814	876	989
Imports	341	382	365	432	559
Taxes/imports	56	35	56	60	71
Trade output	157	145	131	163	198

b) Volume at previous year prices *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	1 249	1 323	1 181	1 232	1 402
Final consumption	58	64	57	47	51
GFCF	25	31	22	21	26
Exports	85	98	108	185	205
Changes in inventories/Adjustment	0	50	-18	-40	0
Total uses= resources	1 417	1 566	1 350	1 445	1 685
Output	853	919	804	825	912
Imports	349	411	371	421	528
Taxes/imports	61	67	34	65	73
Trade output	154	168	142	134	172

1. Goods and services supply-use tables (continued)

1.7. Metals, machines and equipment

a) Current value *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	1 679	1 625	1 640	1 848	2 079
Final consumption	1 442	1 468	1 634	1 848	2 324
GFCF	1 115	1 074	1 172	1 286	1 480
Exports	422	653	672	826	1 137
Changes in inventories/Adjustment	-57	333	-277	-40	180
Total uses= resources	4 600	5 151	4 841	5 767	7 200
Output	1 021	1 032	1 022	1 289	1 404
Imports	2 697	3 322	2 847	3 209	3 977
Taxes/imports	462	340	547	632	836
Trade output	420	457	424	638	982

b) Volume at previous year prices *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	1 723	1 771	1 644	1 769	1 984
Final consumption	1 548	1 593	1 484	1 736	2 096
GFCF	1 240	1 214	1 165	1 273	1 471
Exports	433	693	686	781	1 111
Changes in inventories/Adjustment	-63	338	-280	-41	184
Total uses= resources	4 880	5 609	4 699	5 518	6 847
Output	1 053	1 079	1 027	1 211	1 355
Imports	2 886	3 434	2 966	3 186	3 942
Taxes/imports	519	587	287	630	777
Trade output	422	509	420	491	772

1. Goods and services supply-use tables (continued)

1.8. Wood, rubber and chemicals

a) Current value

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	1 432	1 390	1 422	1 604	2 035
Final consumption	1 006	1 041	1 122	1 286	1 487
GFCF	117	138	143	151	175
Exports	204	234	303	334	451
Changes in inventories/Adjustment	0	60	-50	-10	70
Total uses= resources	2 759	2 864	2 940	3 364	4 217
Output	937	910	902	976	1 182
Imports	1 468	1 656	1 670	1 898	2 305
Taxes/imports	141	76	166	196	242
Trade output	214	221	201	294	489

b) Volume at previous year prices

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	1 413	1 533	1 424	1 462	1 827
Final consumption	1 053	1 098	1 064	1 128	1 398
GFCF	126	148	136	148	171
Exports	214	250	297	326	425
Changes in inventories/Adjustment	0	62	-51	-9	67
Total uses= resources	2 805	3 093	2 870	3 055	3 888
Output	959	974	885	911	1 124
Imports	1 453	1 721	1 688	1 763	2 197
Taxes/imports	157	165	77	175	227
Trade output	237	232	221	206	339

1. Goods and services supply-use tables (continued)

1.9. Furniture

a) Current value

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	24	22	23	25	29
Final consumption	207	211	215	239	253
GFCF	233	236	240	256	342
Exports	22	30	31	36	52
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	486	500	509	556	676
Output	334	337	337	394	477
Imports	81	95	93	85	100
Taxes/imports	27	25	34	35	36
Trade output	44	44	45	42	63

b) Volume at previous year prices

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	27	28	23	27	32
Final consumption	218	227	214	232	243
GFCF	253	252	265	275	332
Exports	23	32	35	32	49
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	520	538	536	565	656
Output	351	358	359	386	458
Imports	90	101	103	91	108
Taxes/imports	32	34	27	33	44
Trade output	46	45	46	54	45

1. Goods and services supply-use tables (continued)

1.10. Other industrial products

a) Current value *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	143	156	148	187	187
Final consumption	592	712	768	869	1 101
GFCF	108	142	137	169	178
Exports	337	338	445	428	493
Changes in inventories/Adjustment	0	35	-35	0	0
Total uses= resources	1 180	1 383	1 463	1 653	1 958
Output	544	638	700	873	967
Imports	383	496	476	498	609
Taxes/imports	49	22	45	50	60
Trade output	204	227	242	231	321

b) Volume at previous year prices *LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	183	159	175	189	186
Final consumption	633	745	780	873	1 121
GFCF	123	149	139	164	182
Exports	332	364	477	452	497
Changes in inventories/Adjustment	0	32	-43	0	0
Total uses= resources	1 272	1 449	1 528	1 679	1 986
Output	564	629	733	854	1 020
Imports	437	507	522	498	623
Taxes/imports	59	65	23	48	62
Trade output	211	249	250	279	280

1. Goods and services supply-use tables (continued)

1.11. Construction

a) Current value

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses					
Final consumption					
GFCF	3 651	3 676	3 739	3 957	4 451
Exports					
Total uses= resources	3 651	3 676	3 739	3 957	4 451
Output	3 651	3 676	3 739	3 957	4 451

b) Volume at previous year prices

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses					
Final consumption					
GFCF	3 822	3 845	3 684	3 877	4 342
Exports					
Total uses= resources	3 822	3 845	3 684	3 877	4 342
Output	3 822	3 845	3 684	3 877	4 342

1.12. Transport and communication

a) Current value

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	1 244	1 293	1 597	1 802	2 196
Final consumption	1 499	1 565	1 772	1 938	2 191
GFCF					
Exports	267	162	187	172	211
Total uses= resources	3 011	3 019	3 556	3 912	4 598
Output	3 011	3 019	3 556	3 912	4 598

b) Volume at previous year prices

LBP billion

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	1 244	1 293	1 507	1 802	2 196
Final consumption	1 524	1 570	1 705	1 928	2 187
GFCF					
Exports	267	162	186	172	211
Total uses= resources	3 036	3 025	3 398	3 902	4 593
Output	3 036	3 025	3 398	3 902	4 593

1. Goods and services supply-use tables (continued)

1.13. Market services

*a) Current value**LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	2 490	2 551	2 563	2 606	2 636
Final consumption	8 041	8 029	8 687	9 283	10 020
GFCF					
Exports	170	187	205	245	306
Total uses= resources	10 701	10 766	11 455	12 134	12 961
Output	10 701	10 766	11 455	12 134	12 961

*b) Volume at previous year prices**LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses	2 491	2 552	2 509	2 600	2 607
Final consumption	7 989	8 183	8 177	8 996	9 876
GFCF					
Exports	170	187	205	245	306
Total uses= resources	10 650	10 922	10 892	11 841	12 789
Output	10 650	10 922	10 892	11 841	12 789

1.15. Non- market services

*a) Current value**LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses					
Final consumption	4 462	4 570	4 814	4 991	4 840
GFCF					
Exports					
Total uses= resources	4 462	4 570	4 814	4 991	4 840
Output	4 462	4 570	4 814	4 991	4 840

*b) Volume at previous year prices**LBP billion*

Nature of flow	2000	2001	2002	2003	2004
Intermediate uses					
Final consumption	4 461	4 585	4 797	4 975	4 810
GFCF					
Exports					
Total uses= resources	4 461	4 585	4 797	4 975	4 810
Output	4 461	4 585	4 797	4 975	4 810

2. Goods and services input-output tables

In current prices and volumes at the prices of the previous year

Note:

- Input-output tables are established according to the territorial concept. Consequently imports and consumption do not include household expenses abroad. In the same way, tourists expenses on the territory are not included in exports but in consumption. The changeover to data according to the national concept is given at the bottom of tables.
- Activities in these tables are homogeneous in the sense that each activity produces a definite group of products and each group of products is produced only by this activity.

2.1. a) Year 2000 current value

LBP billion

	Intermediate uses									Final uses				Total
	1. Agric. Livest.	2. Energ. water	3. Manuf. industr.	4. Cons- truction	5. Transp. comm.	6. Other serv.	7. Trade	8. Admi- nistrat.	Total interm. use	Final Con- sumpt.	GFCF	Exports	Change in invent.	
1. Agric. & livestock	199	0	1 109	3	0	10	0	0	1 322	1 986	19	214	0	3 541
2. Energy & water	14	781	287	18	699	276	9	33	2 117	1 498	0	2	0	3 617
3. Manufacturing	181	96	2 375	1 534	13	632	211	132	5 175	9 116	1 598	1 364	-160	17 094
4. Construction	0	0	0	0	0	0	0	0	0	0	3 651	0	0	3 651
5. Transp. & commun.	0	0	0	0	377	651	205	11	1 244	1 499	0	267	0	3 011
6. Other services	26	4	103	96	279	458	415	1 109	2 490	8 041	0	170	0	10 701
7. Trade	0	0	0	0	0	0	0	0	0	0	0	658	0	658
8 Administration	0	0	0	0	0	0	0	0	0	4 462	0	0	0	4 462
Total uses	421	881	3 874	1 651	1 368	2 028	840	1 284	12 347	26 603	5 268	2 675	-160	46 733
Value added	1 614	221	3 027	2 000	1 643	8 674	5 003	3 177	25 359					
Output	2 035	1 101	6 901	3 651	3 011	10 701	5 844	4 462	37 706					
Imports	731	1 708	6 588						9 027					
Taxes on imports	86	543	1 274				-1 903		0					
Trade margins	688	265	2 330				-3 283		0					
Total resources	3 541	3 617	17 094	3 651	3 011	10 701	658	4 462	46 733					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports		9 027	+296	9 323
Exports		2 675	836	3 511
Consumption		26 603	-836	26 063

2. Goods and services input-output tables (continued)

2.2. a) Year 2001 current value

LBP billion

	Intermediate uses									Final uses				Total
	1. Agric. Livest.	2. Energ. water	3. Manuf. industr	4. Cons- truction	5. Transp. comm.	6. Other serv.	7. Trade	8. Admi- nistrat.	Total interm. use	Final Con- sumpt.	GFCF	Exports	Change in invent.	
1. Agric. & livestock	187	0	1 119	3	0	10	0	0	1 319	1 977	19	235	50	3 600
2. Energy & water	13	757	284	18	646	272	10	49	2 047	1 551	0	2	0	3 600
3. Manufacturing	165	89	2 311	1 454	12	595	218	133	4 975	9 511	1 620	1 807	558	18 471
4. Construction	0	0	0	0	0	0	0	0	0	0	3 676	0	0	3 676
5. Transp. & commun.	0	0	0	0	375	663	231	25	1 293	1 565	0	162	0	3 019
6. Other services	26	4	109	101	280	476	506	1 049	2 551	8 029	0	187	0	10 766
7. Trade	0	0	0	0	0	0	0	0	0	0	0	718	0	717
8 Administration	0	0	0	0	0	0	0	0	0	4 571	0	0	0	4 571
Total uses	391	850	3 823	1 576	1 312	2 015	964	1 255	12 186	27 203	5 314	3 110	608	48 421
Value added	1 545	282	3 157	2 100	1 707	8 752	5 088	3 316	25 947					
Output	1 936	1 132	6 981	3 676	3 019	10 766	6 052	4 571	38 133					
Imports	842	1 579	7 868						10 289					
Taxes on imports	82	689	1 012				-1 783		0					
Trade margins	740	200	2 611				-3 552		0					
Total resources	3 600	3 600	18 471	3 676	3 019	10 766	717	4 571	48 421					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Importations	10 289		+303	10 592
Exportations	3 110		-914	4 025
Consommation	27 203		+303	26 591

2.2. b) Year 2001 at 2000 prices

LBP billion

	Emplois intermédiaires									Emplois finals				Total
	1. Agric. Livest.	2. Energ. water	3. Manuf. industr	4. Cons- truction	5. Transp. comm.	6. Other serv.	7. Trade	8. Admi- nistrat.	Total interm. use	Final Con- sumpt.	GFCF	Exports	Change in invent.	
1. Agric. & livestock	189	0	1 145	3	0	10	0	0	1 347	2 016	22	246	52	3 683
2. Energy & water	14	792	297	19	675	284	10	51	2 142	1 516	0	2	0	3 660
3. Manufacturing	177	98	2 567	1 614	13	655	238	144	5 506	10 059	1 798	1 926	578	19 867
4. Construction	0	0	0	0	0	0	0	0	0	0	3 845	0	0	3 845
5. Transp. & commun.	0	0	0	0	375	663	231	25	1 293	1 570	0	162	0	3 025
6. Other services	26	4	109	101	281	476	507	1 049	2 552	8 183	0	187	0	10 922
7. Trade	0	0	0	0	0	0	0	0	0	0	0	718	0	717
8 Administration	0	0	0	0	0	0	0	0	0	4 585	0	0	0	4 585
Total uses	405	894	4 119	1 736	1 343	2 088	985	1 270	12 839	27 930	5 665	3 240	630	50 304
Value added	1 562	230	3 179	2 109	1 682	8 834	5 586	3 316	26 496					
Output	1 966	1 124	7 297	3 845	3 025	10 922	6 571	4 585	39 335					
Imports	905	1 825	8 239						10 968					
Taxes on imports	111	510	1 671				-2 292		0					
Trade margins	700	201	2 660				-3 561		0					
Total resources	3 683	3 660	19 867	3 845	3 025	10 922	717	4 585	50 304					

2. Goods and services input-output tables (continued)

2.3. a) Year 2002 current value

LBP billion

	Intermediate uses									Final uses				Total
	1. Agric. Livest.	2. Energ. water	3. Manuf. industr.	4. Cons- truction	5. Transp. comm.	6. Other serv.	7. Trade	8. Admi- nistrat.	Total interm. uses	Final Con- sumpt.	GFCF	Exports	Change in invent.	
1. Agric. & livestock	189	0	1 209	4	0	10	0	0	1 411	2 032	19	226	-20	3 667
2. Energy & water	15	868	326	20	764	306	11	43	2 354	1 791	0	7	0	4 152
3. Manufacturing	162	92	2 327	1 477	13	590	217	151	5 029	10 197	1 721	2 015	-337	18 626
4. Construction	0	0	0	0	0	0	0	0	0	0	3 739	0	0	3 739
5. Transp. & commun.	0	0	30	0	537	718	289	23	1 597	1 772	0	187	0	3 556
6. Other services	27	4	114	103	270	422	473	1 145	2 558	8 687	0	205	0	11 450
7. Trade	0	0	0	0	0	0	0	0	0	0	0	852	0	852
8 Administration	0	0	0	0	0	0	0	0	0	4 821	0	0	0	4 814
Total uses	393	964	4 005	1 603	1 585	2 046	989	1 363	12 949	29 300	5 479	3 492	-357	50 862
Value added	1 627	267	3 255	2 136	1 971	9 403	6 098	3 458	28 216					
Output	2 020	1 231	7 261	3 739	3 556	11 450	7 086	4 821	41 164					
Imports	813	1 587	7 298						9 698					
Taxes on imports	79	1 016	1 406				-2 501		0					
Trade margins	755	318	2 660				-3 733		0					
Total resources	3 667	4 152	18 626	3 739	3 556	11 450	852	4 814	50 862					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports		9 698	+357	10 056
Exports		3 492	+1 094	4 586
Consumption		29 300	- 1 094	28 563

2.3. b) Year 2002 at 2001 prices

LBP billion

Activity	Intermediate uses									Final uses				Total
	1. Agric. Elev.	2. Energ. eaux	3. Indus- tries	4. Bâtim. T.P.	5. Trans. comm.	6. Autres serv.	7. Com- merce	8. Admi- nistrat.	Total empl. interm.	Con- somm.	FBCF	Ex- port.	Var. des stocks	
1. Agric. & livestock	184	0	1 193	3	0	9	0	0	1 390	2 020	19	246	-22	3 653
2. Energy & water	13	775	291	18	683	273	10	39	2 102	1 581	0	8	0	3 691
3. Manufacturing	163	92	2 333	1 469	13	599	223	155	5 047	9 913	1 755	2 069	-345	18 428
4. Construction	0	0	0	0	0	0	0	0	0	0	3 684	0	0	3 684
5. Transp. & commun.	0	0	29	0	506	677	273	22	1 507	1 705	0	186	0	3 398
6. Other services	26	4	112	101	264	412	467	1 123	2 509	8 177	0	205	0	10 898
7. Trade	0	0	0	0	0	0	0	0	0	0	0	852	0	852
8 Administration	0	0	0	0	0	0	0	0	0	4 797	0	0	0	4 797
Total uses	386	871	3 957	1 591	1 466	1 971	973	1 339	12 555	28 184	5 458	3 566	-367	49 395
Value added	1 596	297	3 281	2 093	1 932	8 921	5 217	3 458	26 794					
Output	1 982	1 168	7 238	3 684	3 398	10 892	6 190	4 797	39 349					
Imports	845	1 608	7 593						10 047					
Taxes on imports	77	690	929				-1 697		0					
Trade margins	748	225	2 668				-3 641		0					
Total resources	3 653	3 691	18 428	3 684	3 398	10 892	852	4 797	49 395					

2. Goods and services input-output tables (continued)

2.4. a) Year 2003 current value

LBP billion

	Intermediate uses									Final uses				Total
	1. Agric. Livest.	2. Energ. water	3. Manuf. industr.	4. Cons- truction	5. Transp. comm.	6. Other serv.	7. Trade	8. Admi- nistrat.	Total interm. uses	Final Con- sumpt.	GFCF	Exports	Change in invent.	
1. Agric. & livestock	196	0	1 222	4	0	12	0	0	1 433	2 092	19	274	0	3 818
2. Energy & water	16	975	372	23	893	345	12	68	2 703	1 905	0	5	0	4 613
3. Manufacturing	173	103	2 704	1 623	15	628	232	134	5 613	10 972	1 886	2 374	-129	20 716
4. Construction	0	0	0	0	0	0	0	0	0	0	3 957	0	0	3 957
5. Transp. & commun.	0	0	32	0	634	780	332	24	1 802	1 938	0	172	0	3 912
6. Other services	27	4	122	107	273	389	458	1 227	2 606	9 283	0	245	0	12 135
7. Trade	0	0	0	0	0	0	0	0	0	0	0	718	0	718
8 Administration	0	0	0	0	0	0	0	0	0	4 991	0	0	0	4 991
Total uses	411	1 083	4 452	1 755	1 815	2 153	1 035	1 453	14 158	31 181	5 862	3 788	-129	54 860
Value added	1 639	187	3 513	2 202	2 098	9 981	6 693	3 538	29 851					
Output	2 050	1 269	7 966	3 957	3 912	12 135	7 728	4 991	44 009					
Imports	920	1 916	8 015						10 851					
Taxes on imports	75	1 077	1 528				-2 680		0					
Trade margins	772	351	3 208				-4 331		0					
Total resources	3 818	4 613	20 716	3 957	3 912	12 135	718	4 991	54 860					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports		10 851	+417	11 268
Exports		3 788	1 198	4 987
Consumption		31 181	-1 119	30 399

2.4. b) Year 2003 at 2002 prices

LBP billion

Activity	Intermediate uses									Final uses				Total
	1. Agric. Livest.	2. Energ. water	3. Manuf. industr.	4. Cons- truction	5. Transp. comm.	6. Other serv.	7. Trade	8. Admi- nistrat.	Total interm. uses	Final Con- sumpt.	GFCF	Exports	Change in invent.	
1. Agric. & livestock	187	0	1 136	4	0	11	0	0	1 338	2 055	14	262	0	3 668
2. Energy & water	14	894	341	21	819	317	11	62	2 480	1 855	0	4	0	4 340
3. Manufacturing	156	95	2 545	1 527	14	600	217	126	5 280	10 473	1 883	2 344	-127	19 853
4. Construction	0	0	0	0	0	0	0	0	0	0	3 877	0	0	3 877
5. Transp. & commun.	0	0	32	0	634	780	332	24	1 802	1 929	0	172	0	3 903
6. Other services	27	4	122	107	272	388	457	1 224	2 600	8 996	0	245	0	11 841
7. Trade	0	0	0	0	0	0	0	0	0	0	0	718	0	718
8 Administration	0	0	0	0	0	0	0	0	0	4 975	0	0	0	4 975
Total uses	384	993	4 177	1 658	1 740	2 095	1 017	1 437	13 501	30 282	5 774	3 745	-127	53 174
Value added	1 622	277	3 529	2 219	2 163	9 745	6 289	3 538	29 384					
Output	2 007	1 270	7 706	3 877	3 903	11 841	7 306	4 975	42 885					
Imports	828	1 613	7 848						10 290					
Taxes on imports	81	1 064	1 505				-2 650		0					
Trade margins	753	392	2 794				-3 939		0					
Total resources	3 668	4 340	19 853	3 877	3 903	11 841	718	4 975	53 174					

2. Goods and services input-output tables (continued)

2.5. a) Year 2004 current value

LBP billion

	Intermediate uses									Final uses				Total
	1. Agric. Livest.	2. Energ. water	3. Manuf. industr.	4. Cons- truction	5. Transp. comm.	6. Other serv.	7. Trade	8. Admi- nistrat.	Total interm. uses	Final Con- sumpt.	GFCF	Exports	Change in invent.	
1. Agric. & livestock	222	0	1 324	5	0	13	0	0	1 565	2 138	19	336	0	4 057
2. Energy & water	19	1 123	434	28	1 006	367	15	65	3 056	2 054	0	8	0	5 118
3. Manufacturing	203	119	3 197	1 882	19	668	293	156	6 536	12 336	2 204	3 069	400	24 545
4. Construction	0	0	0	0	0	0	0	0	0	0	4 451	0	0	4 451
5. Transp. & commun.	0	0	33	0	810	842	483	28	2 196	2 191	0	211	0	4 598
6. Other services	29	5	137	129	379	442	536	979	2 636	10 020	0	306	0	12 961
7. Trade	0	0	0	0	0	0	0	0	0	0	0	950	0	950
8 Administration	0	0	0	0	0	0	0	0	0	4 840	0	0	0	4 840
Total uses	473	1 246	5 126	2 043	2 214	2 332	1 327	1 228	15 989	33 578	6 674	4 879	401	61 519
Value added	1 697	83	3 782	2 407	2 384	10 629	7 763	3 611	32 357					
Output	2 170	1 329	8 908	4 451	4 598	12 961	9 090	4 840	48 346					
Imports	1 005	2 424	9 743						13 173					
Taxes on imports	93	1 012	1 858				-2 963		0					
Trade margins	789	353	4 035				-5 177		0					
Total resources	4 057	5 118	24 545	4 451	4 598	12 961	950	4 840	61 519					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports		13 173	465	13 638
Exports		4 879	1 544	6 423
Consumption		33 578	-1 544	32 499

2.5. b) Year 2004 at 2003 prices

LBP billion

Activity	Intermediate uses									Final uses				Total
	1. Agric. Livest.	2. Energ. water	3. Manuf. industr.	4. Cons- truction	5. Transp. comm.	6. Other serv.	7. Trade	8. Admi- nistrat.	Total interm. uses	Final Con- sumpt.	GFCF	Exports	Change in invent.	
1. Agric. & livestock	206	0	1 247	4	0	12	0	0	1 470	2 139	18	341	0	3,967
2. Energy & water	17	1 006	389	25	901	329	14	58	2 738	1 898	0	7	0	4,643
3. Manufacturing	186	107	2 981	1 769	18	633	268	144	6 105	11 781	2 186	2 964	395	23,431
4. Construction	0	0	0	0	0	0	0	0	0	0	4 342	0	0	4,342
5. Transp. & commun.	0	0	33	0	810	842	483	28	2 196	2 187	0	211	0	4,593
6. Other services	28	5	135	127	375	437	530	969	2 607	9 876	0	306	0	12,789
7. Trade	0	0	0	0	0	0	0	0	0	0	0	950	0	950
8 Administration	0	0	0	0	0	0	0	0	0	4 810	0	0	0	4,810
Total uses	437	1 117	4 785	1 925	2 104	2 253	1 294	1 199	15 114	32 691	6 546	4 779	396	59,525
Value added	1 730	193	3 781	2 417	2 489	10 536	7 315	3 611	32 072					
Output	2 168	1 310	8 567	4 342	4 593	12 789	8 609	4 810	47 186					
Imports	910	1 914	9 515						12 338					
Taxes on imports	81	1 060	1 789				-2 930		0					
Trade margins	809	360	3 560				-4 729		0					
Total resources	3 967	4 643	23 431	4 342	4 593	12 789	950	4 810	59 525					

3. Financial institutions accounts

Commercial banks accounts

LBP billion

Account	2000	2001	2002	2003	2004
I. Production account					
<i>Uses</i>					
P2. Intermediate consumption	474	453	455	630	538
<i>B1. Gross value added</i>	1 360	1 389	1 469	1 395	1 440
Total uses = resources	1 834	1 842	1 924	2 025	1 978
<i>Resources = Net banking product (P1)</i>					
Interest income	6 293	6 623	6 143	6 331	6 147
-Interest payments	-4 761	-5 110	-4 532	-4 623	-4 552
Commissions	303	329	312	317	382
II.1. Allocation of primary income account					
<i>Uses</i>					
D1. Compensation of employees	614	665	668	675	735
D41. Interests on loans	11	10	27	32	30
D42. Distributed profit	176	416	356	...	...
<i>B5. Balance of primary income acc.</i>	703	439	589	1 191	818
Total uses = resources	1 504	1 530	1 640	1 898	1 584
<i>Resources</i>					
B1. Gross value added	1 360	1 389	1 469	1 395	1 440
D4. Net income off work	144	141	171	503	144
II.2. Secondary distribution of income account					
<i>Uses</i>					
D5. Income tax	114	114	116	112	115
<i>B6. Balance: disposable income</i>	589	325	473	1 080	703
Total uses = resources	703	439	589	1 191	818
<i>Resources</i>					
B5. Balance of primary income acc.	703	439	589	1 191	818
III.1. Capital account					
<i>Uses</i>					
P51. Gross fixed capital formation	161	373	316	48	199
<i>B9. Balance= net lending</i>	427	-48	158	1 032	504
Total uses = resources	589	325	473	1 080	703
<i>Resources</i>					
B6. Disposable income	589	325	473	1 080	703
III.2. Financial account					
<i>Uses</i>					
F2. Cash and deposits in BDL	504	3 325	1 304	16 363	1 556
F2. External assets	3 390	688	1 338	618	5 487
F3. Securities (Treasury bills)	1 004	-352	4 372	-5 562	3 146
F4. Credits	1 676	97	-295	-261	1 518
F9. Other debtors	183	-164	177	20	-10
Total uses = resources	6 756	3 593	6 896	11 178	11 696
<i>Resources</i>					
B9. Net lending	427	-48	158	1 032	504
F2. Deposits of residents	4 298	3 457	3 899	7 132	6 958
F2. Deposits of non-residents	1 203	237	-11	2 956	4 214
F5. Shares	249	35	709	376	402
F9. Other creditors	580	-87	2 140	-318	-382

4. Public administration accounts

4.1. Central administration accounts

Uses

LBP billion

Accounts	2000	2001	2002	2003	2004
I. Production account					
P2. Intermediate Consumption	1 170	1 164	1 241	1 297	1 069
<i>B1. Gross value added</i>	<i>2 498</i>	<i>2 681</i>	<i>2 736</i>	<i>2 744</i>	<i>2 807</i>
Total	3 668	3 845	3 977	4 041	3 876
II.1. Allocation of primary income account					
D1. Compensation of employees	1 880	2 033	2 059	2 043	2 118
K.1. Depreciation	618	648	677	702	689
<i>B5. Primary income balance</i>	<i>2 768</i>	<i>2 760</i>	<i>3 791</i>	<i>4 514</i>	<i>5 069</i>
Total	5 266	5 441	6 527	7 259	7 876
II.2. Secondary distribution of income account					
D41. Interests*	3 473	3 542	3 980	4 149	3 655
D62. Social benefits	844	834	850	849	821
Current transfers to administrations	527	192	261	288	390
International co-operation	6	6	4	5	13
D79. Other current transfers	147	110	149	150	147
<i>B6. Balance: disposable income</i>	<i>-931</i>	<i>-463</i>	<i>80</i>	<i>717</i>	<i>1 846</i>
Total uses = resources	4 068	4 220	5 324	6 159	6 872
II.4. Use of income account					
P2. Consumption	3 668	3 845	3 971	4 041	3 886
<i>B8n. Balance: Net saving</i>	<i>-4 598</i>	<i>-4 308</i>	<i>-3 891</i>	<i>-3 324</i>	<i>-2 041</i>
Total uses = resources	-931	-463	80	717	1 846
III. 1 Capital account					
P51. Gross fixed capital formation	437	269	266	264	275
D92. Help to investment					
D93. Capital transfers to administ.	275	42	344	369	633
Total uses = resources	713	311	610	633	908
III.2 Financial account					
B9. Net borrowing	4 693	3 970	3 830	3 255	2 250
F21. Cash	-47	38	11	-6	-11
F22. Deposits in the BDL	-1 709	-135	658	-292	890
F41. Advances of Treasury	785	156	496	340	858
F79. Other debtors	91	570	158	408	-62
Total uses = resources	3 814	4 599	5 153	3 705	3 925

* Though considered as primary income, interests were classified in the State accounts on the secondary distribution account, owing to the fact that they do not form part of gross domestic product.

4. Public administration accounts

4.1. Central administration accounts

Resources

LBP billion

Accounts	2000	2001	2002	2003	2004
I. Production account					
P12. Non-market output	3 668	3 845	3 977	4 041	3 876
Total	3 668	3 845	3 977	4 041	3 876
II.1. Allocation of primary income account					
B1. Gross domestic product	2 498	2 681	2 736	2 744	2 807
D2. Taxes on products	2 867	2 775	3 803	4 519	5 122
D3.- subsidies on products	-122	-22	-20	-20	-61
D41. Interests	23	7	9	15	8
Total	5 266	5 441	6 527	7 259	7 876
II.2. Secondary distribution of income account					
B5. Primary income	2 768	2 760	3 791	4 514	5 069
D51. Income taxes	427	585	642	708	801
D59. Other direct taxes	463	499	511	548	634
D61. Social contributions	81	79	80	74	86
D79. Non-tax receipts	330	297	301	315	282
Total uses= resources	4 068	4 220	5 324	6 159	6 872
II.4. Use of income account					
B6. Disposable income	-931	-463	80	717	1 846
Total uses= resources	-931	-463	80	717	1 846
III. 1 Capital account					
K1. Depreciation	618	648	677	702	699
B8n. Net saving	-4 598	-4 308	-3 897	-3 324	-2 041
B9. Net borrowing	4 693	3 970	3 830	3 255	2 250
Total uses= resources	713	311	610	633	908
III.2. Financial account					
F29. Deposits	422	-274	-56	-244	196
F3. Treasury bills	3 261	4 787	2 371	3 908	3 364
F4. Loans	23	-23	2 700	0	517
F79. Other creditors	174	124	147	-23	-77
F00. Transactions not classified	-67	-14	-10	63	-74
Total uses= resources	3 814	4 599	5 153	3 705	3 925

4. Public administration accounts (continued)

4.2. Public administration consolidated accounts (estimates)

LBP billion

Accounts	2000	2001	2002	2003	2004
I. Production account:					
<i>Uses</i>					
P2. Intermediate Consumption	1 284	1 255	1 363	1 453	1 228
<i>B1. Gross value added</i>	<i>3 177</i>	<i>3 315</i>	<i>3 458</i>	<i>3 538</i>	<i>3 611</i>
Total.=P12. Output	4 462	4 570	4 821	4 991	4 840
II.1. Allocation of primary income account:					
<i>Uses</i>					
D1. Compensation of employees	2 560	2 667	2 781	2 837	2 922
K.1. Depreciation	617	648	677	702	689
<i>B5n. Balance: Net primary income</i>	<i>3 229</i>	<i>3 269</i>	<i>4 348</i>	<i>5 032</i>	<i>5 755</i>
Total uses = resources	6 406	6 584	7 806	8 571	9 367
<i>Resources</i>					
B1. Gross value added	3 177	3 315	3 458	3 538	3 611
D2-D3. Indirect taxes - subsidies	3 229	3 269	4 348	5 032	5 755
II.2. Secondary distribution of income account:					
<i>Uses</i>					
D41. Interests*	3 621	3 727	4 094	4 253	3 722
D62. Social benefits	1 376	1 603	1 738	1 655	1 633
D79. Current transfers	167	66	152	156	160
<i>B6. Balance: disposable income</i>	<i>149</i>	<i>-29</i>	<i>583</i>	<i>1 324</i>	<i>2 939</i>
Total uses = resources	5 313	5 366	6 568	7 388	8 454
<i>Resources</i>					
B5n. Net primary income	3 229	3 269	4 348	5 032	5 755
D5. Direct taxes	943	1 084	1 213	1 318	1 521
D61. Social contributions	811	717	706	722	841
D79. Non-tax receipts	330	297	301	315	337
II.4. Use of disposable income account:					
<i>Uses</i>					
P2. Consumption	4 462	4 570	4 821	4 991	4 840
<i>B8n Balance: Net Saving</i>	<i>-4 313</i>	<i>-4 599</i>	<i>-4 238</i>	<i>-3 667</i>	<i>-1 901</i>
Total = disposable income	149	-29	583	1 324	2 939
III. 1 Capital account:					
<i>Uses</i>					
P51. Gross fixed capital formation	1 232	1 176	1 002	889	996
D92. Investment grants	163	4	7	6	6
Total uses = resources	1 395	1 180	1 009	895	1 002
<i>Resources</i>					
B8n. Net saving	-4 313	-4 599	-4 238	-3 667	-1 901
K.1. Depreciation	617	648	677	702	689
D92. Investment grants	0	0	0	40	25
<i>B9. Balance: borrowing</i>	<i>5 091</i>	<i>5 131</i>	<i>4 570</i>	<i>3 821</i>	<i>2 189</i>
III. 2 Capital account:					
<i>Uses</i>					
B9. Net borrowing	5 091	5 131	4 570	3 821	2 189
F2. Cash and deposits	-1 375	-718	1 051	54	1 341
F41. Treasury advances	596	256	213	123	463
Total uses = resources	4 312	4 669	5 834	3 999	3 993
<i>Resources</i>					
F3. Treasury bills	3 883	4 711	6 348	3 738	3 923
F4. Loans	53	-32	57	77	-37
F4. Bank credits	376	-9	-571	184	107

*view remark at the bottom of table 4.1

Appendix II Statistical sources

I. Population

I.1 Vital statistics (number of registered events)

Demographic events	1999	2000	2001	2002	2003	2004
Marriages	32 673	32 564	32 225	31 653	30 636	30 014
Divorces	...	...	4 480	4 060	4 328	4 372
Births	85 955	87 795	83 693	76 405	71 465	73 900
Deaths	19 813	19 435	17 568	17 294	17 187	17 774

Source: CAS monthly bulletins

II. Agriculture and livestock

Table II.1. Crop output

a) Planted surface area - thousand hectares

Nature of crop product	1999	2000	2001	2002	2003	2004
Cereals	52.2	50.3	52.1	56.0	60.7	60.0
Leguminous vegetables	8.5	7.7	6.7	9.8	8.1	7.5
Vegetables	42.1	37.2	34.6	41.1	42.4	42.3
Plants for manufacturing	21.2	17.1	10.9	10.4	9.7	11.1
Fruits	84.8	85.4	85.1	82.6	84.3	83.5
Olives	51.1	55.6	56.8	57.6	57.6	58.5
Other	3.7	6.4	5.7	3.5	4.9	5.4
Total	263.6	258.9	251.8	261.0	267.7	268.3

b) Output - thousand of tons

Nature of crop product	1999	2000	2001	2002	2003	2004
Cereals	93.7	150.1	172.0	264.9	326.8	396.3
Leguminous vegetables	54.8	65.0	61.3	53.5	50.0	40.2
Vegetables	1 240.0	1 107.7	1 074.9	1 206.2	1 163.1	1 289.9
Plants for manufacturing	382.5	355.3	30.9	11.1	12.0	97.1
Fruits	1 022.0	899.5	861.2	841.5	983.2	987
Olives	66.4	189.5	85.8	184.4	83.2	167.3
Other	...	19.5	16.6	39.8	...	...
Total	2 859.4	2 786.6	2 302.7	2 561.6	2 618.3	2 977.8

Source: Ministry of Agriculture

II. Agriculture and livestock (continued)

Table II.1. Crop output (continued)

c) Output value - LBP billion

Nature of crop product	1999	2000	2001	2002	2003	2004
Cereals	36.6	56.9	68.4	66.3	65.1	89.9
Leguminous vegetables	38.5	47.9	43.5	35.0	28.9	27.0
Vegetables	388.2	362.7	376.3	339.7	372.7	402.5
Plants for manufacturing	148.3	142.9	124.8	96.7	100.8	116.9
Fruits	585.9	446.7	469.4	569.6	646.5	644.1
Olives	101.0	265.7	118.8	265.2	110.3	212.3
Other	49.0	44.6	46.3	35.4	41.9	51.5
Total	1 347.5	1 367.4	1 247.5	1 407.9	1 366.2	1 544.2

Source: Ministry of Agriculture

Table II.2. Animal output

a) Livestock: number of heads - thousands

Nature of livestock	1999	2000	2001	2002	2003	2004
<i>Intended for slaughter-house</i>						
Cow	34.0	36.0	37.0	39.5	45.0	43.5
Sheep	145.0	133.0	120.0	155.0	140.0	138.0
Goat	169.0	140.0	110.0	135.0	146.0	174.5
Pig	28.0	26.0	23.0	21.0	14.0	12.5
<i>Intended to milk production</i>						
Cow	38.4	38.9	39.6	43.8	47.5	43.9
Sheep	218.6	198.0	179.7	166.4	175.6	179.4
Goat	228.7	205.0	190.0	199.7	240.4	234.5

b) Output - thousand of tons (or units)

Nature of product	1999	2000	2001	2002	2003	2004
Beef	13.1	13.4	13.8	14.3	16.4	16.2
Sheep	6.5	5.8	5.2	6.5	5.9	5.8
Goat	6.2	5.1	4.0	4.9	5.3	5.9
Pork	2.5	2.4	2.2	1.9	1.3	1.2
Chicken	90.1	113.2	117.6	124.6	127.3	137.3
Eggs (million units)	720.0	720.0	740.0	770.0	775.0	755.0
Cow's milk	149.6	158.4	167.1	193.5	194.6	186.3
Sheep's milk	23.3	23.0	22.2	22.1	23.3	21.6
Goat's milk	26.5	27.0	27.3	29.4	36.5	36.1
Honey	1.7	1.0	0.8	0.7	0.9	1.1

Source: Ministry of Agriculture

II. Agriculture and livestock (continued)

Table II.2. Animal output (continued)

c) Output value - LBP billion

Nature of product	1999	2000	2001	2002	2003	2004
Beef	31.0	29.3	29.7	33.6	41.7	44.3
Sheep	20.2	15.1	14.1	18.3	18.2	20.7
Goat	14.5	10.8	9.2	12.0	14.8	17.4
Pork	5.0	5.0	5.3	4.2	2.7	2.6
Chicken	201.9	211.3	219.0	204.2	188.5	204.9
Eggs (million units)	49.0	52.0	53.3	49.3	55.8	61.9
Cow's milk	97.4	94.0	91.1	94.0	101.8	96.9
Sheep's milk	15.4	14.0	13.2	13.1	12.9	11.9
Goat's milk	23.1	21.0	20.0	16.1	23.0	21.5
Honey	30.3	23.8	19.1	16.4	20.0	21.9
Total	487.8	476.3	473.9	461.3	556.8	504.0

Source: Ministry of Agriculture

III. Energy

Table III.1. Main imported oil products

thousands of tons

Product	1999	2000	2001	2002	2003	2004
Gasoline	1 344.1	1 263.8	1 178.8	1 180.4	1 260.4	1 263.2
Gas oil	1 748.1	1 315.6	1 533.3	1 664.8	1 829.2	1 746.8
Fuel oil	1 525.1	1 507.9	1 738.8	1 583.4	1 284.9	1 382.6
Kerosene	126.2	124.5	128.2	126.8	124.5	126.7
Gas butane	135.3	165.1	157.7	154.8	205.1	220.2

Source: General Directorate of oil

Table III.2. Electricity consumption

kWh million

	1999	2000	2001	2002	2003	2004
(network EOL)	9 030	9 233	9 436	10 192	10 538	10 308

Source: Central Administration of Statistics, monthly bulletins

IV. Industry

Table IV.1. Imports of intermediary products intended for industry

User branch	1999	2000	2001	2002	2003	2004
	<i>values LBP billion</i>					
Not specified	310	359	385	380	456	581
Food	521	501	572	569	666	722
Textiles, leather, clothing	153	142	205	149	147	183
Non-metal ores & products	56	51	54	50	54	58
Metals, machines, equipment	455	418	523	430	552	742
Wood, rubber, chemicals	354	356	383	334	358	494
Furniture	59	50	65	56	65	79
Other industries	138	139	211	233	291	352
Total	2 044	2 016	2 399	2 202	2 606	3 262
	<i>Index of unit values compared to the previous year</i>					
Not specified	1.032	1.283	0.884	0.964	1.156	1.211
Food	0.842	0.964	0.950	0.952	1.166	1.102
Textiles, leather, clothing	0.884	0.902	0.915	0.948	0.947	0.975
Non-metal ores & products	0.996	1.007	0.904	0.972	1.048	1.064
Metals, machines, equipment	0.854	1.047	0.946	0.961	1.086	1.111
Wood, rubber, chemicals	0.922	1.020	0.913	0.981	1.080	1.106
Furniture	0.932	0.954	0.953	1.004	0.978	1.040
Other industries	0.938	1.097	0.941	0.979	1.035	1.094
Total	0.899	1.042	0.927	0.965	1.098	1.111
	<i>Index of volumes compared to the previous year</i>					
Not specified	1.129	0.903	1.214	1.019	1.049	1.054
Food	1.091	0.999	1.201	1.048	1.028	0.983
Textiles, leather, clothing	0.870	1.035	1.574	0.769	1.035	1.284
Non-metal ores & products	0.779	0.908	1.169	0.956	1.028	1.007
Metals, machines, equipment	0.880	0.878	1.324	0.856	1.181	1.210
Wood, rubber, chemicals	0.978	0.986	1.180	0.943	0.981	1.251
Furniture	0.789	0.896	1.372	0.849	1.197	1.161
Other industries	1.062	0.918	1.621	1.125	1.210	1.106
Total	0.980	0.947	1.284	0.960	1.078	1.117

V. Construction

V.1. Building permits registered at engineers' order

Indicator	1999	2000	2001	2002	2003	2004
Surface area - thousands m2	9 103	6 724	6 860	7 892	8 589	9 014

Source: Central Administration of Statistics, monthly bulletins

V.2. Local cement sales

Indicator	1999	2000	2001	2002	2003	2004
Thousands tons	2 971	2 623	2 715	2 601	2 704	2 729

Source: Central Bank of Lebanon, monthly bulletins

V.3. Raw material imports for construction

Indicator	1999	2000	2001	2002	2003	2004
LBP billion	475.5	430.0	433.2	410.6	430.3	522.8
Unit value index n/n-1	0.959	0.965	0.908	0.945	1.016	1.027
Volume index n/n-1	0.765	0.937	1.109	1.003	1.031	1.183

VI. Transport and communication

VI.1. Movement of goods via Beirut port

Indicator	1999	2000	2001	2002	2003	2004
Thousands tons	5 543	4 967	5 464	4 736	4 805	5 061

Source: Central Administration of Statistics, monthly bulletins

VI.2. Number of passengers departing from Beirut airport

Indicator	1999	2000	2001	2002	2003	2004
Thousands	1 061	1 125	1 187	1 258	1 368	1 601

Source: Central Administration of Statistics, monthly bulletins

VI.3. Income of telephone and telecommunications General Directorate

LBP billion

Nature of income	1999	2000	2001	2002	2003	2004
Invoices issued	331.2	361.7	313.6	408.6	394.0	446.0
Receipts from new installations	20.6	16.7	14.8	12.6	8.4	8.1
Share internat. communicat.	316.9	267.4	161.9	186.8	172.0	210.7
Share in mobiles communicat.	196.9	294.6	318.4	390.0	711.1	883.6
Total	865.6	940.4	808.6	998.0	1 285.5	1 548.4

Source: Ministry of Finance, closing accounts, budgets appendices

VII. Services

Table VII.1. Education: number of registered pupils and students

Cycle	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
<i>Public and subsidised Education</i>						
Pre-school	54 353	60 441	65 091	62 729	61 241	61 040
Primary	208 279	208 423	251 136	254 209	250 437	250 534
Complem.. secondary	153 805	164 975	142 471	147 897	150 952	151 505
Technical	17 567	18 448	21 743	25 918	31 083	32 655
Lebanese University	59 728	62 602	71 050	70 711	65 530	66 809
Total	493 732	514 889	551 491	561 464	559 243	562 543
<i>Private Education</i>						
Pre-school	88 638	88 565	90 266	90 025	90 953	93 174
Primary	186 226	176 116	202 850	197 841	198 874	203 044
Complem.. secondary	180 280	178 600	139 706	146 807	152 988	159 314
Technical	55 955	56 099	56 706	56 729	59 814	67 223
Universities	41 712	47 770	48 437	54 019	57 841	65 836
Total	552 811	547 150	537 965	545 421	560 470	588 591
Grand total	1 046 543	1 062 039	1 089 456	1 106 885	1 119 713	1 151 134

Source: R&D Educational Center

Table VII.2. Health: public health expenditures

LBP billion

Administration	1999	2000	2001	2002	2003	2004
1. Health Ministry	132.4	190.1	182.3	216.9	273.8	227.4
2. CNSS: Health benefits	228.1	231.4	325.8	377.0	396.9	443.9
Total	360.5	421.5	508.1	593.9	670.7	671.3

.Source: Ministry for Health and CNSS, closing accounts

Table VII.3. Insurance services

LBP billion

Operation	1999	2000	2001	2002	2003	2004
Premiums paid	393.8	400.4	446.5	492.0	571.2	681.2
Claims paid	172.3	111.7	184.2	193.2	223.4	259.3

Source: Ministry of Economy and Trade

Table VII.4. Passenger arrivals

thousands

Nationality	1999	2000	2001	2002	2003	2004
Foreign non Arab	408	438	489	535	576	732
Arab except Syrians	327	361	412	493	515	631
Total	735	799	901	1 028	1 091	1 363

Source: Central Administration of Statistics, monthly bulletins

VIII. Administration

Table VIII.1. Budgetary income, State expenditure and their classification

LBP billion

Budget headings	Classification SNA93	2000	2001	2002	2003	2004
Expenses						
11. Goods	P.2 Intermediate use	123	153	148	143	153
12. Services	P.2 Intermediate use	90	90	89	90	118
13. Compensation	D.1 Compensation	1 880	2 033	2 059	2 043	2 118
14. Transfers		1 648	1 163	1 284	1 312	1 432
	D.3 Subsidies	122	22	20	20	61
	D.62 Pensions	844	834	850	849	821
	D.73 Transfers to admin.	530	195	265	292	394
	D.74 Coop. internat.	6	6	4	5	13
	D.79 Various transfers	144	107	145	146	143
16. Other outlays	P.2 Intermediate use	240	221	268	334	311
17. Debt Services		4 190	4 242	4 716	4 879	4 141
	P.2 Intermediate use	716	700	736	730	487
	D.41 Interests	3 473	3 542	3 980	4 149	3 654
Total 1st part		8 171	7 901	8 565	8 801	8 273
2d part		713	311	610	633	908
	P.51 G.F.C.F.	437	269	253	264	275
	D.93 Transfers to admin.	275	42	357	369	633
Grand total		8 884	8 212	9 175	9 434	9 181
Income						
11. Income tax	D.51 Income tax	427	585	642	708	801
12. Taxes/property	D.59 Direct taxes	272	273	301	310	396
13. Taxes/consumpt.		896	1 006	2 178	2 667	2 983
Tax/cars	D.59 Direct taxes	74	85	81	92	109
VAT	D.2 Indirect taxes			986	1 322	1 688
Other	D.2 Indirect taxes	822	921	1 111	1 253	2 186
14. Customs duties	D.2 Indirect taxes	1 067	858	596	475	529
15. Other taxes	D.2 Indirect taxes	198	197	198	224	274
26. Operat.income		803	805	921	1 260	1 453
Public enterp. surplus	D.2 Indirect taxes	780	798	912	1 245	1 445
26901. Interests	D.41 Interests	23	7	9	15	8
27. Admin. receipts		367	410	413	434	389
27104. Traffic taxes	D.59 Direct taxes	117	141	129	146	129
Other	D.79 Various transfers	250	269	284	288	260
28. Fines	D.79 Various transfers	18	15	9	8	10
29. Other non-tax		143	93	88	93	98
	D.61 Contributions	81	79	80	74	86
	D.79 Various transfers	62	14	9	19	12
Grand total		4 190	4 242	5 345	6 179	6 933
Deficit	B.9	4 693	3 970	3 830	3 255	2 248

Source: Ministry of Finance, closing accounts

VIII. Administration (continued)

Table VIII.2. Treasury Accounts

LBP billion

Operation	1999	2000	2001	2002	2003	2004
<i>Change in assets</i>						
Budgetary deficit	3 955	4 692	3 952	3 890	3 255	2 250
Advances to municipalities	5	0	48	0	-1	0
Advances to public agencies	150	692	147	517	63	683
Other advances	9	93	-39	-21	278	175
Payments made in advance	138	91	570	158	408	-62
Central Bank of Lebanon	1 307	-1 709	-135	658	-292	890
Accrued income	18	-47	38	11	-6	-11
Adjustment accounts	61	69	32	-50	-63	75
Total	5 643	3 881	4 614	5 163	3 641	4 000
<i>Change in liabilities</i>						
Deposits	140	319	-267	5	-290	144
Accrued expenses	131	242	195	296	81	215
Receipts to be settled	30	2	-15	0	0	-7
Accounts of municipalities	176	-11	-59	-231	-47	-274
Accounts of public agencies	2	9	-7	21	17	22
Other creditors	-43	35	3	1	-27	18
Treasury bills-LBP: issues	21 364	27 342	27 739	31 479	16 742	23 407
- repayments	-18 023	-26 109	-26 854	-31 025	-15 220	-21 856
Treasury bills-foreign: issues	1 865	2 475	3 926	6 934	3 653	4 553
- repayments	0	-446	-25	-2 317	-1 268	-2 223
Foreign loans	0	23	-23	0	0	0
Total	5 643	3 881	4 614	5 163	3 641	3 999

Source: Ministry of Finance, treasury account

Table VIII.3. Public debt

end of the year, LBP billion

Debt items	1999	2000	2001	2002	2003	2004
Treasury bills in LBP						
Central Bank of Lebanon	3	1 598	6 111	601	8 630	10 197
Commercial banks	18 808	18 668	15 798	17 164	12 258	12 171
Outside the banking system	6 302	6 699	6 133	7 368	5 603	3 500
Banking system loans	269	197	172	169	353	504
Total gross domestic debt	25 383	27 161	28 214	25 302	26 843	26 371
- Public sector deposits	-4 006	-2 631	-1 913	-2 964	-3 019	-4 360
Net domestic debt (LBP)	21 377	24 530	26 301	22 338	23 824	22 012
Debt in foreign currency	8 379	10 541	14 481	22 007	23 442	27 682
Total	29 755	35 071	40 782	44 345	47 266	49 694

Source: Central Bank of Lebanon, monthly bulletins

VIII. Administration (continued)

Table VIII.4. Transfers from State budget to autonomous agencies
budget

a) First part of the

LBP billion

Administrative body	1999	2000	2001	2002	2003	2004
CDR	137.2	48.5	22.1	8.4	31.7	44.7
National Archives	0.9	0.9	0.0	0.5	0.0	0.0
Civil Defence	19.2	19.2	0.0	10.0	27.1	16.2
Lebanese University	120.5	152.9	138.0	161.3	139.3	149.0
R&D Educational Center	10.0	25.0	0.0	0.0	0.0	9.5
National Council for Scientific Res.	4.7	5.5	3.8	4.8	6.0	5.8
National Music Conservatory	4.5	6.0	6.5	6.5	6.2	8.2
Council for the South	63.2	61.0	0.0	7.0	5.5	16.5
Council for the Displaced	112.0	106.0	4.0	7.7	6.5	6.5
Relief Committee	2.6	10.3	0.0	3.1	19.8	0.15
Employment Office	0.5	2.4	0.8	1.4	2.3	2.8
Council for Housing	0.0	0.0	0.0	0.0	0.0	0.0
“Green Plan” Council	0.0	3.9	0.0	0.0	1.5	7.5
Agronomic Research	0.0	1.5	2.1	6.5	5.2	5.1
IDAL	1.5	4.0	9.0	30.2	22.7	3.0
NSSF	60.0	60.0	0.0	0.0	0.0	80
Other administrative bodies	80.9	23.3	8.3	17.4	18.5	38.8
Total	618.8	530.4	194.6	264.8	292.3	393.7

Source: Ministry of Finance, closing accounts

b) Second part of the budget

LBP billion

Administrative body	1999	2000	2001	2002	2003	2004
CDR	360.0	118.5	28.5	232.1	226.9	363.9
Lebanese University	0.0	0.0	0.0	0.2	0.4	0.01
Council for the Displaced	225.0	75.0	0.0	0.0	21.3	137.0
Council for Public Works	4.5	14.9	0.0	0.0	0.0	0.0
Council for the South	15.0	64.0	13.0	119.6	110.0	96.4
IDAL	0.0	0.0	0.0	4.0	10.8	31.2
Other administrative bodies	3.0	3.0	0.4	0.8	0.0	4.5
Total	607.5	275.4	41.9	356.7	369.4	633.1

Source: Ministry of Finance, closing accounts

VIII. Administration (continued)

Table VIII.5 CDR Accounts 1999-2004

LBP billion

Operation	1999	2000	2001	2002	2003	2004
Income						
Transfers from State	715.7	692.8	1 214.0	681.1	494.0	785.9
Donations	13.9	16.0	0.3	7.9	31.9	25.1
Receipts from tenders	0.5	1.5	1.7	1.3	2.1	1.8
Interests	0.9	5.6	3.4	0.8	0.4	0.4
Return of provisions	-	-	-	-	7.9	9.7
Exchange rate loss or profit	-0.1	1.1	0.2	0.5	3.1	1.0
Total	730.9	717.0	1 219.6	691.6	539.4	823.9
Expenses						
Costs of projects	673.6	644.8	662.4	585.0	490.0	696.3
Administrative expenses	18.2	18.9	21.9	23.2	24.4	32.2
Interests	41.5	59.0	57.7	64.0	73.7	78.0
Provision for bad debt	-	-	-	69.0	-	-
Total	733.3	721.6	741.8	740.7	588.1	806.5
Deficit (+), Surplus(-)	-2.3	-5.7	477.5	-49.6	-48.7	17.4
Change in assets						
Cash and banks	91.7	16.3	80.7	-42.0	-51.4	12.5
Lebanese Treasury bills						
Loans transferred to publ.sect.	14.8	100.6	105.9	125.9	-115.3	-124.2
Loans transferred to priv sect.	-1.7	-0.7	-0.2	1.9	1.4	0.3
Other loans	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	21.6	31.0	24.5	15.4	-23.9	2.9
Lebanese State	128.5	-108.3	317.8	-310.7	168.3	36.2
Fixed assets	-0.4	-0.4	-0.3	-0.2	0.2	0.3
Total	254.6	38.4	528.4	-209.7	-20.8	-72.0
Change in liabilities						
Accounts payable	74.0	56.8	41.5	-167.8	-159.2	-86.2
Outstanding interests	15.2	-10.6	-1.7	-2.6	-5.0	-3.3
Treasury advances	0.0	30.5	-45.2	-25.5	0.0	0.0
Current loans	49.8	-42.0	8.0	-3.5	77.0	34.2
Other loans	83.9	9.4	42.5	48.8	63.3	-36.9
Prov.for end-of-serv.indemn.	0.0	0.0	6.1	-0.4	-1.6	-0.8
Surplus (+), deficit(-)	-2.3	-5.7	477.5	-49.6	-48.6	17.5
Adjustment	34.1	0.0	-0.3	-9.2	53.4	-
Total	254.6	38.4	528.4	-209.7	-20.8	-72.0

VIII. Administration (continued)

Table VIII.6. National Social Security Fund accounts

LBP billion

Operation	1999	2000	2001	2002	2003	2004
<i>Incomings</i>						
Employees soc.contributions	46.8	48.8	49.8	50.6	51.8	...
Employers&others soc.contr.	658.9	680.9	587.8	575.7	596.5	...
Total contributions	705.7	729.7	737.6	626.3	648.3	758.8
Other receipts	234.7	322.9	451.8	470.5	469.6	411.0
<i>Expenses</i>						
Health&maternity allowances	228.1	231.4	325.8	377.0	396.8	443.9
Family allowances	143.4	123.6	187.6	207.3	214.6	217.4
End of service indemnity	166.1	176.7	256.0	303.6	194.2	150.4
Total allowances paid	537.6	531.7	769.4	887.9	805.6	811.7
Administrative costs	75.1	76.5	81.6	89.4	95.4	92.2

Source: NSSF

Table VIII.7. Computation of the public administration fixed capital depreciation

Year	Minim. wage LBP	GFCF LBP billion	Investments in the last 30 years Current value- billion LBP					
			1999	2000	2001	2002	2003	2004
2003		889.0						889.0
2002	300 000	1 079.0					1079.0	1 002.0
2001	300 000	976.0				976.0	976.0	1 176.0
2000	300 000	1 232.0			1 232.0	1 232.0	1 232.0	1 232.0
1999	300 000	1 048.0		1 048.0	1 048.0	1 048.0	1 048.0	1 048.0
1998	300 000	1 714.0	1 714.0	1 714.0	1 714.0	1 714.0	1 705.0	1 705.0
1997	300 000	1 682.0	1 682.0	1 682.0	1 682.0	1 682.0	1 682.0	1 682.0
1996	300 000	1 106.0	1 106.0	1 106.0	1 106.0	1 106.0	1 106.0	1 106.0
1995	250 000	992.0	1 190.4	1 190.4	1 190.4	1 190.4	1 190.4	1 190.4
1994	200 000	621.0	931.5	931.5	931.5	931.5	931.5	931.5
1993	118 000	580.0	1 474.6	1 474.6	1 474.6	1 474.6	1 474.6	1 474.6
1992	118 000	314.0	798.3	798.3	798.3	798.3	798.3	798.3
1991	75 000	161.0	644.0	644.0	644.0	644.0	644.0	644.0
1990	45 000	33.1	220.7	220.7	220.7	220.7	220.7	220.7
1989	15 000	32.7	654.0	654.0	654.0	654.0	654.0	654.0
1988	15 000	20.0	400.0	400.0	400.0	400.0	400.0	400.0
1987	6 400	10.0	468.8	468.8	468.8	468.8	468.8	468.8
1986	2 700	1.2	138.8	138.8	138.8	138.8	138.8	138.8
1985	1 475	1.9	386.6	386.6	386.6	386.6	386.6	386.6
1984	1 250	2.4	565.1	565.1	565.1	565.1	565.1	565.1
1983	1 100	2.0	557.2	557.2	557.2	557.2	557.2	557.2
1982	925	1.1	369.8	369.8	369.8	369.8	369.8	369.8
1981	800	1.5	560.3	560.3	560.3	560.3	560.3	560.3
1980	675	1.1	491.6	491.6	491.6	491.6	491.6	491.6
1979	560	0.9	468.2	468.2	468.2	468.2	468.2	468.2
1978	415	0.7	474.3	474.3	474.3	474.3	474.3	474.3
1977	345	0.3	260.9	260.9	260.9	260.9	260.9	260.9
1976	310	0.0	22.3	22.3	22.3	22.3	22.3	22.3
1975	310	0.2	226.5	226.5	226.5	226.5	226.5	226.5
1974	275	0.4	424.4	424.4	424.4	424.4	424.4	424.4
1973	218	0.3	371.0	371.0	371.0	371.0	371.0	
1972	198	0.2	275.3	275.3	275.3	275.3		
1971	179	0.2	293.8	293.8	293.8			
1970	166	0.2	310.8	310.8				
1969	166	0.2	312.7					
Capital actualised value			17 793.5	18 528.9	19 450.0	20 132.2	20 926.9	20 678.9
Depreciation (1/30)			593.1	617.6	648.3	671.1	697.6	689.3

IX. Finances

Table IX.1. Changes in the monetary situation

end of year, LBP billion

Components and counterparts	1999	2000	2001	2002	2003	2004
Money LBP	20 240	19 492	17 283	20 404	26 076	25 978
Deposits in foreign currency	24 585	29 742	35 627	36 391	38 234	45 182
Securities	168	60	8	157	58	150
Total: Money supply	44 993	49 294	52 918	56 952	64 368	71 310
Net foreign assets	14 723	13 944	12 178	15 549	21 884	22 381
<i>Gold</i>	4 037	3 806	3 861	4 849	5 779	6 039
<i>Currency</i>	10 686	10 138	8 317	10 701	16 105	16 342
Net claims on public sector	18 022	22 739	28 012	27 482	30 095	33 483
<i>In Lebanese Pounds</i>	13 817	17 064	19 766	17 173	20 500	20 229
<i>In currency</i>	4 205	5 675	8 246	10 309	9 595	13 254
Net claims on private sector	21 573	22 872	22 888	23 672	23 480	24 921
<i>In Lebanese Pounds</i>	3 052	3 518	3 581	4 618	4 289	4 859
<i>In currency</i>	18 521	19 354	19 307	19 054	19 191	20 061
Exchange rate loss or profit	-2 918	-2 522	-2 742	-103	-646	-372
Other net components	-6 407	-7 739	-7 418	-9 649	-10 445	-9 101
Total	44 993	49 294	52 918	56 952	64 368	71 310

Source: Central Bank of Lebanon

Table IX.2. Changes in the exchange rate of US dollar

LBP for a dollar

	1999	2000	2001	2002	2003	2004
Rate at the end of period	1 507.5	1 507.5	1 507.5	1 507.5	1 507.5	1 507.5
Average rate	1 507.8	1 507.5	1 507.5	1 507.5	1 507.5	1 507.5

Source: Central Bank of Lebanon

Table IX.3. Supply of banking credits by sector

end of year, LBP billion

Sector	1999	2000	2001	2002	2003	2004
Agriculture	328	373	326	346	346	292
Industry	2 749	2 921	3 153	3 113	3 451	3 836
Construction	4 859	5 176	5 047	4 768	4 327	4 620
Trade	7 097	7 336	7 825	7 939	8 000	8 404
Services	2 682	2 784	2 993	3 228	3 324	3 463
Financial institutions	639	677	774	781	848	934
Other organizations	1 110	1 112	1 191	1 279	929	983
Individuals	2 428	2 738	3 021	3 300	3 748	4 330
Total	21 891	23 117	24 328	24 752	24 973	26 862

Source: Central Bank of Lebanon

X. Rest of the world

Table X.1. Changes in imports by production branch

LBP billion

Activity	1999	2000	2001	2002	2003	2004
1. Agriculture and fishing	789	730	842	813	920	1 006
<i>11. Products of agriculture</i>	<i>538</i>	<i>490</i>	<i>544</i>	<i>509</i>	<i>575</i>	<i>657</i>
111. Cereals	178	170	163	166	207	250
112. Fruits	92	92	114	102	103	110
113. Industrial crops	121	103	120	109	141	158
114. Vegetables and others	141	122	142	127	119	135
115. Products of forest	5	2	5	5	4	4
<i>12. Livestock products</i>	<i>252</i>	<i>240</i>	<i>298</i>	<i>304</i>	<i>345</i>	<i>349</i>
121. Live animals	195	189	232	251	291	281
122. Livestock production	8	6	10	5	6	6
123. Fishery products	49	45	56	48	48	61
2. Energy and water	820	1 531	1 934	1 387	1 781	2 976
<i>21. Fuels</i>	<i>820</i>	<i>1 531</i>	<i>1 934</i>	<i>1 387</i>	<i>1 781</i>	<i>2 976</i>
211. Solid fuels	15	14	18	8	10	16
212. Oil products	804	1 517	1 917	1 380	1 771	2 960
3. Manufactured goods	7 748	7 112	8 217	7 517	8 206	10 184
<i>31. Manufactured tobacco</i>	<i>201</i>	<i>162</i>	<i>227</i>	<i>182</i>	<i>172</i>	<i>185</i>
<i>32. Food industry</i>	<i>867</i>	<i>812</i>	<i>845</i>	<i>872</i>	<i>915</i>	<i>1 064</i>
321. Fresh meats	44	46	31	44	58	73
322. Food preserves	139	117	123	120	126	144
323. Dairy products	235	218	213	226	224	259
324. Fats and oils	108	102	96	98	93	129
325. Pasta products	95	99	105	101	106	120
326. Sugar, chocolate, sweets	93	87	108	119	127	140
327. Alcoholic beverages	36	29	45	48	52	59
328. Non alcoholic beverages	6	5	6	9	11	9
329. Other food products	113	108	118	108	118	131
<i>33. Textile and leather prod.</i>	<i>699</i>	<i>645</i>	<i>843</i>	<i>793</i>	<i>806</i>	<i>942</i>
331. Threads and fabrics	171	171	249	184	176	221
332. Clothing	327	287	369	384	412	461
333. Knitted or croch. fabrics	29	27	33	24	28	32
334. Footwear	79	73	90	97	94	110
335. Jute, hemp, rope prod.	2	2	3	2	2	3
336. Leather and furskin	6	5	7	1	7	9
337. Leather articles	21	23	27	34	29	35
338. Carpet	29	31	35	27	25	27
339. Other textiles	35	26	30	39	34	44

X. Rest of the world (continued)

Table X.1. Changes in imports by production branch (continued)

LBP billion

Activity	1999	2000	2001	2002	2003	2004
34. Non metallic mineral prod.	345	344	386	365	432	560
341. Stones and sand	78	64	66	59	75	89
342. Non metallic ores	78	106	141	147	181	260
343. Cement and lime	11	18	0	0	7	0
344. Cement products	3	4	4	5	5	7
345. Ceramic products	97	80	89	87	93	114
346. Glasses and glassware	78	72	85	67	70	90
35. Metal, machines, equip.	3 559	3 224	3 668	3 061	3 399	4 418
351. Metal ores	2	1	1	1	3	7
352. Metals	941	879	769	594	727	1 111
353. Metal products	253	214	235	230	228	272
354. Aluminium products	58	80	67	58	57	61
355. Machines & equipment	684	598	706	663	681	840
356. Electrical appliances	677	591	771	605	594	790
357. Means of transport	945	861	1 119	911	1 109	1 337
36. Wood, rubber, chemicals	1552	1472	1656	1670	1 898	2 305
362. Wood prod.exc.furniture	139	132	151	145	158	204
363. Paper and paper products	217	228	240	231	291	343
364. Basic chemical products	325	310	346	322	362	496
365. Various chemical products	695	634	731	804	908	1 047
366. Rubber	70	67	83	68	78	92
367. Plastics	106	92	106	100	101	122
37. Furniture	87	81	95	93	85	100
371. Metal pieces of furniture	31	30	33	35	29	34
372. Non metallic furniture	56	51	62	58	56	66
38. Other industrial products	438	385	496	481	498	610
381. Publishing products	59	58	61	60	65	71
382. Instruments of precision	201	185	236	220	259	288
383. Jewellery	74	44	80	95	72	115
384. Toys, music instruments	57	57	69	59	58	83
385. Other products	46	41	50	47	45	53
0. Non classified	3	19	1	2	3	5
Grand total	9 360	9 392	10 995	9 719	10 810	14 171

X. Rest of the world (continued)

Table X.2. Exports

LBP billion

Nature of exported product	1999	2000	2001	2002	2003	2004
Animal and agricult.products	85	78	84	99	115	138
Other products	935	999	1 257	1 478	2 183	2 497
Total	1 021	1 077	1 341	1 577	2 298	2 635

Source: Central Administration of Statistics, statistical bulletins

Table X.3. Changes in re-exports and transit

LBP billion

	1999	2000	2001	2002	2003	2004
Re-exports	108	88	90	95	158	311
Transit	81	91	104	136	278	536
Total	189	178	194	231	436	847

Source: Central Administration of Statistics, statistical bulletins

X.4. Imports by country of origin

LBP billion

Country	1999	2000	2001	2002	2003	2004
Italy	1 024	1 025	1 068	1 045	1 017	1 403
Germany	833	784	940	878	873	2 000
France	897	794	927	780	879	1 102
United States of America	755	690	777	701	651	834
China	394	433	620	656	800	1 082
Switzerland	668	651	503	403	326	597
Turkey	247	209	358	390	353	389
United Kingdom	410	367	429	381	476	581
Russian Federation	149	325	617	371	484	818
Japan	391	318	355	328	406	527
Syria	337	427	494	313	391	362
Spain	223	205	278	263	299	286
Netherlands	172	188	195	222	346	259
Kingdom of Saudi Arabia	155	249	391	209	331	624
Belgium	175	163	204	207	236	256
Ukraine	164	133	190	154	251	220
Greece	168	237	214	109	125	103
Taiwan	124	105	117	95	82	114
Sweden	107	77	79	51	64	78
Other countries	1 965	2 012	2 238	2 163	2 420	2 536
Grand total	9 360	9 392	10 995	9 719	10 810	14 171

Source: General Directorate of Customs

XI. Prices

XI. 1. Consumer price index (official)

base December 1998=100

Type of expense	Weight (%)	Dec. 2000	Dec. 2001	Dec. 2002	Dec. 2003	Dec. 2004
Food and tobacco	34.6	93.7	94.5	93.9	95.9	100.6
Clothing and footwear	6.3	104.7	108.4	117.1	121.5	125.5
Rents	1.6	...	...	...	...	...
Water, electricity, gas	7.2	105.5	104.9	107.6	110.7	118.4
Equipment, maintenance housing	7.9	96.9	97.9	102.5	100.0	100.5
Health	8.8	96.3	94.1	97.2	101.5	103.8
Transport and communication	11.3	109.9	111.6	133.0	143.0	139.7
Education	13.4	103.8	110.3	111.0	113.8	110.1
Leisure	5.4	102.1	103.3	108.1	107.4	105.2
Personal care and other	3.5	102.6	98.2	106.9	114.9	118.1
Total	100.0	99.8	101.1	105.4	108.6	110.4

Source: Central Administration of Statistics

XI. 2. Consumer price index compiled from CCIAB price surveys

base Dec.1997=100

Type of good& service acc.to production branch	Weight (%)	Dec. 2000	Dec. 2001	Dec. 2002	Dec. 2003	Dec. 2004
1. Agriculture and fishing	9.3	86.6	85.7	88.1	87.0	97.3
11. Products of agriculture	8.1	83.4	85.9	88.5	86.3	97.3
12. Prod. livestock and fishing	1.2	108.2	84.9	85.5	91.9	96.8
2. Energy and water	7.5	119.5	125.8	146.6	159.6	179.5
21. Fuels	4.2	130.7	142.1	163.2	185.9	198.8
22. Electricity and water	3.3	105.4	105.4	125.9	126.5	155.2
3. Manufactured goods	46.8	93.4	90.3	98.1	106.5	111.1
31. Manufactured tobacco	1.8	138.0	137.2	138.1	142.2	142.7
32. Foods	20.9	90.5	89.4	95.1	98.8	103.5
33. Textile, leather and clothing	7.3	94.5	84.4	112.4	125.4	121.1
35. Metals, machines, and equip.	7.3	85.7	82.1	93.1	112.5	124.4
36. Wood, rubber, and chemicals	5.5	98.1	95.5	103.1	113.4	122.6
37. Furniture	1.5	87.8	82.0	85.3	87.7	94.1
38. Other products	2.5	97.7	99.3	63.3	66.1	67.6
5. Transport & communication	6.1	99.3	99.3	91.4	96.6	98.5
6. Market services	30.3	101.3	100.6	110.0	113.4	113.8
62. Maintenance and repair	4.7	93.2	90.3	88.4	92.7	95.8
63. Rents	2.6	99.9	99.9	99.9	100.2	100.2
64. Individual services	7.5	96.1	92.7	97.7	100.2	100.3
65. Social services	15.5	106.5	107.5	124.1	128.2	128.1
Total	100.0	97.4	96.1	104.0	110.1	115.0

XI. Prices (continued)

Table XI.3. Index of unit values of imported goods

compared to previous year

Product	2000/99	2001/00	2002/01	2003/02	2004/03
11. Products of agriculture	0.951	0.912	0.944	1.078	1.136
111. Cereals	0.952	0.999	0.982	1.134	1.183
112. Fruits	0.981	0.934	1.004	1.005	1.078
113. Industrial crops	0.936	0.789	0.858	1.185	1.153
114. Vegetables and others	0.939	0.931	0.923	0.952	1.089
115. Products of forest	0.999	0.768	1.235	1.134	1.027
12. Livestock products	1.023	0.965	0.994	1.171	1.051
121. Live animals	1.020	0.994	1.014	1.224	1.059
122. Livestock production	1.045	1.254	1.035	1.034	1.098
123. Fishery products	1.030	0.833	0.896	0.942	1.009
21. Fuels	1.505	0.844	0.987	1.187	1.267
211. Solid fuels	0.995	1.079	0.975	0.944	1.173
212. Oil products	1.512	0.842	0.987	1.189	1.267
31. Manufactured tobacco	1.036	0.940	0.922	1.010	1.035
32. Food industry prod.	0.932	0.978	0.976	1.036	1.053
321. Fresh meats	0.956	0.913	0.948	0.911	1.164
322. Food preserves	0.902	0.987	0.970	1.026	1.061
323. Dairy products	0.951	1.030	0.950	1.013	1.064
324. Fats and oils	0.950	0.980	1.046	1.202	1.126
325. Pasta products	0.972	0.938	0.974	1.022	1.006
326. Sugar, chocolate, sweets	0.900	0.930	0.915	1.037	1.024
327. Alcoholic beverages	0.899	1.035	1.009	1.044	1.009
328. Non alcoholic beverages	0.926	0.871	1.057	1.251	1.128
329. Other food products	0.913	0.869	0.981	1.038	0.993
33. Textile and leather prod.	0.932	0.974	0.957	0.965	1.018
331. Threads and fabrics	0.924	0.907	0.946	0.944	0.985
332. Clothing	0.975	1.026	0.955	0.970	1.047
333. Knitted or croch. fabrics	0.844	0.902	0.955	0.984	0.889
334. Footwear	0.871	1.024	0.965	0.946	1.051
335. Jute, hemp, rope prod.	0.947	0.884	1.017	0.961	0.981
336. Leather and furskin	0.816	0.954	1.162	0.931	1.022
337. Leather articles	0.956	0.910	0.961	1.004	0.991
338. Carpet	0.828	1.044	0.972	0.988	0.981
339. Other textiles	0.932	0.936	0.957	1.012	0.975

XI. Prices (continued)

Table XI.3. Index of unit values of imported goods (continued)

compared to previous year

Product	2000/99	2001/00	2002/01	2003/02	2004/03
34. Non metallic mineral prod.	0.987	0.939	0.986	1.026	1.059
341. Stones and sand	1.065	0.975	0.916	0.956	1.039
342. Non metallic ores	1.070	0.933	1.073	1.068	1.140
343. Cement and lime	0.953	0.946	1.055	1.095	1.304
344. Cement products	0.849	0.948	0.911	1.018	1.037
345. Ceramic products	0.908	0.900	0.920	1.021	0.958
346. Glasses and glassware	0.928	0.963	0.973	1.005	1.007
35. Metals, machines, equip.	0.948	0.970	0.972	1.014	1.020
351. Metal ores	0.977	0.980	1.036	1.070	1.248
352. Metals	1.044	0.976	1.032	1.185	1.126
353. Metal products	0.870	0.935	0.953	1.003	1.020
354. Aluminium products	1.041	1.013	0.949	0.983	1.080
355. Machines & equipment	0.914	0.917	0.920	0.938	1.006
356. Electrical appliances	0.886	0.941	0.911	0.999	0.976
357. Means of transport	0.943	1.029	1.028	0.980	0.974
36. Wood, rubber, chemicals	1.010	0.962	0.989	1.077	1.049
362. Wood prod.exc.furniture	0.978	0.969	0.992	1.007	1.085
363. Paper and paper products	1.082	0.875	0.936	1.075	0.999
364. Basic chemical products	1.018	0.913	0.955	1.086	1.104
365. Various chemical products	0.995	1.011	1.033	1.101	1.039
366. Rubber	0.965	0.970	0.950	1.046	1.044
367. Plastics	1.002	1.021	0.930	0.982	1.014
37. Furniture	0.898	0.939	0.903	0.930	0.923
371. Metal pieces of furniture	0.931	0.965	0.942	0.954	0.953
372. Non metallic furniture	0.880	0.926	0.882	0.917	0.908
38. Other industrial products	0.877	0.979	0.912	1.001	0.978
381. Publishing products	0.914	0.934	0.999	1.178	0.883
382. Instruments of precision	0.870	0.979	0.925	0.995	0.977
383. Jewellery	0.803	1.089	0.822	0.901	1.027
384. Toys, music instruments	0.948	0.943	0.957	0.990	1.022
385. Other products	0.852	0.934	0.897	1.014	0.959
Grand total	1.024	0.944	0.971	1.056	1.070

XI. Prices (continued)

XI. 4. Index of exchange rates

compared to the previous year

Country	2000/99	2001/00	2002/01	2003/02	2004/03
Italy	0.867	0.970	1.056	1.196	1.098
France	0.867	0.970	1.056	1.196	1.098
United States of America	1.000	1.000	1.000	1.000	1.000
Germany	0.867	0.970	1.056	1.196	1.098
Switzerland	0.890	1.001	1.087	1.153	1.083
United Kingdom	0.936	0.951	1.044	1.087	1.121
Japan	1.052	0.887	0.972	1.079	1.070
China	0.996	0.999	1.000	1.000	1.000
Spain	0.866	0.970	1.056	1.196	1.098
Turkey	0.668	0.399	1.031	1.008	0.953
Belgium	0.866	0.970	1.056	1.196	1.098
Netherlands	0.867	0.970	1.056	1.196	1.098
Kingdom of Saudi Arabia	1.000	1.000	1.000	1.000	1.000
Sweden	0.902	0.887	1.061	1.159	1.098
Total	0.907	0.958	1.036	1.118	1.067

XI. 4. Index of exchange rates (continued)

weighting coefficients(%)

Country	2000/99	2001/00	2002/01	2003/02	2004/03
Italy	10.9	10.9	9.7	9.4	9.9
France	9.6	8.5	8.4	8.1	7.8
United States of America	8.1	7.3	7.1	6.0	5.9
Germany	8.9	8.3	8.5	8.1	14.1
Switzerland	7.1	6.9	4.6	3.0	4.2
United Kingdom	4.4	3.9	3.9	4.4	4.1
Japan	4.2	3.4	3.2	3.8	3.7
China	4.2	4.6	5.6	7.4	7.6
Spain	2.4	2.2	2.5	2.8	2.0
Turkey	2.6	2.2	3.3	3.3	2.7
Belgium	1.9	1.7	1.9	2.2	1.8
Netherlands	1.8	2.0	1.8	3.2	1.8
Kingdom of Saudi Arabia	1.7	2.6	3.6	3.1	4.4
Sweden	1.1	0.8	0.7	0.6	0.6
Total	67.3	62.9	61.2	65.3	70.6

Appendix III

Memorandum on turnover declarations by industrial and commercial establishments in 2003 and 2004

Upon compilation of the economic accounts for the 1997-2005 period, the National Accounts Mission has decided to explore the option of using taxation data to compile the accounts of the administrative sector and integrate them into the general accounts. The first step involves the categorization of turnover declarations by industrial and commercial establishments.

Ministry of Finance delegates at the mission established a heading that includes the following basic information required for this exercise:

- Legal status;
- Region of declaration;
- Taxation method;
- VAT liable or exempt;
- Type of activity;
- Turnover declared in 2002;
- Turnover declared in 2003;
- Turnover declared in 2004.

The results of this application for the years 2003 and 2004 are described here.

1. Declarations status

Not all the establishments listed in this heading have declared turnovers for 2003 and 2004. Therefore, there are four different possible conclusions for each year:

- 1) The company has declared a positive turnover
- 2) The company is listed but does not have a turnover or its turnover is equal to zero
- 3) The turnover declared is negative
- 4) The company is not registered for the fiscal year.

The last situation did not occur in 2004. Therefore, it is assumed, that unregistered establishments in 2003 started their activities in 2004.

From the 99 169 establishments listed in this heading, 27 286 new entries are accounted for; the remaining 71 883 establishments have been active between 2003 and 2004.

In 2004 and 2003, 16 and 33 establishments respectively had negative turnovers. This is obviously a data entry error. Nevertheless, the amounts are negligible and do not affect the total turnover.

Table n°1
Status of turnover declarations (TO) in 2003 and 2004

Situation in 2003	Situation in 2004			Total
	TO<0	TO=0	TO>0	
	<i>Number of establishments</i>			
TO<0	3	23	7	33
TO=0	0	3	3	6
TO>0	10	10 307	61 527	71 844
Not registered	3	17 955	9 328	27 286
Total	16	28 288	70 865	99 169
	<i>Turnover declared in 2003 (LBP billions)</i>			
TO<0	0.0	-2.9	-0.7	-3.6
TO=0	0.0	0.0	0.0	0.0
TO>0	5.0	18 218.8	21 963.7	40 187.6
Not registered	0.0	0.0	0.0	0.0
Total	5.0	18 215,8	21 963.1	40 183.9
	<i>Turnover declared in 2004 (LBP billions)</i>			
TO<0	0.0	0.0	5.2	5.2
TO=0	0.0	0,0	0.7	0.7
TO>0	-0.5	0.0	26 424.9	26 424.4
Not registered	0.0	0.0	1 978.2	1 978.2
Total	-0.5	0.0	28 409.0	28 408.5

In 2003, only six establishments had a turnover equal to zero or not declared.

In 2004, 28 288 registered establishments, or 28.5% of the total, did not have a declared turnover. Of these, 17 955 were not registered in 2003, and 10 307 had declared a positive turnover - equivalent to 45.3% of the total turnover in 2003. It is unclear why establishments that declared turnovers in 2003 did not report same in 2004; however, this cannot be interpreted as a suspension of their activities.

Alternatively, there are 61 527 establishments that declared positive turnovers for the two consecutive years, representing a total turnover of LBP 21 938 billion in 2003 and increasing by 20.3% to LBP 26 425 billion in 2004.

In the next section, the turnovers distribution of establishments is analyzed. The breakdown is performed according to: whether the establishment is subject to VAT or exempt, taxation method, type of activity, region of declaration, legal status, and finally, the sector of activity. Considering the significant number of establishments, which did not declare in 2004, the comparison between 2003 and 2004 are only relevant for those that declared their sales turnovers in the two consecutive years.

2. The distribution by taxation method

Nearly one of three establishments is taxed on real profits and the majority of the remaining two thirds pay a lump sum. The number of establishments taxed on estimation of profits is negligible.

Establishments taxed on real profits comprise a large part of the total turnover: 93.3% in 2003 and 92.5% in 2004. Therefore, their development reflects the progress of all establishments that have declared their turnover.

Table n°2
Number of establishments and their turnover in 2003 and 2004 by taxation method
(TO in LBP billions)

Taxation method	All establishments				Establishments that declared a TO>0 in 2003 and 2004			
	Number	TO 2003	TO 2004	04/03	Number	TO 2003	TO 2004	04/03
Real profits	36 427	37 181	25 256	0.679	20 054	19 414	23 629	1.217
Estimated profits	254	9	6	0.622	54	3	4	1.200
Lump sum	62 463	2 991	3 144	1.051	41 414	2 544	2 789	1.097
Undetermined	25	3	3	...	5	3	3	...
Total	99 169	40 184	28 409	0.707	61 527	21 964	26 425	1.203

3. Distribution by region of declaration

Among establishments that declared their turnovers in 2003 and 2004, 78.8% are domiciled in Beirut and Mount Lebanon. Their turnovers represent 82.6% and 82.2% of total declared turnovers for 2003 and 2004 respectively.

Table n°3
Number of establishments and their turnover in 2003 and 2004 by region of declaration
(TO in LBP billions)

Region of declaration (mohafazat)	All the establishments				Establishments that declared a TO>0 in 2003 and 2004			
	Number	TO 2003	TO 2004	04/03	Number	TO 2003	TO 2004	04/03
Beirut	28 820	20 088	12 377	0.616	16 530	9 691	11 889	1.227
Mount Lebanon	49 735	14 749	10 758	0.729	31 969	8 456	9 830	1.162
North Lebanon	9 856	2 227	1 909	0.857	5 823	1 333	1 607	1.205
South Lebanon	4 571	1 541	1 644	1.066	3 033	1 230	1 515	1.232
Nabatiyeh	2 371	300	314	1.047	1 522	248	292	1.179
Bekaa	3 816	1 279	1 407	1.100	2 650	1 007	1 293	1.284
Total	99 169	40 184	28 409	0.707	61 527	21 964	26 425	1.203

4. Distribution by legal status

More than three quarters of establishments are sole proprietorships. Nevertheless, their turnover only represented 17.8% of total turnovers declared in 2003.

Table n°4
Number of establishments and their turnover in 2003 and 2004 by legal status
(TO in LBP billions)

Legal status	All the establishments				Establishments that declared a TO>0 in 2003 and 2004			
	Number	TO 2003	TO 2004	TO 04/03	Number	TO 2003	TO 2004	TO 04/03
Sole proprietorships	72 696	7 166	7 954	1.110	47 881	6 267	7 300	1.165
Limited company	13 216	9 237	6 766	0.732	7 026	5 301	6 248	1.179
Joint stock company	4 680	16 069	4 782	0.298	1 917	3 444	4 326	1.256
Partnership	3 923	2 647	2 801	1.058	2 613	2 385	2 654	1.113
Limited Partnership	2 724	1 674	1 994	1.192	1 688	1 527	1 820	1.192
Offshore	1 156	3 370	4 087	1.213	346	3 023	4 057	1.342
Holding	759	20	22	1.094	55	17	19	1.126
Other	15	1	1	0.931	1	1	1	0.945
Total	99 169	40 184	28 409	0.707	61 527	21 964	26 425	1.203

Although joint stock companies (SAL), represented only 5% of registered establishments, their turnovers represented 40% of total turnovers declared in 2003. The decline of joint stock companies total turnover between 2003 and 2004 is due to an inexplicable reduction in declarations - about 70% less. Undoubtedly, this does not reflect an unfavourable business climate for joint stock companies, but most likely is the consequence of a data entry setback. Alternatively, the turnovers of all joint stock companies that declared positive turnovers in both years have registered an increase of 25.6% of their activities.

Limited companies represent nearly 13% of establishments, but rank just after joint stock companies in terms of turnover: they represent 23% of total turnovers in 2003. The turnover of joint stock companies decreases between 2003 and 2004 by 26.8%. Similar to the situation of joint stock companies (discussed earlier), this decline is artificial. The turnover of limited companies that declared positive turnovers in both years has increased by 17.9%.

Offshore companies, which only account for 1% of establishments, rank in fourth position in terms of total turnover: they account for 8.4% of the total turnover declared in 2003. The turnover declared growth rate of all these offshore companies is 21.3%, and 34.2% for those that declared a turnover for both years. This index measures the growth of local establishment activities with the rest of the world.

5. Distribution by VAT liability or exemption

The date of when an establishment began being liable to VAT is not included in this database. However, it is indicated whether the establishment was liable or exempt from VAT in 2003 and 2004. With reference to Table n°5, 14 952 establishments, representing 20.8% of 71 883 registered establishments, were subject to VAT and represent 79.3% of the turnover declared.

Table n°5
Number of establishments and their turnovers in 2003 and 2004 by VAT liability
(TO in LBP billions)

Subject to VAT		All establishments				Establishments that declared a TO>0 in 2003 and 2004			
Year 2003	Year 2004	Number	TO 2003	TO 2004	04/03	Number	TO 2003	TO 2004	04/03
Yes	Yes	13 242	15 823	19 086	1.206	13 233	15 819	19 080	1.206
	No	3	3	4	1.463	3	3	4	1.463
	Undetermined	1 740	15 846	0	0.000	0	0	0	...
	Total	14 985	31 672	19 090	0.603	13 236	15 822	19 084	1.206
No	Yes	43	3	5	1.313	43	3	5	1.313
	No	48 263	6 142	7 336	1.194	48 248	6 138	7 336	1.195
	Undetermined	8 592	2 366	0	0.000	0	0	0	...
	Total	56 898	8 512	7 341	0.862	48 291	6 142	7 341	1.195
Not Registered	Yes	1 405	0	1 268	...	0			
	No	7 927	0	710	...	0			
	Undetermined	17 954	0	0	...	0			
	Total	27 286	0	1 978	...	0			
Total	Yes	14 690	15 827	20 358	1.286	13 276	15 823	19 085	1.206
	No	56 193	6 145	8 050	1.310	48 251	6 141	7 340	1.195
	Undetermined	28 286	18 212	0	0	0	0	0	...
	Total	99 169	40 184	28 409	0.707	61 527	21 964	26 425	1.203

In 2004, 28 286 establishments did not declare their turnover; their liability to VAT is still undetermined. From these establishments, 1 740 were liable to VAT in 2003, and their turnover represented 39.4% of the total, 8 592 were not liable to VAT, or VAT exempt, and their turnover represented 5.9% of the total. The remaining 17 954 establishments were also not registered in 2003. Excluding establishments that did not declare their turnover in 2004, the number of companies liable to VAT represent 20.7% of total establishments with a turnover equivalent to 71.7% of total turnovers declared.

As for establishments liable to VAT, their declared turnovers have increased by 20.6% between 2003 and 2004 compared to 19.5% for establishments that are VAT exempt.

6. Distribution by type of activity

In 2003, trade activity represented 55% of the total turnovers declared. Services accounted for 26%, and industry and construction¹⁰ 19%.

Table n°6
Number of establishments and their turnovers in 2003 and 2004 by activity type
(TO in LBP billions)

Sector of activity	All establishments				Establishments that declared a TO>0 in 2003 and 2004			
	Number	TO 2003	TO 2004	TO 04/03	Number	TO 2003	TO 2004	TO 04/03
Agriculture	316	153	167	1.090	184	124	142	1.145
Energy and Water	420	258	73	0.284	178	61	65	1.068
Industry	8 695	5 247	3 604	0.687	5 957	2 890	3 464	1.199
<i>Food</i>	1 484	1 393	800	0.574	951	677	771	1.140
<i>Textiles/leather clothing</i>	1 128	207	207	1.002	762	183	196	1.067
<i>Non-metallic minerals</i>	636	552	265	0.479	423	213	258	1.212
<i>Metals, machinery, equipment</i>	1 675	960	656	0.683	1 162	497	642	1.292
<i>Timber, chemicals, rubber</i>	1 527	1 387	829	0.598	1 089	656	783	1.194
<i>Furniture</i>	934	217	273	1.256	622	205	261	1.276
<i>Other</i>	1 311	530	574	1.083	948	459	552	1.203
Construction	3 725	1 619	1 235	0.763	1 963	942	1 069	1.135
Public transportation	3 120	2 097	1 078	0.514	1 923	812	1 034	1.274
Trade	33 571	20 491	12 744	0.622	22 103	10 116	11 877	1.174
<i>Cars</i>	5 673	3 984	2 055	0.516	3 764	1 520	1 896	1.247
<i>Wholesale</i>	4 631	8 571	4 423	0.516	2 733	3 673	4 115	1.120
<i>Retail</i>	23 267	7 937	6 266	0.790	15 606	4 923	5 866	1.192
Services	46 201	7 483	5 897	0.788	28 633	4 501	5 331	1.184
<i>Hotels and restaurants</i>	2 509	740	601	0.813	1 467	494	561	1.136
<i>Financial intermediation</i>	1 948	1 464	933	0.638	986	716	872	1.219
<i>Services to companies</i>	26 547	3 698	3 232	0.874	14 522	2 352	2 845	1.210
<i>Health</i>	10 909	792	735	0.928	9 004	644	710	1.102
<i>Other services</i>	4 288	789	396	0.502	2 654	295	343	1.162
Undetermined	3 121	2 836	3 610	1.273	586	2 518	3 442	1.367
Total	99 169	40 184	28 409	0.707	61 527	21 964	26 425	1.203

Crosschecked declarations between 2003 and 2004 shows a strong growth in the transportation and telecommunications sector (+27.4% compared to 20.3% for the total economic activity) and a slight increase in turnovers of the trade sector (17.4%). The significant growth of the industrial sector (19.9%) was primarily led by the metals, machinery and equipment sector (+29.2%), the furniture industry (27.6%) and the non-

¹⁰ Fiscal declarations in respect to industrial and commercial profits do not reflect economic activity in its entirety. Sectors, such as agriculture, construction, housing services, financial services and education are not adequately represented.

metallic and mineral industries (21.2%). As for the services sector turnovers, they increased by 18.4% in general and by 21% for the services to companies.

Divided by sector of activity, the table below shows the turnovers declared by companies liable to VAT for 2003 and 2004. They represent 72% of total turnovers. This share exceeds 90% in some sectors. Because of stricter control by the taxation authorities, the declarations of registered establishments more closely reflect the development of economic activity between 2003 and 2004.

Table n°7
Number of establishments liable to VAT and their turnovers by sector of activity for 2003 and 2004

(TO in LBP billion)

Sector of activity	Number	Sector Share of TO in %	TO 2003	TO 2004	04/03
Agriculture	47	43.8	54	63	1.166
Energy and water	33	86.9	53	57	1.077
Industry	2 051	90.3	2 609	3 174	1.216
<i>Food</i>	348	92.1	623	716	1.150
<i>Textile, leather, clothing</i>	200	82.1	151	165	1.094
<i>Non-metallic minerals</i>	191	91.3	194	240	1.232
<i>Metals, machinery, equipment</i>	349	90.7	451	593	1.315
<i>Timber, chemicals, rubber</i>	432	92.7	608	736	1.211
<i>Furniture</i>	164	87.3	179	231	1.292
<i>Other</i>	367	87.9	404	493	1.222
Construction	756	91.0	857	969	1.131
Transport.& telecommunications	603	89.3	725	946	1.305
Trade	6 790	84.5	8 549	10 195	1.192
<i>Cars</i>	1 243	90.2	1 371	1 744	1.272
<i>Wholesale</i>	1 614	88.7	3 257	3 717	1.141
<i>Retail</i>	3 933	79.7	3 922	4 734	1.207
Services	2 847	58.2	2 621	3 181	1.214
<i>Hotels and restaurants</i>	498	89.1	440	506	1.149
<i>Financial intermediation</i>	45	18.4	132	182	1.384
<i>Services to companies</i>	1 926	66.5	1 564	1 929	1.234
<i>Health</i>	127	41.2	265	301	1.134
<i>Other services</i>	251	74.4	220	263	1.198
Undetermined	109	14.0	353	498	1.412
Total	13 236	72.0	15 822	19 084	1.206