

LEBANESE REPUBLIC
PRESIDENCY OF THE COUNCIL OF MINISTERS
ECONOMIC ACCOUNTS MISSION

Economic Accounts of Lebanon
2005

Compiled and published under the direction of Robert Kasparian

October 2007

Foreword

In 2002, H.E. the Prime Minister Rafik Hariri and H.E. the Minister of Economy and Trade Basil Fuleihan started the project to develop the economic accounts of Lebanon in order to provide a description of the evolution of the Lebanese economy. From the very beginning, this project has benefited from the technical support of the French Institute of Statistics and Economic Studies, whose reputation in this area is unquestioned. The choice was to retain 1997 as the base year, due to the availability of a number of statistical surveys. This has allowed the complete calculation of the accounts 1997¹, then the series of economic accounts 1997-2002², and then the economic accounts for 2003³ and 2004⁴. The publication of the Economic Accounts 2005, I am pleased to celebrate now, raised hopes that next year will be made available the accounts of the years 2006 and 2007, which is complying with the international standards on national accounts release. We have already made arrangements to ensure the full achievement of this project and requested further support from France.

The year 2005 was marked by the terrible event which took the lives of Prime Minister Rafik Hariri, Minister Basil Fuleihan and many others. This event has had also a major impact on the momentum of very strong growth in late 2004. Due to a precautionary behavior of the population, consumption fell sharply; however, in tune with the cycle of economic expansion in the region, the strength of foreign demand and the continuation of the cycle of private investment have helped to support the activity. Similarly, the improvement in the public spending control and the continued decline of the public deficit were carried on. When the consumers recovered confidence, the improvement of the economic situation at the end of 2005 has led to expect a very strong growth in the year 2006 which could have been as good, if not better, than 2004. The proof is a fact that, when it is not affected by the dramatic events experienced by our country in recent years, our economy is able to achieve high performance.

With the continuation of the project of national accounts, Lebanon will soon have a long series of data and an updated description of the performance of the Lebanese economy. This has enabled already to develop a lot of work of economic analysis, which was the deep wish of Minister Basil Fuleihan. For all of these lessons and their work, I extend my thanks to Mr. Robert Kasparian and his staff, and to all the Lebanese and international organizations who have contributed to this project. I also thank the French authorities for their support.

The Chairman of the Council of Ministers

Fouad Siniora

¹ Ministry of Economy and Trade - Republic of Lebanon - May 2003

² Ministry of Economy and Trade - Republic of Lebanon - July 2005

³ Presidency of the Council of Ministers - Republic of Lebanon - May 2006

⁴ Presidency of the Council of Ministers - Republic of Lebanon - February 2007

Acknowledging the contribution of the team involved in this project:

Najwa Yaacoub, Statistician – Central Administration of Statistics

Nadine Zantout, Economist – Economic Accounts Mission

Michel Salameh, Financial Sector Accounts – Central Bank of Lebanon

Rana Dakroub, Government Accounts – Ministry of Finance

Table of contents

	Page
Introduction	9
PART ONE: The goods and services account	11
Chapter 1. Domestic output	13
Section I. Agriculture and livestock	13
Section II. Energy and water	15
Section III. Industry	16
Section IV. Construction	18
Section V. Transport and communications	19
Section VI. Market services	19
Section VII. Trade	22
Section VIII. Non-market services	24
Chapter 2. Imports	27
Chapter 3. Consumption	33
Section I. Household consumption	33
Section II. Public consumption	40
Chapter 4. Investment	42
Section I. Gross fixed capital formation	42
Section II. Variations in inventories	43
Chapter 5. Exports	44
PART TWO: Integrated economic accounts	49
Chapter 1. Integrated accounts of the national economy	52
Section I. Production account	53
Section II. Generation and allocation of the primary income account	55
Section III. Secondary distribution of income account	58
Section IV. Use of income account	61
Section V. Capital account	62
Section VI. Financial account	63
Chapter 2. Rest of the world accounts and balance of payments	68
Section I. External accounts on goods and services	68
Section II. Primary income and current transfers account	69
Section III. Capital transfers account	70
Section IV. Financial account	71
Conclusion	73
APPENDICES	
Appendix I. Tables of basic accounts	81
Appendix II. Statistical sources	103
Appendix III. Analysis of VAT declarations filed by liable companies	124

List of tables

1. Total goods and services account, 2004-2005	11
2. Value added by sector, 2004-2005	13
3. Agricultural output, 2004-2005	14
4. Energy and water output, 2004-2005	16
5. Industrial output, 2004-2005	17
6. Construction output, 2004-2005	18
7. Transport and communications services output, 2004-2005	19
8. Market services output, 2004-2005	20
9. Trade sector account, 2004-2005	23
10. Computation of non-market services output, 2004-2005	24
11. Import of goods by type of product, 2004-2005	28
12. Import of goods by type of use, 2004-2005	28
13. Import of intermediate products by oil and other products, 2004-2005	29
14. Household consumption by type of product, 2004-2005	33
15. Household consumption of food by type of product, 2004-2005	34
16. Household consumption of energy and water, 2004-2005	36
17. Purchase of capital goods by households, 2004-2005	37
18. Consumption of manufactured goods by type, 2004-2005	37
19. Domestic consumption of transport and communications services, 2004-2005	38
20. Consumption of social services by type, 2004-2005	39
21. Consumption of individual services by type, 2004-2005	40
22. Cost estimates of public education and health services, 2001-2005	41
23. Gross fixed capital formation by type, 2004-2005	42
24. Breakdown of GFCF by public/private sector, 2004-2005	43
25. Export of goods and services by type, 2004-2005	44
26. Export of gold ingots, 2001-2005	45
27. Integrated accounts of the national economy (S.1), 2004-2005	50
28. Accounts of the rest of the world (S.2), 2004-2005	51
29. Development of the main aggregates, 2001-2005	52
30. Indirect taxes by type, 2001-2005	54
31. Taxation on consumption by type, 2001-2005	54
32. Subsidies to public companies, 2001-2005	55
33. Breakdown of GDP by factors of production, 2001-2005	56
34. Banking interests paid by firms and public administrations, 2001-2005	57
35. Development of national debt burden and interests, 2001-2005	57
36. Composition of the gross national income, 2001-2005	58
37. Breakdown of direct taxes by type, 2001-2005	59
38. Social security contributions paid by national agents, 2001-2005	59
39. Breakdown of social security benefits received by type, 2001-2005	60
40. Breakdown of current transfers received by type, 2001-2005	61
41. Calculation of GNDI, 2001-2005	61
42. Breakdown of GNDI and gross national saving by sector, 2001-2005	62
43. Breakdown of net lending (+) or borrowing (-) by economic agent, 2001-2005	63
44. Variations in the money supply and net foreign assets of the banking system, 2001-2005	64
45. Breakdown of Treasury bills by subscriber, 2001-2005	65
46. Variations in credits by type, 2001-2005	66
47. Variations in credits to the private sector by economic sector, 2001-2005	66

48. Development of the various balancing items in the balance of payments, 2001-2005	68
49. Contribution of the various components to GDP growth, 1998-2005	70

Tables of basic accounts (Appendix I)

1. Supply-use tables of goods and services by product group in current value and volume in previous year prices	
1.0. All products	81
1.1. Agricultural products	82
1.2. Livestock products	83
1.3. Energy and water	84
1.4. Food industry products	85
1.5. Textiles and leather	86
1.6. Non-metal ores	87
1.7. Metals, machines and equipment	88
1.8. Timber, rubber and chemicals	89
1.9. Furniture	90
1.10. Other industry products	91
1.11. Construction	92
1.12. Transport and communications	92
1.13. Market services	93
1.15. Non-market services	93
2. Input-output tables of goods and services accounts by product group at current prices and volume at previous year prices, 2001-2005	94
3. Financial institutions accounts (Commercial banks accounts)	99
4. Public administration accounts	
4.1. Central administration accounts	100
4.2. Public administration consolidated accounts (estimates)	102

Tables of statistical sources (Appendix II)

I.1 Vital Statistics	103
II.1 Crop output	103
II.2 Animal output	104
III.1 Main imported oil products	105
III.2 Electricity consumption	105
IV.1 Manufactured Tobacco	106
IV.2 Imports of intermediary products intended for industry	106
V.1 Building permits registered at the order of engineers	107
V.2 Local cement sales	107
V.3 Raw material imports for construction	107
VI.1 Movement of goods via Beirut port	107
VI.2 Number of passengers departing from Beirut airport	107
VI.3 Income of telephone and telecommunications General Directorate	107
VII.1 Education: number of registered pupils and students	108
VII.2 Health: public health expenditure	108
VII.3 Insurance services	108
VII.4 Passenger arrivals	108
VIII.1 Budgetary income, State expenditure and their classification	109
VIII.2 Treasury accounts	110

VIII.3 Public debt	110
VIII.4 Transfers from State budget to autonomous agencies	111
VIII.5. CDR accounts	112
VIII.6. National Social Security Fund accounts	113
VIII.7. Computation of the general administration fixed capital depreciation	114
IX.1. Changes in the monetary situation	115
IX.2. Supply of banking credits by sector	115
X.1. Changes in imports by branch of production	116
X.2. Exports	118
X.3. Changes in re-export and transit	118
X.4. Imports by country of origin	118
XI.1. Official consumer price index	119
XI.2. Consumer price index compiled from CCIAB price surveys	119
XI.3. Index of unit values of imported goods	120
XI.4. Index of exchange rates	122

Analysis of VAT declarations filed by liable companies (Appendix III)

Table 1. Number of companies, turnover (TO), Added value (AV), gross fixed capital formation (GFCF) and taxes paid, by sector of economic activity 2003-2005	125
Table 2. Evolution of ratios AV/TO and Taxes/AV 2003-2005	126
Table 3. Rate of increase in the number of companies, declared turnovers (TO), added value (AV), purchase of declared capital goods (GFCF), and paid taxes 2003-2004 and 2004-2005	126
Table 4a. Number of companies that declared two years in a row, turnover (TO) and added value (AV), and the growth rate according to the economic activity 2003-2004 and 2004-2005	127
Table 4b. Number of companies that declared two years in a row, purchases of capital goods (GFCF), taxes paid and the rate of increase by sector of economic activity 2003-2004 and 2004-2005	128

Introduction

The economic accounts of Lebanon for 2005 presented herein are in line with the conventions and methodology that were adopted during the compilation of the accounts of 1997 to 2004. This simplified account model, which was adopted in the light of statistical gaps in the national economy, draws on national accounts as recommended by the United Nations and the European Union (EU) and estimations for the various economic accounts were compiled using available data.⁵

However, estimates in some sectors were revised given the availability of new data on the national economy. Within that context, data on the industrial and services sectors were amended following a survey in 2003 on the leading 900 companies, which was undertaken by the University Observatory of Socio-economic Reality of Saint Joseph University and financed by the Association for the Development of Exchanges in Economic and Financial Technology (ADETEF). Moreover, the collection and analysis of tax returns of industrial and trade establishments for 2003 and 2004 as well as statistics drawn from the VAT files for 2003-2005 have helped to highlight economic trends in some sectors.

Economic growth, which began in 2003 and expanded in 2004, was interrupted violently in 2005 in the aftermath of the assassination of the Prime Minister Rafic Hariri on 14 February of that year.

Consequently, imports have continued their sharp decline, driven by a further weakening of internal and external demand. However, despite a drop in current transfers, a surplus in the balance of payments is evident, which can be attributed to a drop in the deficit of the balance of trade and to improvements in external financing.

These issues are detailed in the accounts and are presented in the following two parts:

(a) Part one, which reviews the goods and services accounts, and describes various aspects of the real economy and their development. It comprises five chapters devoted to the variables that constitute the basic balance of these accounts, namely:

$$\text{production} + \text{imports} = \text{consumption} + \text{gross fixed capital formation and changes in inventories} + \text{exports};$$

(b) Part two, which comprises two chapters, presents the general balance of accounts by integrating the whole set of flows that constitute the general economic activity. The first chapter is devoted to the integrated accounts of the national economy, incorporating production accounts and linking these with the distribution and financial transactions accounts; and the second chapter provides the rest of the world accounts and the balance of payments.

The main basic accounts are published in appendix I as follows:

⁵ For more information on the account model and estimation methods, see two publications by the Ministry of Economy and Trade, namely: "Economic Accounts of Lebanon, 1997" (May 2003); and "The economic accounts of Lebanon, 1997-2002" (July 2005).

Within the framework of goods and services accounts: supply-use accounts of goods and services regrouped in 15 categories; and input-output tables of goods and services accounts according to the seven main sectors of the economy.

Within the framework of institutional accounts: commercial banks accounts; public administration accounts; and the estimated accounts of the whole Government.⁶

A review of the 1997-2005 accounts will be published later after its revision according to the new data available. Therefore, it will be possible to study the behaviour and state of the Lebanese economy during the different phases of this period.

⁶ With the exception of the public administration, data relating to specific governmental agencies are as yet unavailable.

PART ONE: The goods and services account

The real economy is described by the total goods and services account. Table 1 below presents the results of this account for 2005 compared to 2004. Estimating the accounts at constant prices makes it possible to draw out the effects of the price change in total variation, which in turn yields real growth.

Table 1
Total goods and services account, 2004-2005

	<i>Value (LBP billion)</i>		<i>% Change / year</i>		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
<i>Uses</i>					
Private consumption	27 657	27 542	26 984	2.1	-2.4
Public consumption	4 840	5 002	4 978	0.5	2.9
Private GFCF, varying inventories	6 079	6 160	5 954	3.5	-2.1
Public GFCF	995	921	902	2.0	-9.3
Total: national expenditure	39 571	39 625	38 818	2.1	-1.9
Exports	6 426	6 869	6 749	1.8	5.0
Uses = resources	45 997	46 495	45 567	2.0	-0.9
<i>Resources</i>					
GDP	32 359	32 499	32 700	-0.6	1.1
Imports	13 638	13 995	12 867	8.8	-5.7

The growth rate of the domestic economic activity in real terms as measured by the gross domestic product (GDP) at prices in previous year was 1.1% in 2005, compared to 7.4% in 2004, 4.1% in 2003 and an average of 2% over the period 1997-2002.

The drop in economic growth resulted from a decrease in national expenditure in real terms (-1.9%). This decline comes after two consecutive years of significant increases, namely: 6.8% in 2004 and 4.4% in 2003. Moreover, this decline can be largely attributed to a sharp drop in household consumption (-2.4%), while total public expenditure of consumption and investment remained at approximately the same level as in 2004, and private investments continued to grow, albeit with a decrease in inventories.

However, an increase in the volume of exports (5.0%) partially offset the decrease of national demand, thereby resulting in a drop in total demand of 0.9% in volume.

Clearly, local production has failed to match fluctuations in local and foreign demand. In fact, as in 2003, there was a stronger decrease in imports than in demand (-5.7% in real value). The same phenomenon was observed during the two previous years, albeit in the opposite direction, whereby the growth rate of imports was greater than the corresponding demand.

Inflation as measured by the change in consumer price levels was more modest in 2005 at 2.1%, compared to 3.1% in 2004 and 3.6% in 2003. However, this inflation is significant given that the import price level measured by the unit values index increased by 8.8% in

2005, compared to 6.7% in 2004 and 5.6% in 2003, while the prices related to domestic output were almost stable at -0.6% in 2005, 0.9% in 2004 and 1.6% in 2003.

Details of the development of the aggregates in the goods and services account in 2005 are set forth below under the following five chapters: domestic output; imports; consumption; gross formation of fixed capital and changes in inventories; and exports.

Chapter 1 Domestic output

Gross domestic product (GDP) measures the level of production activity of the various economic agents within a country. It is equal to the sum of value added by companies (sole proprietorships, private companies and public enterprises) producing goods and services evaluated at market prices, plus the Government output of non-market services evaluated at factor cost.

Table 2 illustrates the distribution of GDP by various economic sector and its development in 2005 compared to 2004.

Table 2
Value added by sector, 2004-2005

Sector	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Agriculture and livestock	1 705	1 690	1 696	-0.4	-0.5
Energy and water supply	73	-188	74	-353.9	1.0
Industry	3 783	3 786	3 793	-0.2	0.3
Construction	2 404	2 669	2 521	5.9	4.9
Transport and communications	2 404	2 360	2 514	-6.1	4.6
Market services	10 622	10 925	10 952	-0.2	3.1
Trade	7 756	7 534	7 428	1.4	-4.2
Government	3 612	3 722	3 722	0.0	3.1
Total GDP	32 359	32 499	32 700	-0.6	1.1

The drop in economic activity affected almost all the sectors to varying degrees. Increases were witnessed only in the communications sector and, to a lesser extent, in the areas of construction and non-market services. Trade decreased substantially following a concomitant drop in the volume of imports.

The growth or the decline of the value added depends both on the real activity in a given sector and on changes in production and input prices. Significantly, the value added in the energy sector decreased to negative figures despite low albeit real growth. This can be attributed to the substantial rise in the price of oil products used for generating electricity, which was not accompanied by an equivalent rise in the selling price of electric power.

Details of the value added in the various sectors of the economy are set forth below.

Section I. Agriculture and livestock

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

Table 3
Agricultural output, 2004-2005

Output sector	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Cereals	78	93	91	2.0	17.1
Fruit	821	784	782	0.2	-4.7
Plants used for manufacturing	117	103	97	6.6	-17.1
Vegetables and other plants	604	625	614	1.7	1.6
Agricultural products	1 620	1 605	1 585	1.3	-2.2
Live animals	290	303	312	-2.8	7.6
Animal products	214	221	219	0.6	2.3
Fishing products	54	57	60	-4.0	10.9
Animal and fishing products	558	581	591	-1.7	5.9
General total	2 178	2 186	2 175	0.5	-0.1
- intermediate consumption	473	496	479	3.6	1.2
= Gross value added	1 705	1 690	1 696	-0.4	-0.5

Overall, the value added in agriculture and livestock decreased slightly in 2005 compared to 2004. This decrease owes largely to the increase in the value of raw materials used, at 4.8%, which was greater than the value of production, at 0.4%. These increases result from price rises; at constant prices, output and value added of agricultural sector have remained almost unchanged compared to 2004

Development of agricultural output

Agricultural output in terms of volume was down in 2005, particularly as a result of a poor fruit crop.

Moreover, this decrease in the production of fruit, at 4.7%, owes solely to the very strong decrease in the production of olives in 2005, which comes after a strong increase of the output during the previous year. Within that context, the Ministry of Agriculture estimated the output of olives at 83 200 tons in 2003, rising to 167 300 tons in 2004 and falling sharply to 76 500 tons in 2005. By contrast, production of all other fruit crops is estimated to have dropped by a modest 0.5%.

The production price of fruit has been stable (0.2%). Excluding olives, where production price increased by 16.6%, the prices of the other fruits have in fact decreased by 2.7%.

On the other hand, the production of vegetables, which ranks second in importance in the agricultural sector, grew both in volume (1.6%) and in price (1.7%). In particular, the potato output increased from 499 000 to 511 000 tons between 2004 and 2005, and the tomato yield grew from 225 000 to 277 000 tons over the same period.

Industrial cultures are made up of sugar beet, whose output decreased from 84 800 to 79 200 tons, and of tobacco, which witnessed a drop from 11 000 tons in 2004 to 9 000 thousands tons in 2005.

By contrast, the output of cereals grew significantly, particularly the production of wheat, which makes up 60% of the value of total cereals and which rose from 137 000 tons in 2004 to 144 000 tons in 2005.

In the area of livestock and fishing, that sector increased in 2005 at the higher rate of 4.1% compared to the two previous years, namely, 1.2% in 2004 and 3.2% in 2003. This increase was accompanied with an overall decrease of farm price at 1.7%.

However, this increase of produced quantities of live animals arises from divergent accounting data related to the resources and uses of the sector. Specifically, according to estimates by the Ministry of Agriculture, the output of live animals actually decreased by 3% in volume following a drop in the production of poultry from 137 300 tons in 2004 to 130 600 tons in 2005, and with a stagnation of red meat.

The increase in the quantities of animal products, at 2.3%, is the result of a concomitant increase in the production of fresh milk which, according to estimates by the Ministry of Agriculture, grew from 244 000 tons in 2004 to 251 900 tons in 2005; of eggs, which witnessed a modest rise from 755 to 758 million units; and of honey, which went up from 1 070 tons to 1 095 tons.

Intermediate consumption in agriculture and livestock

Contrary to the output, which is subject to regular reviews by the Ministry of Agriculture, the intermediate consumption in agriculture and livestock is not captured by direct surveys of farmers. Consequently, this is estimated indirectly by analysing the output and the import of products intended for agriculture and livestock, including, among others, seeds and seedlings, water for irrigation, fertilizers, pesticides and cattle feed. In general, most of these products are imported, which also makes it possible to estimate price trends from the perspective of farmers as well as quantities used.

The modest increase in the volume of intermediate products used in agriculture in 2005 compared to 2004 (1.2%) owes to the decrease in quantities of imported fertilizers (-29%) and an increase in imported pesticides (9.5%). Equally, imports of other input products in agriculture and livestock have stagnated or decreased, including seeds and seedlings, at -2.9%; and cereals and other products for animal feeding, at -1.7%.

Moreover, the price increases of these products (3.6%) can be attributed to the rise in import prices of fertilizers (15.5%), price of fuels (21%). This increase was dampened by a decrease of import prices of pesticides (-8.5%), and of seeds and seedlings (-2.5%).

Section II. Energy and water

In addition to public companies, which control the production and the distribution of electricity and water, many small private enterprises produce and sell electricity at the local level given frequent power cuts on the public network, while other private companies distribute water to households via water tankers.

Estimates for 2005 are based on earlier figures using available data (see table 4).

Table 4
Energy and water output, 2004-2005

Output sector	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Electricity	1 158	1 158	1 168	-0.9	0.9
Water	171	173	173	0.0	1.2
Total	1 329	1 331	1 341	-0.8	0.9
- intermediate consumption	1 256	1 518	1 267	19.9	0.9
= Gross value added	73	-188	74	-353.1	1.0

Development of electricity output

The development of electricity output is proportional to the distribution of electrical current on the network, which increased by 0.9%, or 10 580 gigawatt-hours (GWh) in 2005 up from 10 491 GWh in 2004.

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

In theory, prices remained constant given that tariffs were not changed between 2004 and 2005. In practice, however, since electricity tariffs are progressive, the average price of kilowatt-hour distribution depends largely on the breakdown of consumption between households. According to data by Electricité du Liban (EDL), the average prices of kilowatt-hours invoiced in 2005 were modestly lower than those of 2004 (-0.9%).

Development of intermediate consumption in the energy sector

The intermediate consumption in this sector remained constant in volume, with a modest decrease in imports of fuel for EDL being offset by the increase of other inputs, namely: the quantities of imported fuel oil, which dropped between 2004 and 2005 from 1 383 to 1 360 thousand tons; and gas oil, which fell from 842 000 to 782 000 over the same period. However, the value of these fuels increased significantly following the price hike of those commodities in the market.

Consequently, the value added in this sector, which represents a small part of the value of output, fell by 274.3%, even to negative figures, dropping from LBP 83 billion in 2004 to LBP -188 billion in 2005. At constant prices, the value added would have increased by 1%, despite a very modest increase in production arising from sluggish intermediate consumptions.

Section III. Industry

Table 5 illustrates the development of the production of the various sectors of industry as well as that of the intermediate consumption by type of goods and services used in the production process.

Table 5
Industrial output, 2004-2005

Output sector	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Output					
Food and beverages	3 183	3 007	2 911	3.3	-8.5
Textiles	706	743	715	3.8	1.3
Non-metallic ores	989	1 112	1 088	2.3	9.9
Metals, machinery, equipment	1 404	1 648	1 600	3.0	13.9
Timber, rubber, chemicals	1 182	1 161	1 109	4.7	-6.2
Furniture	477	500	480	4.1	0.7
Other	967	930	958	-2.9	-1.0
Total	8 908	9 101	8 860	2.7	-0.5
Intermediate consumption					
Agriculture products	746	656	668	-1.9	-10.4
Animal products	580	525	514	2.2	-11.4
Energy and water	430	551	453	21.5	5.3
Food products	295	287	262	9.6	-11.3
Textiles	275	267	280	-4.8	2.0
Non-metallic ores	520	569	546	4.3	5.0
Metals, machinery, equipment	874	981	942	4.1	7.8
Timber, rubber, chemicals	1 157	1 192	1 101	8.3	-4.9
Other manufactured goods	84	87	100	-12.5	18.7
Services	164	201	201	0.0	23.3
Total	5 125	5 315	5 067	4.9	-1.1
Gross value added	3 783	3 786	3 793	-0.2	0.3

As a whole, the volume of the industrial production (output) in 2005 was lower than in 2004 (-0.5%). Given a greater decrease in the volume of input in the industrial sector compared to production (-1.1%), the value added at constant prices has witnessed a net growth (0.3%).

In addition, manufacturers did not raise producer prices in proportion to consumed intermediate products prices (2.7%, rather than 4.9%), thereby keeping constant the factors of production prices.

Development of industrial output

The various industrial sectors have not been affected equally by the slowdown of economic activity. Specifically, while the agro-food, timber, rubber and chemicals industries have seen the volumes of their output decrease very noticeably, production in most other industrial sectors remained almost stationary, with significant growth evident only in the metals, machines and equipment industries.

The decrease of production in the agro-food sector can be attributed to the fall in demand of such consumer products as local tobacco and fresh meat. Consequently, the State-owned tobacco monopoly, Régie des Tabacs, decreased its production of manufactured tobacco from 1 803 tons in 2004 to 655 tons in 2005. Similarly, the import of cattle and sheep

decreased from 127 000 tons in 2004 to 98 000 tons in 2005; and the production of olive oil decreased following a sharp fall in the olive crop (see section I above under development of agricultural output).

Development of intermediate consumption in industry

The composition of industrial inputs varies according to the development of the output of the various sectors. Consequently, the decrease in volume of the consumption of agriculture and livestock products stems from the decrease of agro-food industries. It is important to note that the increase in the relative value of the consumption of various products is comparatively insignificant as set against a modest weight in inputs.

Section IV. Construction

The real growth of construction is inferred from statistics on raw materials used in this sector, namely: local cement deliveries by local cement factories, and imported products used in building and public works. Table 6 shows the variation of the construction output in value and volume as well as that of intermediate products consumed in the construction process.

Given that it is not observed directly, the variation of construction prices is estimated as a function of the weighted average of changes in the wages of manual workers and of the prices of raw materials. Within that context, an increase in the price of labour at approximately 8% suggests a concomitant rise in construction prices of some 5.2%, set against an increase of 4.5% in the value of raw materials intended for construction.

Table 6
Construction output, 2004-2005

	<i>Value (LBP billion)</i>		<i>% Change / year</i>		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Output	4 451	4 858	4 616	5.2	3.7
Intermediate consumption					
Non-metallic ores	813	880	844	4.3	3.8
Metals machinery, equipment	827	881	846	4.1	2.3
Timber, rubber, chemicals	228	237	219	8.3	-4.2
Other goods	36	35	31	13.9	-13.0
Services	143	156	156	0.0	29.2
Total	2 047	2 189	2 096	4.5	3.4
Gross value added	2 404	2 669	2 521	5.9	3.9

The variation of the volume of consumed intermediate products was not the same for all types of inputs, with more significant fluctuations in the consumption of some services, particularly financial services.

Specifically, the total factors of production prices comprising the value added, which includes depreciation, wages and mixed income, suggests an increase of 5.9%.

Section V. Transport and communications

In 2005, the transport and communications sector continued to grow in volume (6.2%), albeit at a reduced rate compared to 18.7% reached in 2004. This growth can be largely attributed to a dramatic development of telecommunications, whereas the air transport sector remained stationary.

Table 7 shows the key development of telecommunications in 2004-2005, with a production rise of 8.1% and stable prices.

Table 7
Transport and communications services output, 2004-2005

Output sector	Value (LBP billion)		% Change / year		
	2004	2005	2004 at 2004 prices	Price changes	Volume change
Road transport	751	769	753	2.0	0.2
Air transport and others	372	418	372	12.4	0.0
Post and telecommunications	3 474	3 756	3 756	0.0	8.1
Total	4 598	4 942	4 881	1.3	6.2
- intermediate consumption	2 193	2 582	2 366	9.1	7.9
= Gross value added	2 404	2 360	2 514	-6.1	4.6

It is important to note, however, that the road transport sector is underestimated owing to the fact that it does not take into account the goods transport activity, given the lack of relevant data. This effectively decreases the share of this sector in GDP in favour of other sectors, particularly trade.

The deterioration of value added prices owes to the rise in input prices, particularly in fuel prices. By contrast, production prices remained practically unchanged except in the air transport sector, where prices increased substantially under the double effect of an increase in fuel prices and of airport taxes in most countries. Consequently, while statistics by the International Air Transport Association (IATA) reveal a significant increase in the value of air tickets sold in Lebanon, the actual number of passengers departing Beirut International Airport remained at the same level as in 2004.

Section VI. Market services

Table 8 reproduces the production account of the market services sector, excluding transportation, communications and trade. This sector witnessed a more modest growth than in 2004, with an increased of value added at 3.1% in real terms compared to 4.2% in 2004.

Development of market services output

The market services sector is highly heterogeneous and regroups various activities, many of which experienced disparate developments.

Table 8
Market services output, 2004-2005

Output sector	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Services to businesses	900	983	983	0.0	9.2
Maintenance and repairs	251	217	213	1.8	-15.3
Housing	2 299	2 343	2 343	0.0	1.9
Hotels and restaurants	1 259	1 236	1 246	-0.8	-1.0
Various personal services	785	814	793	2.7	1.0
Health services	1 865	1 836	1 847	-0.6	-1.0
Education services	3 059	3 201	3 148	1.7	2.9
Financial services	2 545	2 796	2 796	0.0	9.9
Total	12 963	13 427	13 370	0.4	3.1
- Intermediate consumption	2 341	2 501	2 418	3.4	3.3
= Gross value added	10 622	10 925	10 952	-0.2	3.1

a) Business services

Business services include such services as, among others, engineering, legal business, accountancy, data processing, hiring of materials and brokering. The output of these services is not estimated from direct business surveys. Rather, it is equal to the sum of intermediate consumptions and usage of these services in various sectors, particularly the Government and exports. Possible errors in estimating the intermediate consumptions do not affect the estimate of the GDP, rather it affects the breakdown between the market services sector and other sectors. On the other hand, an error in estimating the export of services does affect GDP.⁷ According to a recent survey, exports of such services represent the principal factor in their development.

The prices of these services are not subject to evaluation and are maintained constant.

b) Maintenance and repairs services

These include only such maintenance and repairs services used by households and administrations, which represent the only such services that are captured statistically. The maintenance services used by companies were not subject to estimates and were omitted. Consequently, the breakdown of GDP between the service sector and other sectors could be skewed.

Household consumption in maintenance and repairs services, which represents the principal component of this sector's production, is well documented owing to the Household Budget Survey of 1997. Estimates for other years were carried out using various indicators, including imports of spare parts for repairs of cars and electric household appliances, and the number of households or dwellings requiring maintenance.

⁷ The accounts of this sector were revised in 2003 in the light of a survey on large corporations, which revealed that exports of services adopted in the accounts of 1997-2002 had been underestimated.

According to these indicators, the consumption and, by extension, the output of such services decreased sharply in 2005 (-15.3%), following the strong growth of approximately 14.2% in 2004. Moreover, the price increase of these services reached 1.8%, according to the price survey undertaken 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 value of food and drink used to serve customers. Based on 1997 estimates, the output of this sector for subsequent years was estimated by using the simple growth rate averages of tourist arrivals and the resident population, thereby yielding an indicator of real growth. Consequently, according to this estimation method, the growth rate of this sector was an estimated -1% following the decrease of tourist movement, reflecting a drop in foreign visitors by 2.9% in 2005 (1.32 million arrivals in 2005 compared to 1.36 million in 2004).

Prices changes of restaurant services are deduced from the prices collected by the CCIAB; and price changes of hotel services are taken as being equal to those recorded in restaurant services.

d) Various personal services

These include leisure, personal and domestic care services, and are well documented owing to the Household Budget Survey of 1997. Estimates for subsequent years were extrapolated using data from 1997 to yield a real growth rate of some 1.4% per annum over the period 1997-2002; 1.2% for 2003 and 2004; and 1% for 2005. The rate of price change is calculated using the price survey by CCIAB.

e) Health services

Health services were subject to a number of studies and surveys between 1997 and 1999, including the Survey of Living Conditions of Households Residing in Lebanon by the Central Administration of Statistics (CAS) in 1997; the Lebanon National Health Accounts by the World Health Organization (WHO) in 1998; and the National Household Health Expenditure and Utilization Survey in 1999. These surveys yielded estimates for 1997, which were projected over subsequent years by using pharmaceutical imports as an indicator of the health services output.

According to these estimates, the health sector (market sector excluding public health services) witnessed a modest drop in 2005 (-1%), following a period of accelerated growth, namely: 5.5% in 2004, 3.2% in 2003 and 2.4% per annum on average over the period 1997-2002.

Price variations (-0.6% in 2005) were calculated using the prices collected by CCIAB.

f) Education services

The output of education services only includes school fees and other income services received by private sector schools and universities. Public school services and the Lebanese

University are taken into account in non-market services of the Government (see chapter 3, section II). Estimates based on data from 1997 were projected over subsequent years according to pupil trends and student enrolments in private educational establishments, in addition to tuition fees as surveyed by CCIAB.

The result of these estimates shows a real growth rate in this sector, namely, 2.9% in 2005 compared to 6.5% in 2004, 3.5% in 2003 and an annual average of 1.3% during the period 1997-2002. Price surveys undertaken by CCIAB reveal a modest rise of 1.7% in tuition fees in 2005.

g) Financial services

Financial services include banking and insurances 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 (BDL) provide the data for the purpose of calculating output of these services.

It is difficult to define a price for banking services. In the absence of a relevant study aimed at developing a method for determining such a price, prices of banking services were assumed to be constant in 2005.

The value of the banking output (limited to commercial banks) was estimated at LBP 1 551 billion in 1997, LBP 1 924 billion in 2002, LBP 2 025 billion in 2003, LBP 1 997 billion in 2004 and LBP 2 170 billion in 2005. In other words, after a period of growth at an average rate in the range of 4-5%, the output of trade banks decreased by 2.3% in 2004, compared to 2003, and subsequently increased by 11.2% in 2005. The fall in 2004 was largely offset by the growth of institutions of medium- and long-term credit during that year.

Similarly, the output of insurance services is defined as being equal to the difference between received premiums and paid allowances, with no formulated plans to define a price for the service.

The value of the output of insurance services was revised in the light of new statistics provided by the Ministry for Economy and Trade. This sector has experienced very strong growth during the past seven years. Specifically, the output of insurance services increased from LBP 182 billion to LBP 299 billion in the period 1997-2002, representing an average growth rate of 10% per annum. In 2003 and 2004, the increases were even more significant at, respectively, 16% and 21%. In 2005, the growth continued albeit at a dampened rate (7.3%), and the value of insurance services reached LBP 453 billion.

Section VII. Trade

Development of trade output

In general, the output of trade services is measured in value by trade margins (amounting to the difference between the purchase and sale price) and by the commissions received by intermediaries between users and producers of goods. These margins include the

consumption taxes paid through the trade sector and the so-called trade margins. Table 9 below reviews the basic variables with regard to the trade sector output.

Only taxes paid at the time of the entry of goods into Lebanese territory could be detailed, including customs duties, taxation on consumption and, since 2002, VAT on imported goods.

Margins of domestic trade are equal to the difference between the value, uses and imports of goods and services and the local output, net of taxes paid by importers. Consequently, these margins incorporate local taxes, including domestic VAT, which cannot be broken down into the constituent sectors of the economy.

Essentially, the calculation 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. Prices of foreign trade services were maintained at the same level, given the inability to estimate their variations.

Table 9
Trade sector account, 2004-2005

	<i>Value (LBP billion)</i>		<i>% Change / year</i>		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Components of trade output					
Import duties	2 963	2 643	2 819	-6.3	-4.9
Local trade margins	5 169	5 225	4 928	6.0	-4.7
Foreign trade services	950	917	917	0.0	-3.5
Total = output	9 082	8 785	8 664	1.4	-4.6
- Intermediate consumption	1 326	1 251	1 236	1.2	-6.8
= Gross value added	7 756	7 534	7 428	1.4	-4.2

Table 9 underscores the following:

Import duties reached LBP 2 643 billion in 2005: 10.8% less than the level reached in 2004. Compared to the growth rate of the value of imports at current prices (3.2%), this indicates a fall in the tax ratio on imports, which witnessed a drop from 22.5% in 2004 to 19.4% in 2005. At constant import prices and tax rates, the value of import taxes is estimated at LBP 2 819 billion LBP, which represents a modest decrease of 4.9% compared to 2004. Moreover, the fall of taxes at constant prices and rates is an estimated 4.9%, which is also different from the real change rate of imports (-5.7%). This discrepancy results from the difference between the growth of imports of taxed products and of tax-free products. The fall of 10.8% in taxes owes therefore to the drop of 4.9% in the volume of taxed imports and to the change of 6.3% in price and tax rates.

Moreover, local trade margins increased modestly from LBP 5 169 billion in 2004 to LBP 5 225 billion in 2005, representing a rise of 1.2%. Calculated at constant prices and rate margins, this amounts to LBP 4 928 billion, or a fall of 4.7%. Consequently, the “price” of trade services would have increased by 6% and can be attributed to the rise of 5.5% in the source price of goods.

Intermediate consumption and value added in the trade sector

Intermediate consumption, which was estimated for 1997, was projected over subsequent years in line with the methodology used for other sectors of the economy. Transportation services of goods were not included in trade inputs, thereby resulting in a slight overvaluation of the value added in this sector, and in counterbalancing the undervaluation of the value added of the transportation sector.

Overall, prices of products consumed by the trade sector increased by 1.2% in 2005 compared to 2.5% in 2004.

Taking into account the trend of production “prices” of this sector, the value added at constant prices decreased by 4.2% in 2005 compared to an increase of 9.3% in 2004, 3.3% in 2003 and an average of 0.6% per annum during the period 1998-2002.

Section VIII. Non-market services

Non-market services are provided by the Government, which include the central administration, autonomous administrations and municipalities. As indicated by the term, these services are not sold on a market and, therefore, do not have a price tag as such. Consequently, their value is estimated at costs comprising the following three elements: (a) value of consumed goods and market services; (b) value of depreciation of public fixed capital; and (c) compensations, including salaries, of civil servants.

Only the accounts of the central Government and of the Council of Development and Reconstruction (CDR) are published regularly; all other administrations are subject to estimates from 1997 figures, which are projected over subsequent years using Treasury account indicators.

Table 10 details the variables in calculating the Government’s output in 2005 compared to 2004.

Table 10
Computation of non-market services output, 2004-2005

Cost elements	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
<i>Intermediate consumption</i>					
Energy and water	58	92	75	21.5	28.9
Manufactured goods	147	153	145	5.4	-1.6
Transport and communications	26	24	24	0.0	-8.2
Financial services	487	523	523	0.0	7.5
Other market services	509	488	488	0.0	-4.3
Total: intermediate consumption	1 228	1 280	1 256	1.9	2.2
<i>Elements of the value added</i>					
Depreciation	689	675	675	0.0	-2.1
Compensation	2 922	3 047	3 047	0.0	4.3
Total: Gross value added	3 612	3 722	3 722	0.0	3.1
Value of output	4 840	5 002	4 978	0.5	2.9

The value of consumed market goods and services constitutes the intermediate consumption in the production process. Consequently, the value added of the Government is equal to the compensations, including salaries, of civil servants and the depreciation of the fixed capital in collective use.

a) Intermediate consumption of market goods and services

More than 44% of market goods and services consumed by the Government are made up by the value of the banking services included in the debt servicing. Indeed, part of the interests paid by the State to banks that have subscribed to Treasury bills constitutes the payment of banking service, whose value is measured by the difference between received interests and interests paid to depositors. The estimated value of financial services paid by the Government increased from LBP 633 billion in 1997 to LBP 736 billion in 2002, then dropped marginally to LBP 730 billion in 2003, and fell to LBP 487 billion in 2004. In 2005, the value of these services began to climb again, reaching LBP 523 billion.

The fall in 2004, which reached -33.3%, can be partly attributed to the drop in national debt charges and partly to more significant subscriptions for Treasury bills separate from the banking structure. In fact, total interests paid by the central Government and CDR dropped from LBP 4 952 billion in 2003 to LBP 4 219 billion in 2004 (-14.8%), which accompanied a decline in the bank margin ratio on interest received from 26.5% in 2003 to 25.5 % in 2004. In 2005, the financial charges of the Government as well as the interests on Treasury bills received by banks continued to fall; the increase in the value of financial services owes primarily to the rise of bankers' margins, climbing from 25.5% in 2004 to 28.2% in 2005.

b) The value added of Government

The value added of Government is calculated at factor cost, namely: the value of fixed assets depreciation and compensation of the labour force.

By convention, the value of the depreciation of public assets is equal to one-thirtieth of their actualised value. This value is calculated by adding the national expenditure of gross fixed capital formation of the past 30 years, whereby the value of a past year is converted to current value through an appropriate price index. In the absence of such an index, the index of minimum wage is used instead (see appendix for details of the calculations). Using this methodology, the value of depreciation increased from LBP 498 billion to LBP 671 billion during the period 1997-2002, to reach LBP 698 billion in 2003, LBP 689 billion in 2004 and LBP 675 billion in 2005. This fall in 2005 for the second consecutive year is the consequence of the decrease in the rate of public investment.

The Government's compensation of employees includes basic wages, various premiums and allowances, and employer contributions to social security agencies. This cost factor increased by 4.4% in 2005 compared to 2.2% in 2004, 2% in 2003 and an annual average of 4.9% during the period 1997-2002.

c) Volume change of non-market services

Given that non-market services do not, strictly speaking, carry a price, the calculation of the volume of such services at a reference year price is performed by adding the elements of cost evaluated at selected reference prices. In 2005, only the prices of consumed products varied (1.9%); the prices of the production factors, including wages and fixed assets valorisation index, remained unchanged in that year.

Consequently, the variation in volume of non-market services was estimated at 2.9% in volume, for a variation of 3.4% in value.

Chapter 2 Imports

Imports encompass the import of goods into the national territory and consumer expenditure made abroad by residents in Lebanon. Imports of services are not included given that these are deducted from exports of services.

The import of goods into Lebanon is well documented owing to customs statistics. The total value includes the cost, insurance and freight (CIF price) to customs posts. However, two vital modifications have been made to these statistics, namely: the import of gold ingots destined for national reserves or with a speculative aim are not taken into account; and the value and quantities of imported oil products are modified according to the statistics provided by the General Directorate of Oil.⁸

Table 11 presents imports by type according to the classification adopted for the compilation of the accounts and their development in 2005 compared to 2004 in value and volume.

In 2005, imports increased by 3.2% in current value, which owes entirely to the increase in unit values that reached 9.1%. In terms of volume, imports dropped to 5.4%, following two years of successive rise, namely, 6.1% in 2003 and 13.7% in 2004.

Import prices were strongly influenced by the increase in the price of oil products (18.7% in 2003, 26.7% in 2004 and 36.5% in 2005). Moreover, there was a noteworthy rise in the unit value of livestock products (9.2%) owing to the increase in cattle prices (14.7%).

Contrary to past years, the Lebanese pound remained stable against major foreign currencies; the increase in import prices therefore owes entirely to the rise of prices in the countries of origin.

⁸ However, gold used in the jewellery sector is included in imports. The table below shows the modifications made to customs statistics.

	Value (LBP billion)			% Change / year	
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Customs values	14 171	14 085	12 858	9.5	-9.3
Correction oil:	-552	-22	36		
- customs values	-2 771	-2 988	-2 106	41.9	-24.0
+ values Directorate of oil	2 219	2 966	2 142	38.4	-3.5
Values excluded	-445	-468	-429	9.2	-3.6
Money	-5	-19	-17	8.4	213.7
gold ingots	-499	-502	-460	9.2	-7.9
+ gold for jewellery	60	53	48	9.2	-19.1
Total of corrections	-997	-491	-393	24.9	-60.6
Total corrected	13 173	13 594	12 465	9.1	-5.4

Table 11
Import of goods by type of product, 2004-2005

Type of product	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Agricultural	657	565	568	-0.4	-13.5
Livestock	349	288	264	9.2	-24.2
Oil	2 424	3 209	2 351	36.5	-3.0
Food	1 250	1 291	1 236	4.5	-1.1
Textiles	943	890	851	4.5	-9.7
Non-metallic ores	559	515	517	-0.3	-7.5
Metals, machinery, equipment	3 977	3 920	3 872	1.2	-2.7
Timber, rubber, chemicals	2 305	2 282	2 157	5.8	-6.4
Furniture	100	101	102	-1.6	2.5
Others	609	531	547	-2.8	-10.3
Total territorial imports	13 173	13 594	12 465	9.1	-5.4
Residents expenditure abroad	465	401	402	0.0	-13.7
Total national imports	13 638	13 995	12 867	8.8	-5.7

In terms of volume of imports, livestock products dropped most significantly (-24.2%), followed by agricultural products (-13.5%), textiles (-9.7%) and non-metallic ores (-7.5%).

These figures reflect the fall in household demand. In fact, as illustrated by table 12 below, the import of consumer goods intended for households decreased noticeably in volume (-7%), with a rise of unit values (7.1%). The durable consumer goods were significantly impacted in 2005 (-8.7%) compared to 2004 (see chapter 3 on variations in consumption).

Table 12
Import of goods by type of use, 2004-2005

Type of use	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Consumption	6 229	6 205	5 795	7.1	-7.0
<i>Durable goods</i>	2 084	1 906	1 903	0.1	-8.7
<i>Non durable goods</i>	4 145	4 300	3 891	10.5	-6.1
Intermediate use in:					
<i>Agriculture and livestock</i>	298	266	281	-5.4	-5.6
<i>Energy and industry</i>	3 373	3 532	3 141	12.5	-6.9
<i>Construction</i>	523	525	502	4.5	-3.9
<i>Transport, com. & services</i>	846	1 023	839	21.9	-0.8
<i>Other sectors</i>	581	708	554	27.8	-4.6
Total of intermediate uses	5 620	6 054	5 317	13.9	-5.4

Table 12 continued
 Import of goods by type of use, 2004-2005

Type of use	Value LBP billion		Change in %/ year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Goods for GFCF					
<i>Agriculture and livestock</i>	83	95	91	4.4	10.5
<i>Energy and industry</i>	430	458	466	-1.7	8.3
<i>Construction</i>	96	62	60	4.3	-37.6
<i>Transport and commun.</i>	232	275	263	4.7	13.2
<i>Services and trade</i>	454	423	454	-6.8	0.0
<i>Other sectors</i>	31	22	21	4.2	-31.4
Total goods for GFCF	1 325	1 335	1 354	-1.4	2.2
Grand total	13 173	13 594	12 465	9.1	-5.4

Moreover, imports have decreased as a result of the economic downturn, which brought about a fall in volume of intermediate products intended for different sectors (5.4%), with a rise of unit values (13.9%). Additionally, the price rise of imported intermediate products stems from the sharp increase in the price of oil products (see table 13).

Table 13
 Import of intermediate products by oil and other products, 2004-2005

Type of intermediate product	Value LBP billion		Changes in %/ year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Oil products	1 585	2 131	1 539	38.5	-2.9
Other products	4 035	3 922	3 778	3.8	-6.4
Total	5 620	6 054	5 317	13.9	-5.4

Import prices of oil products used for energy production and in all industries increased by 38.5%, while the imported quantities decreased by 2.9%. The prices of other raw materials have only risen by 3.8%, with a fall of imports in volume of 6.4%.

Tables 13a-13e provide details of the changes in the import of intermediate products in 2005 across various sectors of the economy.

In the area of agriculture and livestock, there was a sharp decline in the quantities of imported fertilizers of any kind (-19.5%), with prices almost constant. By contrast, quantities of imported pesticides increased noticeably (9.5%), with a fall of unit values (-8.5%). Overall, the value of imported intermediate goods for use in the agricultural sector fell by 10.7%, incorporating 5.4% arising from the fall in unit values and 5.6% from the fall in quantities.

Table 13a
Import of intermediate products for agriculture and livestock, 2004-2005

Type of intermediate product	Value LBP billion		Changes in % / year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Seeds and seedlings	54.8	51.9	53.2	-2.5	-2.9
Fertilizers	83.3	66.9	67.1	-0.3	-19.5
Pesticides	34.7	34.8	38.0	-8.5	9.5
Cattle feed	121.0	108.7	118.9	-8.6	-1.7
Other products	3.7	3.3	3.5	-6.3	-4.2
Total	297.6	265.6	280.8	-5.4	-5.6

The imported intermediate products in the industrial sector include the oil products used by EDL for the production of electricity. Within that context, the CIF price of fuel oil surged from LBP 321 000 per ton in 2004 to LBP 454 000 per ton in 2005. The other imported products for industrial use could not be identified by destination and were therefore classified under products not broken down by sector (see table 13e).

Table 13b
Import of intermediate products for industry, 2004-2005

Type of intermediate product	Value LBP billion		Changes in % / year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Oil products	701	948	663	43.1	-5.4
Other products	2 672	2 584	2 478	4.3	-7.3
<i>Agriculture</i>	261	199	213	-6.4	-18.5
<i>Livestock</i>	291	227	207	9.8	-28.9
<i>Agro-food</i>	120	127	111	14.1	-7.4
<i>Textiles and leather</i>	176	165	176	-6.4	0.0
<i>Non-metallic ores</i>	245	229	229	0.0	-6.8
<i>Metals</i>	819	881	847	4.0	3.4
<i>Timber, rubber, chemicals.</i>	719	726	664	9.4	-7.7
<i>Other</i>	41	31	32	-4.4	-21.6
Total	3 373	3 532	3 141	12.5	-6.9

The unit values of all non-oil products intended for industry increased by 4.3%, with a fall of imported quantities of 7.3%. Moreover, table 13b illustrates the sharp decline in the import of livestock destined for the production of meat (-28.9%), with a price rise of 9.8%. Consequently, cattle imports destined for slaughter dropped from 105 995 tons in 2004 to 86 324 tons in 2005 (-18.6%); and sheep imports fell further from 21 153 tons in 2004 to 8 819 tons in 2005 (-58.3%). Additionally, there was a significant fall in imported agricultural products for industrial production (-18.5%), with a concomitant fall in prices (-6.4%). However, the greatest decline was witnessed in the import of raw materials destined for the manufacture of pasta and vegetable oils. Specifically, imports of durum wheat slumped from 478 361 tons in 2004 to 402 406 tons in 2005 (-15.9%); soya beans fell from 64 702 tons to 46 035 tons (-28.9%); sunflower seeds dropped massively from 20 075 tons to 640 tons (-96.8%); and sesame seeds fell from 21 430 tons to 20 701 tons (-3.4%).

Imports intended for construction and public works did not follow the same change in 2005 compared to 2004. While there was a drop in both value and volume of imports of materials for construction in terms of stones and cement, equipment of buildings in machines and devices, timber and such chemicals as paints, there was an increase in metals and metalwork, and in ceramic products as used in bathrooms and toilets. Overall, the value of imported intermediate goods for construction was marginally higher than the figure recorded in 2004. However, given the increase in unit values estimated at 4.5%, the import of such goods in volume actually decreased by 3.9% (see table 13c).

Table 13c
Import of intermediate products for construction, 2004-2005

Type of intermediate product	Value LBP billion		Changes in % / year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Stones, sand, cement	79	70	67	4.5	-14.8
Ceramics	71	76	80	-5.4	13.1
Glass	32	31	29	6.1	-8.5
Metals	184	206	189	8.9	2.9
Machines, equipment	119	105	102	3.2	-14.6
Wood chemicals	37	36	34	6.2	-9.0
Total	523	525	502	4.5	-3.9

In the area of the import of intermediate goods intended for transport and services, the value of imported fuels for transport grew sharply, which owes almost entirely to the rise in oil prices (see table 13d).

Table 13d
Import of intermediate products for transport and services, 2004-2005

Type of intermediate product	Value LBP billion		Changes in % / year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Oil products	528	706	533	32.5	1.0
Other products	318	317	306	3.5	-3.8
<i>Metals</i>	143	134	126	6.1	-12.0
<i>Timber, rubber, chemicals,</i>	95	102	97	4.9	2.5
<i>Other</i>	81	82	83	-1.9	3.3
Total	846	1023	839	21.9	-0.8

It is important to note that some products are prone to being used in more than one sector, thereby hindering the establishment of a distribution key. This is particularly the case of such liquid fuels as gas oil as well as some chemicals (see table 13e).

Table 13e
Import of intermediate products not categorized by sector, 2004-2005

Type of intermediate product	Value LBP billion		Changes in % / year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Oil products	357	477	344	38.8	-3.6
Other products	225	231	211	9.8	-6.2
<i>Timber, rubber chemicals,</i>	174	178	160	11.4	-8.2
<i>Other</i>	51	53	51	4.6	0.5
Total	581	708	554	27.8	-4.6

However, the downturn in economic activity was not accompanied by a decline of gross fixed capital formation; enterprises continued to invest, thereby resulting in a modest increase in the import of capital goods intended for various sectors of the economy at 0.8% in value and 2.2% in volume (given equally that the fall of unit values of these goods reflects favourably the change in prices).

In 2005, several sectors continued to invest in imported goods in terms of value, namely, transport and communications (18.6%), agriculture (15.3%) and manufacturing (6.5%). By contrast, the value of capital goods imported for the construction and service sectors dropped by 34.9% and 6.9%, respectively.

Within the context of consumer expenditures abroad by Lebanese residents, estimates are based on the Household Budget Survey of 1997. In the absence of direct observations during the period subsequent to 1997, this expenditure is assumed to evolve in volume according to the movement of Lebanese travelling abroad. These registered changes of 6.8% in 2003 compared to 2002; 6.4% in 2004 compared to 2003; and -13.7% in 2005 compared to 2004.

The change of expenditure in value was calculated by using the average exchange rates of the euro and the United States dollar compared to the Lebanese pound. These rates have remained practically unchanged compared to 2004.

Chapter 3 Consumption

Final consumption, which represents the most significant share of the uses of goods and services, has accounted for 70-75% of available resources in the past. It comprises household consumption (private consumption) and Government consumption (public consumption), each of which is reviewed in the two sections set forth in this chapter.

Section I. Household consumption

Household consumption is obtained by estimating domestic consumption (private consumption in Lebanon), deducting the consumption of tourists and adding the consumer expenditures of Lebanese travellers abroad. The value of this consumption is based on the Household Budget Survey of 1997, with extrapolated estimates for subsequent years using adequate indicators.

Table 14 tracks the development of household consumption by type of product. A consumer price index was compiled especially in order to reveal the real development of consumption.

Table 14
Household consumption by type of product, 2004-2005

Type of product	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Food	6 689	6 639	6 397	3.8	-4.4
Tobacco	614	550	537	2.3	-12.4
Textiles and clothing	1 950	1 953	1 882	3.8	-3.5
Energy and water	2 054	2 023	1 963	3.0	-4.4
Durable goods	3 043	2 865	2 834	1.1	-6.9
Other manufactured goods	2 178	2 029	1 973	2.8	-9.4
Transport and communications	2 191	2 451	2 390	2.6	9.1
Housing rent	2 299	2 343	2 343	0.0	1.9
Education and health	4 924	5 037	4 995	0.8	1.4
Other services	2 799	2 785	2 770	0.5	-1.0
Domestic consumption	28 741	28 675	28 086	2.1	-2.3
- net expenditure of travellers	-1 083	-1 133	-1 101	2.9	1.7
Total	27 657	27 542	26 984	2.1	-2.4

The growth rate of domestic private consumption (the total of households and tourists in Lebanon) was negative in 2005 at -2.3% in volume. However, given the rise of prices (2.1%), the value of this consumption remained almost unchanged. This weakening in private consumption followed a year of strong growth (6.5% in real terms) and can be attributed to the poor state of the economy in the aftermath of the assassination of the Prime Minister Rafic Hariri, wherein households became more inclined to save rather than consume. Moreover, the departure of Syrian troops and of a sizeable number of foreign workers from Lebanon contributed to the slowdown of domestic consumption.

The development of private consumption was not the same for all types of expenditure. While transport and communications, housing and education continued to grow, expenditures on other services decreased to a greater or lesser degree.

a) Food consumption

The decline in the resident population of Lebanon combined with a rise in prices resulted in a fall in the volume of food consumption. Consequently, the modest decrease of household expenditure on food (-0.7%) stemmed from a rise in prices (3.8%) and from a marginally stronger decrease in consumed quantities (-4.4%). Further to this change, the share of food consumption in domestic private consumption was almost at the same level as the previous year, following its regression from 27.9% in 1997 to 24.2% in 2004.

Table 15 illustrates the value of food consumption and shows the price changes by type of food and the estimate of volume growth for each category of consumption.

Table 15
Household consumption of food by type of product, 2004-2005

Type of product	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Agricultural	1 588	1 636	1 550	5.5	-2.4
<i>Fruit</i>	735	739	707	4.6	-3.9
<i>Vegetables</i>	760	809	758	6.6	-0.2
<i>Cereals and others</i>	93	87	85	3.2	-8.5
Livestock	550	552	568	-2.8	3.3
Food	4 551	4 451	4 279	4.0	-6.0
<i>Fresh meats</i>	1 104	1 041	1 002	3.9	-9.2
<i>Pasta</i>	900	872	858	1.7	-4.6
<i>Dairy</i>	705	719	663	8.4	-5.9
<i>Fats and oils</i>	396	431	423	1.9	7.0
<i>Sugar, chocolate, sweets</i>	201	189	164	15.1	-18.3
<i>Preserves and others</i>	708	695	664	4.6	-6.2
<i>Beverages</i>	538	503	503	-0.1	-6.4
Total	6 689	6 639	6 397	3.8	-4.4

Table 20 underscores the following:

- (a) Consumption of agricultural products increased in value (3%), with a rise in prices (5.5%) and a fall of quantities (2.4%);
- (b) Consumption of livestock products, particularly milk and fresh eggs, increased in volume (3.3%), with a fall of prices (-2.8%);
- (c) Consumption of food industry products fell in both value (-2%) and volume (-6%), with prices increasing by an average of 4%. Consumption of fresh meat witnessed the greatest fall in volume (-9.2%) and value (-5.7%); and pasta products, which occupy the third place in food use after meat and vegetables, witnessed a decrease albeit to a lesser degree (-4.6%), with a more moderate price rise (1.7%). Equally, the price of sugar-based

products surged during that period (15.1%), which was accompanied by a fall in consumed quantities (-18.3%).

b) Consumption of tobacco

According to statistics by the State-owned tobacco monopoly, Régie des Tabacs, volume sales of tobacco by residents and non-residents in Lebanon dropped significantly in 2005 (-12.4%). Specifically, the Régie recorded their lowest sales in 2005 since 1997, namely: 7 628 tons compared to 8 729 tons in 2004. While the sales of local tobacco fell sharply from 1 671 tons in 2004 to 795 tons in 2005 (-52.4%), the sales of imported tobacco dropped only by 3.2%. This can be attributed to the departure in spring 2005 of the Syrian troops and of a sizeable number of Syrian workers.

While the retail price of cigarettes and other manufactured tobacco remained unchanged in 2005, the average price of a tobacco unit sold increased by 2.3% given the change in the composition of consumption. In other words, the weighted price average drew nearer to the price of foreign tobacco given the comparatively stronger decline in local tobacco, whose price is significantly lower than its imported counterpart.

c) Private expenditure on textiles and clothing

Consumer expenditure on textiles and clothing remained almost unchanged in 2005. The price rise (3.8%) was met with an equivalent fall in consumed quantities (-3.5%). This expenditure represents approximately 7% of total consumption in market goods and services, which, in terms of proportion, did not change to a significant degree from 2004. There is a lack of data related to the change of consumption of the specific components that make up this group of products, which include, besides textiles and clothing articles, leather articles, household linen and carpets.

d) Private consumption of energy

The private consumption of energy includes expenditures on electricity, water and oil products. The budgetary coefficient of this consumption increased from 6.5% in 1997 to 7.5% in 2002, and was maintained at this level in 2003, 2004 and 2005. This development owes primarily to the fluctuation in prices. In 2005, a price increase (3%) was accompanied by a decrease in consumed quantities (4.4%). Equally noteworthy is the modest increase of prices compared to the rise in the price of oil products, resulting from a freeze in the prices of electricity and gasoline.

Table 16 provides details of the consumption of energy and water. Within that context, electricity consumption increased to 2.2% in 2005, with a modest fall in the average price of kilowatt-hour.⁹

In the absence of recent statistics, water consumption was estimated by assuming increases linked to the population growth rate, namely, 1.3% per annum; and the price of water consumption remained unchanged.

⁹ It is important to note that, even at a constant tariff, the average price can change to reflect the structure of consumption.

Table 16
Household consumption of energy and water, 2004-2005

Type of product	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Electricity	678	682	688	-0.9	1.5
Water	155	157	157	0.0	1.3
Oil products	1 216	1 178	1 112	5.9	-8.6
Solid fuels	4	6	6	...	...
Total	2 054	2 023	1 963	3.0	-4.4

Consumption of oil products dropped in volume (-8.6%), with a relatively modest increase in prices.

Households use oil products for transport (fuel for private cars) and for central heating and cooking (gas oil and butane gas).

Consumed quantities of gasoline remained stable compared to 2004, with a modest fall in prices within the limits set by the Government's continuing price stabilization policy. Specifically, the average price of twenty litres passed from LBP 22 050 in 2004 to LBP 21 555 (-2.2%), while the import price increased by approximately 30%. This was achieved by reducing consumption taxes, whereby the share of taxes perceived on the consumer price of gasoline fell from 55.5% in 2003 to 43.7% in 2004 and to 28% in 2005.

On the other hand, household consumption of gas oil was significantly affected by the steep rise in the price of fuel, which increased from LBP 11 212 per twenty litres to LBP 15 636 (39.5%). The reduction in household consumption of this product is estimated at 10%.

Similarly, consumption of domestic gas fell in volume (-6.1%), following a price rise of this commodity (27.4%); and the average price of a 10-kilogram bottle increased from LBP 12 226 in 2004 to 15 576 in 2005

e) Purchase of capital goods by households

In 2005, household expenditure on the purchase of capital goods dropped in value (-5.8%) and in volume (-6.9%). The weight of such goods in the budget passed from 11% in 2004 to 10.4% in 2005, owing primarily to the fall in the purchase of cars, household appliances and leisure devices. The drop of expenditure in the jewellery sector could be attributed to the decrease of purchases by non-residents.

The purchase of cars constituted the principal expenditure on capital goods, representing more than 60% in 2005. The number of imported cars dropped between 2004 and 2005 from 45 443 units to 41 638 units. Taking into account changes in the various categories of cars, purchases of private cars fell by an estimated 4.5% in volume; and given the accompanying price increase (2.7%), household expenditure on car purchases dropped by 1.9% in 2005 compared to 2004.

Table 17
Purchase of capital goods by households, 2004-2005

Type of equipment	Value (LBP billion)			% Change / year	
	2004	2005	2005 at 2004 prices	Price change	Volume change
Cars	1 734	1 701	1 656	2.7	-4.5
Machinery and equipment	530	470	480	-2.1	-9.4
Furniture	253	264	268	-1.6	6.1
Various instruments	252	217	219	-0.9	-13.1
Jewels	274	212	210	0.9	-23.3
Total	3 043	2 865	2 834	1.1	-6.9

The expenditure on purchases of machinery and electric household appliances declined even further in 2005, after strong gains in 2004. For instance, the import of refrigerators dropped by LBP 33.2 billion in 2004 to LBP 28.9 billion in 2005; and imports of television sets dropped from LBP 90 billion in 2004 to LBP 81.8 billion in 2005.

f) Consumption of other manufactured goods

The category of other manufactured goods encompasses the following: products of chemical and pharmaceutical industries for personal and domestic care; printing works; and various products made of glass, pottery or metal. Table 18 provides the development of the consumption of these products.

Chemicals and pharmaceuticals represent the most important goods of this category, and constitute a little less than 5% of total domestic private consumption. After experiencing a rise of 15.6% in 2004, among which 6.4% owed to price increases, expenditure in this category decreased in 2005 by 4% in value and 7.2% in volume. It is important to note the fall in the quantities of imported drugs intended for retail sale, which was accompanied by a price rise. Specifically, the value of these imports dropped from LBP 603.5 billion in 2004 to LBP 593.6 billion in 2005, with volumes down from 4 772 tons to 4 553 tons, thereby representing a fall of 1.6% in value and 4.6% in volume with a rise of import prices of 3.1%.

Table 18
Consumption of manufactured goods by type, 2004-2005

Type of consumed good	Value (LBP billion)			% Change / year	
	2004	2005	2005 at 2004 prices	Price change	Volume change
Chemicals and pharmaceuticals	1 487	1 427	1 380	3.4	-7.2
Printing works	410	415	416	-0.2	1.4
Glassware, metalwork	117	112	115	-3.1	-1.5
Other products	164	75	62	21.8	-62.4
Total	2 178	2 029	1 973	2.8	-9.4

In general, printing works encompasses newspapers, magazines and books, including schoolbooks. The growth of household expenditure on printing works witnessed in 2004 continued in 2005, albeit at the lower rates of 1.2% in value and 1.4% in volume.

g) Private expenditure on transport and communications

Tourist and household expenses on transport and communications continued the accelerated growth recorded in past years, climbing by 11.9% in value and 9.1% in volume in 2005 compared to 13% and 12.8%, respectively, in 2004. This can be attributed to rapid growth in the use of mobile telephones, set against sluggish use of public and air transport. Within that context, only the prices of air transport increased in a significant way.

Table 19
Domestic consumption of transport and communications services, 2004-2005

Type of service	Value (LBP billion)		2005 at 2004 prices	% Change / year	
	2004	2005		Price changes	Volume change
Road transport	736	754	738	2.0	0.4
Air transport and travel	368	414	368	12.5	0.0
Post and telecommunications	1 088	1 284	1 284	0.0	18.0
Total	2 191	2 451	2 390	2.6	9.1

In 2005, expenditure on *road transport* services by households and travellers increased by a modest 2.4% in value, which owes almost entirely due to concomitant price rises; and the volume of public transport remained almost at the same level as in 2004.

Domestic consumption of *air transport* services is equal to the value of the passenger tickets sold by travel agencies nationwide. Using relevant statistics by IATA and data by the national air transport company, household expenditure on air transport climbed from LBP 368 billion to LBP 414 billion. However, statistics related to the movement of passengers departing from Beirut International Airport shows a slump in the use of this mode of transport. Consequently, the increase of the value of tickets sold could be entirely due to price rises.

In the area of *postal services and telecommunications*, household expenditure continued to grow to 18.0% in 2005, compared to 22.1% in 2004 and 12.7% in 2003.

h) Rental value of housing

In the absence of verifiable statistics on housing development, the number of occupied residences was assumed to be equal to the annual number of registered marriages, net of re-entries into existing housing units. In 2005, this number was 1.9% of residences occupied in 2004. The average rental value of apartments was stable; and using data from the Survey of Living Conditions of Households, the rental value of housing units were LBP 2 059 billion in 1997, and climbed to LBP 2 299 billion in 2004 and LBP 2 343 billion in 2005.

i) Consumption of education and health services

In 2005, the social services market represented 17.8% of total private consumption. The real growth of this expenditure was 1.4% in 2005, compared to 4.9% in 2004 and 3.4% in 2003. Expenditures on education and health evolved in divergent ways, as illustrated by table 20.

Table 20
Consumption of social services by type, 2004-2005

Type of service	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Education	3 059	3 201	3 148	1.7	2.9
Health	1 865	1 836	1 847	-0.6	-1.0
Total	4 924	5 037	4 995	0.8	1.4

School fees for primary and secondary education and private universities were an estimated LBP 2 788 billion in 2003, LBP 3 059 billion in 2004 and LBP 3 201 billion in 2005. The figure for 2005 represents an increase of 4.7% from 2004 and stemmed from the price rise (1.7%) and the number of used education services (2.9%). Enrolments in private establishments continued to grow, albeit at the dampened rate of 2.9% in 2005 compared to 6.5% in 2004. This growth can be largely attributed to the proliferation of private universities. Indeed, the number of students enrolled in private universities increased from 38 202 in 1997 to 54 019 in 2002, 65 836 in 2004 and 71 414 in 2005, thereby representing an average growth rate of 8.1% in the period 1997-2004 and 8.5% in 2005. During the same period, the number of students enrolled in private schools went up from 510 740 to 522 755 (representing an annual average of 0.3%), then rose to 528 320 in 2005 (1.1%). Overall, the budgetary coefficient of the expenditure on education progressed from 8.5% in 1997 to 11.1% in 2004 and 11.6% in 2005.

The development of health services is less well documented. Assuming a correlation with the number of imported drugs, the volume of care provided by private health services was estimated to have dropped in 2005 (-1%) compared to 2004. Moreover, price logs related to medical care indicated a very modest drop in prices (-0.6%). Consequently, expenditure on health is estimated to have witnessed a drop of 1.6%, and the weight of health expenditure in household consumption stabilized at approximately 6.7%.

j) Consumption of individual services

Typically, individual services represent 8-9% of the total tourist and household expenditures on the national territory. These services include hotels and restaurants, maintenance and repairs, and various services in such areas as leisure, personal care and domestic help. While expenditures on these different services evolved in disparate ways in 2005, the total expenditure in this category was almost stationary whereby increases in some services were offset by declines in others.

Table 21 illustrates the breakdown of these services and their development between 2004 and 2005.

Table 21
Consumption of individual services by type, 2004-2005

Type of service	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Hotels and restaurants	1 259	1 236	1 246	-0.8	-1.0
Maintenance and repairs	232	200	197	1.8	-15.3
Insurances and banks	523	534	534	0.0	21.0
Other services	785	814	793	2.7	1.0
Total	2 799	2 785	2 770	0.5	-1.0

The hotel and restaurant sector is partly dependent on the number of tourists and partly on the increase in the living standards of the resident population. In 2005, there was a drop in the number of tourist arrivals (-2.9%) and an incremental increase in the frequenting of hotels and restaurants by the resident population (assumed to increase at an annual rate of 1.0%), thereby yielding an estimated real growth rate of -1% in 2005 (see chapter 1, section VI, subsection c).

In the area of maintenance and repairs services, consumption is deduced from the estimated output of such services (see chapter 1, section VI, subsection b).

Consumption of financial services consists largely of insurance services whose value is equal to the sum of premiums paid by households less received allowances. Growth in this sector continued in 2005, albeit at a dampened rate compared to the significant growths of past years (see chapter 1, section VI, subsection g).

Section II. Public consumption

By definition, public consumption is equal to the output of non-market services by the Government. The estimated value of such services was exposed in the chapter related to production (see chapter 1, section VIII).

In addition to the value of collective services, public consumption encompasses production costs of free or almost free individual services, including education and health services dispensed through State-owned establishments. Normally, these services need to be subject to a separate estimate. However, the current system of public accounts does not make it possible to establish a separate account for such social services provided by the administration. Consequently, the value of such services is inferred by drawing from the main variables entered in the relevant calculations. Table 22 shows the expenditure on education such as these appear in the State's closure accounts with regards to primary and secondary education, and in the accounts of the Lebanese University with regards to higher education. Moreover, the table below highlights the amounts disbursed by the Ministry of Health for the hospitalization of patients treated at the State's expense.

Table 22
Cost estimates of public education and health services, 2001-2005

Type of service	<i>LBP billion</i>				
	2001	2002	2003	2004	2005
Primary and secondary education					
<i>Wages</i>	447	460	499	504	495
<i>Consumption of goods and services</i>	23	22	23	41	24
Total	470	482	522	545	519
Lebanese University					
<i>Wages</i>	118	128	121	118	116
<i>Consumption of goods and services</i>	21	16	21	17	18
Total	139	144	142	135	134
Total education	580	599	663	680	653
Hospital expenses	182	217	274	227	222
Total social services	762	816	937	907	875

In order to complete the cost estimates of such services, there is a need to include an evaluation of the depreciation of those school and university buildings that belong to the State, and to deduct part of the bank burden borne by the State to cover its deficit.

In terms of the annual change in the number of enrolled students in public education, the growth in volume varies significantly from the growth in value, particularly in primary and secondary education.

Specifically, the total number of pupils enrolled in primary and secondary education in the public and private sectors climbed from 480 400 in 2000-2001 to 485 500 in 2004-2005, representing an average annual growth rate of 0.3%. During the same period, costs increased from LBP 470 billion to LBP 519 billion, which represents an average annual growth rate of 2%.

By contrast, education costs at the Lebanese University developed at approximately the same rate as the number of students between 2001 and 2005. During that period, the number of enrolled students fell from 71 050 to 70 065, representing an average annual drop of 0.3%, while the average annual rate of costs dropped by 0.9%.

Chapter 4 Investments

Tangible investments consist of gross fixed capital formation (GFCF) and variations in inventories.

Section I. Gross fixed capital formation

Overall, GFCF is calculated by adding the value of capital goods purchased by companies and the Government to the value of the output of the construction sector. Given that the majority of such goods are imported, foreign trade statistics provide the necessary indicators for the purpose of estimating their value. Table 23 shows the breakdown of GFCF and its development in 2005 compared to 2004.

Table 23
Gross fixed capital formation by type, 2004-2005

Type of fixed capital	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price change	Volume change
Construction and public works	4 451	4 858	4 616	5.2	3.7
Machinery and equipment	1 480	1 546	1 554	-0.6	5.0
Furniture	342	330	325	1.5	-4.9
Other products	402	403	405	-0.4	0.8
Total	6 674	7 137	6 900	3.4	3.4

Investments started to increase in 2003, after a period marked by a steady decline. This rise continued in 2005, albeit at a lower rate. As noted in chapter 1, section IV, construction increased by 9.1% in value and 3.7% in volume, compared to 9.7% in volume in 2004. A similar trend was witnessed in capital goods investments, particularly in machinery, equipment and means of transport, namely, 5% in volume in 2005 compared to 14.4% in 2004. Overall, in 2005, GFCF grew by 6.9% in value and 3.4% in volume compared to 2004.

Price changes used for calculating variations in the volume of investment goods are inferred from building costs (see chapter 1 section IV). In the absence of direct data in this area, prices of capital goods are estimated as import unit values of these goods increased by taxes. Within that context, price variations could be partly attributed to changes in quality.

Breakdown of GFCF between the private and public sectors

The gross fixed capital formation of enterprises is not known directly. Rather, it is deduced from the difference between the total value and that represented by public investments. Consequently, this yields investments of enterprises in the private sector, rather than of all enterprises. Indeed, public investments include, in addition to GFCF of the Government, the infrastructural expenditures of electricity, water distribution and telecommunications, which constitute part of GFCF of public companies.

Table 24
Breakdown of GFCF by public/private sector, 2004-2005

	<i>Value (LBP billion)</i>		<i>% Change / year</i>		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
User sector					
Private sector	5 679	6 216	5 998	3.6	5.6
Public sector	995	921	902	2.0	-9.3
Total	6 674	7 137	6 900	3.4	3.4

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

Public investments resumed their growth in 2004 after a sustained period of contraction, namely: 12.1% in value compared to -11.1% in 2003 and an annual average of -8.5% during the period 1997-2002. In 2005, public investments dropped back in value (-7.4%).

Section II. Variations in inventories

Statistics are unavailable with regards to inventories of enterprises. Variations in inventories appearing in these accounts are aimed at regularizing the use of resources in goods and services across successive years. High inventories in 2001, in preparation for the introduction of VAT (LBP 608 billion), would have been taken out in stock partly in 2002 (LBP -357 billion) and partly in 2003 (LBP -129 billion). The significant growth in imports witnessed in 2004 could be partly attributed to the need for rebuilding some inventories. The balancing of these accounts resulted in estimating variations in inventories at LBP -56 billion in 2005.

Prices used for calculating changes in inventories in volume were drawn from the unit values of stocked goods at import. Using such a measure, variations in inventories in volume in 2005 were estimated at LBP -44 billion.

Chapter 5 Exports

According to standard terminology, exports include the export of goods in the territorial sense in addition to tourist expenditures on the national ground.

In 2005, exports experienced a slowdown in the growth rate at 9.4% in value, compared to 28.8% in 2004; and 14%, 13.5% and 9% in 2001, 2002 and 2003, respectively.

The sections set forth below review the export trends of the various sectors, which are highlighted in table 25.

The prices selected to evaluate the variations in volume for exported goods are deduced from customs statistics by dividing values by quantities. Moreover, the prices of services are assumed to have remained constant; and the price index of tourist expenditures in Lebanon is assumed to be equal to the consumer price index.

Table 25
Export of goods and services by type, 2004-2005

Type of product	Value (LBP billion)		% Change / year		
	2004	2005	2005 at 2004 prices	Price changes	Volume change
Agricultural products	335	344	328	4.9	-2.1
<i>Agriculture products</i>	310	323	306	5.4	-1.2
<i>Livestock products</i>	24	21	21	-2.8	-13.1
Manufactured goods	3 077	3 514	3 438	2.2	11.7
<i>Food products</i>	289	352	358	-1.5	23.9
<i>Textiles</i>	411	434	418	3.9	1.6
<i>Non-metallic ores</i>	237	253	224	13.0	-5.3
<i>Metals, machines, equipment</i>	1 137	1 324	1 292	2.5	13.6
<i>Timber, rubber, chemicals</i>	451	515	486	6.0	7.8
<i>Furniture</i>	52	64	57	12.3	9.8
<i>Other</i>	501	546	582	-6.2	16.3
Total goods	3 411	3 845	3 756	2.4	10.1
Services	1 467	1 502	1 502	0.0	2.4
<i>Telecommunications</i>	211	203	203	0.0	-3.6
<i>Business services</i>	306	383	383	0.0	25.0
<i>Trade</i>	950	917	917	0.0	-3.5
Exports abroad	4 878	5 335	5 246	1.7	7.5
Tourists expenditures	1 549	1 535	1 503	2.1	-2.9
Total	6 426	6 869	6 749	1.8	5.0

a) Agricultural exports

The value of agricultural exports settled marginally above the level reached in 2004. On the other hand, the volume fell by 2.1% following price rises. This fall can be partly attributed to the temporary closure of the international border between Lebanon and Syria for political

reasons, which had the strongest adverse effect on the agricultural sector among other sectors of the economy. It is important to note that the value of agricultural exports in these accounts is significantly higher than that which appears in customs statistics. Consequently, adjustment coefficients in the range of 1.5-3 are applied in order to balance the accounts of uses/resources of agricultural products.

In 2005, fruit exports, which accounted for more than half of all agricultural exports, fell by 3.9% in value and by 1.1% in volume. Specifically, while there was a decline in exports of apples, bananas and grapes, the exports of citrus fruits increased. The overall fall in fruit exports was offset by a strong increase in exports of raw tobacco, set against a dramatic slowdown of the production of cigarettes by the State-owned tobacco monopoly, Régie des Tabacs, further to a drop in demand.

b) Industrial exports

Similar to agricultural exports, customs statistics relating to the exports of manufactured goods were corrected upwards for some goods, albeit to significantly lesser degrees.

Industrial exports continued the upward trend first started in 2000, albeit at reduced rates : 14.2% in value against 29.3% in 2004 and 18.2% in 2003. Contrary to the period 1997-2002, when export prices were falling, prices rose by 3.5% in 2004 and 2.2% in 2005, thereby yielding a real growth rate of 24.9% and 11.7% in the past two years.

It is important to note that gold exports were excluded from these accounts, as in the case of imports of this commodity, given that their inclusion would have distorted the deep tendencies of industrial exports. Indeed, as illustrated by table 30, gold exports fluctuated erratically between 2002 and 2005 from 175% in 2003 and -49% in 2004, to -33.4% in 2005.

Table 26
Export of gold ingots, 2002-2005

	2002	2003	2004	2005	% Change rate/ year		
					2003	2004	2005
Value (LBP billion)	194.8	535.2	272.3	181.3	174.7	-49.1	-33.4
Quantity (kg)	14 656	35 001	16 504	9 878	138.8	-52.2	-40.1
Price (LBP million/kg)	13.3	15.3	16.5	18.4	15.0	7.9	11.2

Exports of food products increased in value (22%) and in volume (23.9%). While the export of food fat substances fell in value (-4.7%) and in volume (- 7.9%), the overall growth of food exports can be attributed to increases in preserves (21.1% in value, 16.8% in volume), confectionery and chocolate (25.4% in value, 40.8% in volume), and of pastas (11.2% in value, 14.4% in volume).

In 2005, exports of textiles and leather products, including shoes, slumped in value (5.5%), set against the strong growth recorded in 2004 (21.2%).

In the area of non-metallic ores, while exports fell in volume (-5.3%), they increased in value (7%), following the rise of unit values (13%). Cement exports, which accounted for more than half of all exports in this category, rose from LBP 144.8 billion in 2004 to LBP 168.2 billion in 2005, representing a rise of 16.2%. This owes entirely to the price rise,

which reached 27.8%, given that the volume dropped by 9.1% (from 1 830 thousand tons to 1 653 thousand tons).

The category of metals, machinery and equipment, accounted for 38% of the total value of exported manufactured goods and comprises the following subcategories: metals, other than gold (9.2%); metalwork (7.5%); machinery and equipment (20.2%); and equipment for transport (1%).

Metal exports increased by 17.1% in value, which can be attributed to the rise in the export of scrap metal (waste), which grew from LBP 130 billion in 2004 to 144 billion in 2005. Similarly, exports of metalwork grew by 32.8%. Among the main exported products in this subcategory are metal structures for construction projects, whose export value climbed from LBP 24.1 billion in 2004 to LBP 29.5 billion in 2005. Additionally, there was an increase of 11.8% in the exports of machinery and equipment.

All the subcategories within timber, rubber, chemicals witnessed a growth in exports between 2004 and 2005, namely: woodwork, with the exception of furniture sets, grew from LBP 30.9 billion to LBP 32.1 billion; papers and paperboards rose from LBP 106.7 billion to LBP 120.9 billion; basic chemicals from LBP 171.7 billion to LBP 197.7 billion; rubber works from LBP 6 billion to LBP 6.9 billion; and plastic works, which grew from LBP 54 billion to LBP 66.4 billion.

Exports of furniture sets also grew in value (23.4%).

Other products include primarily printing products, whose exports rose 20.5% in value, from LBP 136 billion to LBP 164 billion; and jewels, whose exports increased modestly by 1.6%, from LBP 292 billion to LBP 297 billion.

c) Exports of services

Foreign exchanges of services are not yet well inventoried, with regular reviews only in terms of net receipts of public services for telecommunication. Moreover, while net exports of transportation services were omitted, net exports of business services could be estimated owing to a survey of large enterprises undertaken in 2004. It is important to note that the receipts of triangular trade retained in these accounts are very rough estimates.

After a period of strong growth from 1997 to 1999, the net income of the General Directorate of Telecommunications resulting from overseas communications dropped during the years 2000 to 2003, picked up in 2004 (22.5%), and slumped again in 2005 (-3.6%).

According to disclosures made available in the abovementioned survey of enterprises, overseas turnover by Lebanese companies in business services, net of payments of services to non residents, rose to LBP 205 billion in 2002 and 245 billion in 2003, representing an increase of 19.3%;¹⁰ and was maintained at 25% in 2004 and 2005, taking into account tax returns of offshore companies to the Ministry of Finance.

¹⁰ In the light of that survey on large enterprises, data relating to exports of services in the accounts of 1997-2002 were found to have been underestimated.

The growth rate retained for net prices of triangular trade was estimated using data on transit movements and re-exportation. Following a year of strong growth in 2004 (+32.4%), 2005 was marked by a clear decline in the movement of foreign trade (-3.5%).

d) Expenditure of tourists

By convention, the growth rate in volume of the expenditure of tourists and other foreign travellers in Lebanon is equal to the growth rate of total annual number of foreign visitors in Lebanon, excluding Syrian nationals. This growth rate in volume dropped in 2005 (-2.9%), compared to positive figures in 2004 (24.9%) and in 2003 (5.9%). The consumer price index was selected to estimate the expenditure in value.

PART TWO: Integrated economic accounts

The international System of National Accounts (SNA93) is aimed at establishing a set of accounts for each of the five categories of agents of a national economy, noted by S.1; and for the rest of the world, noted by S.2.

The five categories of agents of the national economy are as follows:

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

Currently, the level of development of Lebanese national statistics does not allow a correct and separate economic account for each of these five agents. Within that context, it is particularly impractical to break down the production and distribution operations between non-financial corporations and households. On the other hand, the main elements of the integrated accounts of domestic agents can be approximated as a whole, in addition to those relating to the rest of the world.

Tables 27 and 28 present the integrated economic accounts of the national economy (S.1) and of the rest of the world (S.2). These accounts highlight the main trends that have characterized economic activity in 2004 and 2005.

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

Chapter 2 presents the estimates of the main elements of the balance of payments broken down into the following four accounts: exchange of goods and services account, income and current transfers account, capital transfers account and financial account.

Those agent accounts that could be established relate to the accounts of the central Government and of commercial banks. These accounts are reproduced in the appendix.

Table 27
Integrated accounts of the national economy (S.1), 2004-2005

LBP billion

Accounts	Uses		Resources	
	2004	2005	2004	2005
I Production account				
P11. Market output			37 754	39 288
P12. Non-market output			4 840	5 002
D2-D3. Taxes-subsidies/products			5 755	5 341
P2. Intermediate consumption	15 989	17 132		
<i>B1. Gross value added (GDP)</i>	<i>32 359</i>	<i>32 499</i>		
Total	48 348	49 631	48 348	49 631
II.1. Generation and allocation of primary income account				
B1. GDP			32 359	32 499
D2-D3. Taxes-subsidies/products	5 755	5 341	5 755	5 341
D41. Interests	6 778	6 351	6 001	6 592
<i>private sector</i>	<i>3 056</i>	<i>3 135</i>		
<i>public sector</i>	<i>3 722</i>	<i>3 216</i>		
D1+D4. Compensations and other income	21 426	21 372	20 974	21 806
<i>B5. Balance of primary income (GNI)</i>	<i>31 129</i>	<i>33 174</i>		
Total	65 089	66 238	65 089	66 238
II.2. Secondary distribution of income account				
B5. GNI			31 129	33 174
D5. Direct taxes	1 521	1 609	1 521	1 609
D61. Social security contributions	841	1 014	841	1 014
D62. Social security benefits	1 633	1 665	1 656	1 688
D79. Other current transfers	497	390	5 547	4 432
<i>B6. Balance of secondary income (GNDI)</i>	<i>36 202</i>	<i>37 239</i>		
Total	40 694	41 917	40 694	41 917
II.4. Use of income account				
P2. Consumption	32 497	32 544		
<i>B8. Gross saving</i>	<i>3 705</i>	<i>4 695</i>		
Total = GNDI	36 202	37 239	36 202	37 239
III. 1 Capital account				
B8. Gross saving			3 705	4 695
P51. Gross fixed capital formation	7 074	7 081		
D9. Capital transfers	6	45	2 176	1 396
<i>B9. Balance: net lending/borrowing</i>	<i>-1 199</i>	<i>-1 035</i>		
Total	5 881	6 091	5 881	6 091
III. 2 Financial Account				
B9. Net lending/borrowing			-1 199	-1 035
F2. Currency and deposits	6 676	5 188	6 434	4 061
F3. Securities other than loans	3 370	3 450	3 923	4 189
F4. Loans	302	193	265	12
F5. Shares/other equity	2 185	1 163	3 110	2 767
Total	12 533	9 994	12 533	9 994

Table 28
Accounts of the rest of the world (S.2), 2004-2005

LBP billion

Accounts	Uses		Resources	
	2004	2005	2004	2005
I Transactions on goods and services				
Imports			13 638	13 995
Exports	6 426	6 869		
<i>B11. Trade balance</i>	<i>7 212</i>	<i>7 126</i>		
Total	13 638	13 995	13 638	13 995
II Primary income and current transfers account				
B11. Trade balance			7 212	7 126
D1. Compensation of employees	413	674	1 203	1 332
D41. Interests	1 036	2 382	1 813	2 142
D4...Other income (net)	337	1 092		
D62. Social benefits	23	23		
D79. Other current transfers (net)	5 050	4 042		
<i>B12. Current balance</i>	<i>3 369</i>	<i>2 386</i>		
Total	10 228	10 600	10 228	10 600
III. 1 Capital account				
B12. Current account balance			3 369	2 386
D9. Capital transfers (net)	2 170	1 351		
<i>B9. Balance: Net lending/borrowing</i>	<i>1 199</i>	<i>1 035</i>		
Total	3 369	2 386	3 369	2 386
III. 2 Financial Account				
B9. Net lending/borrowing			1 199	1 035
F2. Currency and deposits (net)			242	1 126
F3. Securities other than loans	553	739		
F4. Loans	-37	-181		
F5. Shares / other equity	926	1 604		
Total	1 441	2 162	1 441	2 162

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 following six categories or subcategories of accounts:¹¹

- 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 detail the main aggregates that characterize economic activity (see table 29).

Table 29
Development of the main aggregates, 2001-2005

Type of aggregate	<i>LBP billion</i>				
	2001	2002	2003	2004	2005
GDP	25 898	28 177	29 852	32 359	32 499
+Net income factors	303	-302	-362	-1 230	675
= GNI	26 201	27 876	29 489	31 129	33 174
+ Net current transfers	2 548	2 976	4 879	5 073	4 065
= GNDI	28 749	30 851	34 368	36 202	37 239
- Final consumption	26 542	28 524	30 396	32 497	32 544
= Gross national saving	2 207	2 328	3 972	3 705	4 695
+ Net capital transfers	447	329	2 431	2 170	1 351
= Gross disposable saving	2 653	2 656	6 403	5 875	6 046
- GFCF	5 923	5 122	5 733	7 074	7 081
= Net lending (+)/borrowing (-)	-3 269	-2 466	670	-1 199	-1 035
+Foreign financing	1 502	4 821	4 434	1 441	2 162
= Balance of payments	-1 767	2 355	5 104	242	1 126

Note: Data for 2001-2004 inclusive were revised.

- Gross domestic product (GDP) is the balancing item of the production account of all economic agents
- Gross national income (GNI) is drawn from the allocation of primary income account
- Gross national income available (GNDI) is the balancing item of the secondary distribution of income account
- Gross national saving is the balancing item of the use of income account
- Gross national saving available 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, entitled "Change of cash and deposits".

¹¹ The numerals used are the codes of the international classification of accounts.

The details of these accounts are presented in the sections set forth below.

Section I. Production account

The production account records in terms of resources the value of the output received by various economic agents; and in terms of uses, the value of intermediate consumption. The balance of this account is equal to GDP.

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

a) Market output (P.11)

Market output is equal to the net income of all production units resulting from sales of goods and services. However, given the methodology used in the absence of adequate statistics, the value of the market output described herein also includes the value of the self-consumed output.

Consequently, the value of the market output is equal to the sum of the output of all market sectors calculated at market prices, minus indirect taxes and added to operating subsidies.

Details of the market output evaluated at consumer prices are provided in part one, chapter one of this report.

b) Non-market output (P.12)

Non-market output, as it appears in these accounts, represents only the estimate of the Government's output. Consequently, it does not include the output value that is self-consumed by households or non-profit associations.

The method used to estimate this output is described in part one, chapter one of this report.

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

In theory, only specific taxes on products, minus subsidies, should appear in this account. However, given the lack of adequate information in this area, all indirect taxes that factor in the generation of income account are retained, including as follows: customs duties; taxation on the consumption of certain products, namely, VAT introduced in 2002, and on the profit of public companies; and municipal and other taxes.

Within this context, municipal taxes were not drawn from the accounts of municipalities, which have not yet been compiled by the proper authorities. Rather, these were estimated from indicators drawn from the accounts of the Treasury, which collects certain taxes on behalf of municipalities. These entail an adjustment in order to balance the accounts of the public sector.

With regards to other taxes, these are drawn from the State closure account.

Table 30 illustrates the development of various types of indirect taxes from 2001 to 2005.

Table 30
Indirect taxes by type, 2001-2005

	<i>LBP billion</i>				
Type of taxation	2001	2002	2003	2004	2005
Customs duties	858	596	475	529	481
Taxes on consumption	921	2 097	2 575	2 874	2 440
Profits of public companies	805	921	1 259	1 453	1 663
Stamps and other duties	197	198	224	274	261
Municipal taxes and adjustment	510	556	518	686	516
- <i>subsidies</i>	-22	-20	-20	-61	-19
Total	3 269	4 348	5 032	5 755	5 341

Following the policy by the Government to replace gradually customs duties by VAT, these duties fell in the period 2001-2003 and started to rise again in 2004, albeit at a lower growth rate than imports (11.4% compared to 31.1%). In 2005, customs duties dropped proportionally more than the fall of imports (-9.1% compared to -0.6%).

Taxation on consumption has increased substantially since the introduction of VAT in 2002. High VAT revenues witnessed in 2003 and 2004 (+34% and +27.7%, respectively) cannot be entirely attributed to increasing transactions, rather they owe at least in part to the widening tax base and the time lag between receipts and rebates. In 2005, the decline in VAT revenues (-6.4%) was a result of the fall of consumption (see table 31). Moreover, the drop in fuel taxes recorded in 2004 and 2005 (-21% and -43.8%, respectively) can be attributed to the policy aimed at stabilizing gasoline prices.

Table 31
Taxation on consumption by type, 2001-2005

	<i>LBP billion</i>				
Type	2001	2002	2003	2004	2005
Tobacco	111.2	167.7	184.6	196.5	190.8
Airport departures	62.0	64.2	72.3	84.2	83.8
Cement	36.2	2.0	-	-	-
Fuels	472.3	703.3	816.3	644.7	362.2
Cars	190.2	149.8	164.2	242.2	230.5
Beverages	14.5	7.1	5.3	5.6	5.5
Hotels and restaurants	21.3	7.0	2.5	1.7	1.6
Leisure activity	8.9	5.4	3.7	4.0	3.5
Others	4.6	4.3	3.9	6.8	1.3
Value added		986.4	1 322.4	1 688.2	1 560.8
Total	921.1	2 097.2	2 575.2	2 873.9	2 440.0

Profits of public companies are recorded as taxes on products, given that prices of goods and services produced by these companies are fixed by the State. Among such companies, the most significant growth in the past six years has been witnessed in the telecommunications sector, whose value soared from LBP 141 billion in 1997 to LBP 785 billion in 2002, LBP 1 086 billion in 2003, LBP 1 310 billion in 2004 and LBP 1 456 billion in 2005.

Subsidies to public companies, which appear in the State accounts, are presented in table 32.

Table 32
Subsidies to public companies, 2001-2005

Sector	<i>LBP billion</i>				
	2001	2002	2003	2004	2005
Wheat and beet	-	-	-	15.0	-
Water	3.1	4.5	0.4	1.6	-
Public transport	11.5	11.5	15.0	14.0	15.0
Television	5.5	2.5	2.5	28.2	4.0
Others	2.1	1.6	2.4	2.1	0.3
Total	22.2	20.1	20.3	60.9	19.3

Subsidies granted to Electricité du Liban (EDL) are not posted in the budgetary expenditure of the State. Rather, these are treated as financial transactions and entered in the accounts of the Treasury in the form of advances to State-owned establishments. EDL debts to the Treasury increased by LBP 81 billion in 2003, LBP 511 billion in 2004 and LBP 734 billion in 2005. Moreover, it is important to include indirect subsidies to tobacco growers that, while not adequately documented, have the effect of reducing taxes on manufactured tobacco.

d) Intermediate uses

Intermediate uses are calculated as a function of purchases by manufacturing units of consumable goods and services, minus changes in inventories. These are evaluated at market prices, in other words inclusive of applicable taxes.

Intermediate consumption of the various sectors is described in part one, chapter one of this report.

Section II. Generation and allocation of the primary income account

Primary income encompasses factors of production and other variables involved in estimating GDP. The generation and allocation of the primary income account records GDP and all primary income received by national agents in terms of resources; and of the primary income paid by national agents in terms of uses. The balance of this account yields the second significant aggregate, namely, the gross national income (GNI). Aimed primarily at investigating manufacturing units, the generation and allocation of the primary income account provides the breakdown of GDP according to the income approach.

a) Income approach of GDP

Table 33 illustrates the breakdown of GDP by such factors of production as wages; taxes, net of subsidies on products; interests; and other income and depreciation.

Table 33
Breakdown of GDP by factors of production, 2001-2005

	<i>LBP billion</i>				
GDP components	2001	2002	2003	2004	2005
Taxes – subsidies/products	3 269	4 348	5 032	5 755	5 341
Interests	2 552	2 166	2 472	3 056	3 135
Compensation and other income	18 182	19 721	20 100	21 426	21 372
Depreciation (balance)	1 895	1 942	2 248	2 121	2 651
Total = GDP	25 898	28 177	29 852	32 359	32 499

Wages and salaries represent all labour charges borne by the public and private sectors. Salaries paid by the Government are drawn from public sector accounts (see table 10 in part one, chapter 1, section VIII). Surveys undertaken during the establishment of the 1997 accounts detailed wages, salaries and other labour charges paid by firms. These estimated the share of GDP from wages and salaries at an average of 35.5%, namely, 83.2% in the public sector and 29.1% in the private sector.

Unfortunately, owing to a lack of adequate data for the period 1998-2005, the development of this share of GDP remains sketchy. The survey of large enterprises undertaken in 2004 provided the ratio of labour charges/gross value added in 2002 and 2003 as follows:¹²

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

By contrast, the share of indirect taxes less subsidies in GDP grew significantly from 10.5% in 1997 to 15.4% in 2002, 16.9% in 2003 and 17.8% in 2004. This can be attributed to the introduction of the VAT in 2002 and to the widening of its base during the two subsequent years. In 2005, on the other hand, the fall in consumption entailed a drop in indirect taxes and their share in GDP, thereby yielding a decline to 16.4%.

Interests represent the return of financial capital paid by enterprises to owners of this capital, and exclude interests paid by the Government. Consequently, by convention, these interests do not enter in the estimate of the non-market output and are excluded from GDP.

In order to estimate interest charges borne by enterprises, the accounts presented here retained only bank deposits income. Interests paid by banks were allocated between the debtor agents in proportion to their bank debts. It is important to note that part of the interests received by banks represents remuneration for services rendered in the area of financial intermediation.

¹² This survey investigated a total of 240 industrial plants, 270 establishments dealing with services (other than telecommunications, finances and educational services), and 96 trade firms.

Table 34
Banking interests paid by firms and public administrations, 2001-2005

	<i>LBP billion</i>				
Data on banks	2001	2002	2003	2004	2005
Received interests					
on Treasury bills	2 816	2 852	2 756	1 912	1858
from non-residents	507	372	214	135	64
from other debtors	3 301	2 919	3 361	4 100	4 365
Total	6 623	6 143	6 331	6 147	6 286
Interests paid to depositors	5 121	4 559	4 655	4 582	4 516
<i>Ratio interests paid/received</i>	<i>0.773</i>	<i>0.742</i>	<i>0.735</i>	<i>0.745</i>	<i>0.718</i>
<i>Ratio banking service/interests</i>	<i>0.227</i>	<i>0.258</i>	<i>0.265</i>	<i>0.255</i>	<i>0.282</i>
Estimates of interests paid to depositors per debtor:					
administrations	2 177	2 117	2 027	1 425	1 334
non-residents	392	276	157	101	46
companies	2 552	2 166	2 472	3 056	3 135
Total	5 121	4 559	4 655	4 582	4 516

Specifically, interests paid by the private sector to deposit owners via commercial banks were estimated at LBP 2 472 billion in 2003, LBP 3 056 billion in 2004 and LBP 3 135 in 2005, representing, respectively, 8.3%, 9.4% and 9.6% of GDP. By contrast, this share amounted to only 5.3% in 1997.

While interests paid by the public sector are excluded from the value of GDP, they enter in the primary distribution account in line with relevant international conventions. These were drawn from public administration accounts after deducting the value of banking services. These banking services are estimated by applying the ratio of banking services/interests in table 34 above to the interests received on Treasury bills by banks. Table 35 provides the development of the national debt burden and their distribution between interests and banking services.

Table 35
Development of national debt burden and interests, 2001-2005

	<i>LBP billion</i>				
Breakdown of the charges	2001	2002	2003	2004	2005
Debt servicing	4 366	4 830	4 983	4 209	3 738
- value of banking services	639	736	730	487	523
= paid interests	3 727	4 094	4 253	3 722	3 216

Other incomes comprise dividends paid to owners of capital that is engaged in the production, in addition to various incomes of sole proprietors. While these incomes were the subject of an overall estimate in 1997, the remuneration of shareholders was not documented. As in the case of wages and salaries, there is a verifiable estimate only for 1997, which revealed a relative share of 42.3% of these incomes in GDP.

Owing to the lack of relevant information, wages, salaries and other incomes, excluding interests, have been gathered using the same aggregate since 1998.

Depreciation is calculated as the balancing item between the generated income accounts of firms, added to the estimated value of the depreciation of the Government's fixed assets. Within the context of the latter, table 10 provides the calculation of the value of the non-market production (see part one, chapter 1, section VIII).

b) Calculation of the gross national income (GNI)

GNI is equal to the balancing item of the generation and allocation of the primary income account of all national economic agents. It is therefore equal to GDP plus the primary income balance (resources/uses), which in turn is equal to the net income of factors received from the rest of the world. This is drawn from the accounts of the rest of the world, S.2 (see table 28), which are exposed in chapter 2 below.

The balances of the three types of primary incomes (compensation, interests and other incomes) are detailed in table 36.

Table 36
Composition of the gross national income, 2001-2005

	<i>LBP billion</i>				
Components of GNI	2001	2002	2003	2004	2005
GDP	25 898	28 177	29 852	32 359	32 499
Net compensation from abroad	-59	-9	81	-789	-658
Net interests from abroad	-96	-803	-1 032	-777	240
Other net income from abroad	458	511	588	337	1 092
Total = GNI	26 202	27 876	29 489	31 129	33 174

In 2005, foreign net income recovered, after three years of worsening foreign net income that had resulted in a lower growth of GNI compared to GDP. Specifically, there was a modest decrease in the employment of foreigner workers, accompanied by a significant increase in the income of Lebanese labour abroad, according to estimates by the Central Bank of Lebanon (BDL). Moreover, interests paid to non-residents, which tended to exceed those received by Lebanese nationals on their investments abroad, were reduced. Consequently, in 2005, GNI increased more than nominal GDP (6.6% against 1%).

Section III. Secondary distribution of income account

The secondary distribution of income account records GNI and the resources of national agents arising from various types of transfers, namely: direct taxes, social security contributions, social security benefits and current transfers. Payments for such transfers are undertaken by national agents and carried over in uses. The balance of this account is therefore equal to the GNI increased by the current net foreign transfers. This yields the third aggregate that is useful with regards to analysing the operation of a national economy, namely, gross national disposable income (GNDI).

a) Direct taxes

Direct taxes are mandatory levies collected by the State on the resources of national agents. These are entered in terms of uses of households and of resources of the Government.

Two types of direct taxes can be distinguished, namely: income tax and property tax. Taxation on private cars is similar to that on property and was taken into account with direct taxes. This runs counter to the administrative classification, which includes property tax among taxes related to consumption. Table 37 carries over the amounts collected by the Government according to these different taxes, such as they appear in the State closure account. These amounts need to include receipts of municipalities, given that such levies constitute a form of direct tax. However, these receipts are unknown; the entered amounts are therefore approximates and integrate an adjustment heading necessary for balancing the accounts of the public sector.

Table 37
Breakdown of direct taxes by type, 2001-2005

Type of tax	<i>LBP billion</i>				
	2001	2002	2003	2004	2005
Income tax	585	642	708	801	907
Taxes on property	273	301	310	396	409
Taxes on private cars	226	210	238	238	237
Municipalities' share and adjustments	54	60	62	86	56
Total	1 138	1 213	1 318	1 521	1 609

b) Social security contributions

Within the context of these accounts, social security contributions relate to contributions received by the National Fund of Social Security (NFSS), and to levies collected by the State with regards to the pension fund of civil servants. Mandatory contributions to other funds, including the Cooperative of Civil Servants, were omitted owing to a lack of relevant statistics.

All contributions, including those paid by employers to NFSS are supposed to be paid by employees, given that such disbursements are counted in the remuneration of labour. These are entered in the resources of the public administration.

By contrast, payments by the State to NFSS are classified in the budget as transfers, owing to differences in employer/employee contracting obligations that exist between the public and private sectors. Typically, such payments are sporadic, amounting to LBP 60 billion in 2000, no payments between 2001 and 2003, LBP 80 billion in 2004 and LBP 340 billion in 2005. These payments were excluded from both the remuneration of workers and social security contributions.

Table 38
Social security contributions paid by national agents, 2001-2005

Type of contribution	<i>LBP billion</i>				
	2001	2002	2003	2004	2005
Contribution to NFSS					
Employers	588	576	596	...	...
Employees	50	51	52	...	...
Total	638	626	648	755	930
Contribution of civil servants	79	80	74	86	85
Total	717	706	722	841	1 014

c) Social security benefits

Social security benefits that appear under resources of account (II.2) are higher than those registered in uses, owing to the fact that resident households receive, in addition to local benefits, retirement pensions paid by non-resident bodies. According to data in the Survey of Living Conditions of Households, these pensions were estimated at LBP 23 billion in 1997. This figure was kept constant for subsequent years, owing to the lack of updated statistics in this area.

Table 39
Breakdown of social security benefits received by type, 2001-2005

	<i>LBP billion</i>				
Social security benefit	2001	2002	2003	2004	2005
Social security benefits from NFSS					
<i>Disease allowances</i>	325	377	397	444	435
<i>Family benefits</i>	188	207	215	217	215
<i>Severance payments</i>	256	303	194	150	141
Total	769	888	806	812	791
Pensions paid					
by the State	834	850	849	821	874
by the rest of the world	23	23	23	23	23
Total	1 626	1 761	1 678	1 656	1 688

Social security benefits provided by national agents (registered in uses) are limited to the allowances and expenses paid by NFSS, which grew initially from LBP 407 billion in 1997 to LBP 812 billion in 2004, dropping to LBP 791 billion in 2005; and to the retirement pensions paid by the State, which increased from LBP 528 billion to LBP 821 billion and LBP 874 billion over the same period. Consequently, following a period of growth from 1997 to 2002 at an average annual rate of 13%, the cumulative social security benefits dropped by 4.7% in 2003 and 1.3% in 2004. This decline can be attributed to the substantial fall of severance payments disbursed by NFSS. In 2005, benefits grew modestly (1.9%) following an increase in retirement pensions and severance payments disbursed by the State, while the benefits paid by NFSS remained slumped.

Benefits provided by other social security funds were omitted in these accounts.

d) Current transfers and calculating GNDI

Current transfers encompass three types of capital flows, namely: non-tax receipts of the State; State assistance to individuals, associations and other organizations in the private sector, whether resident or non-resident; and current transfers undertaken by non-residents to resident households.

The first two headings are drawn from the State closure account and added with an adjustment related to monetary assistance provided by other administrations.

The net foreign transfers arise from the methods adopted for estimating the various headings of the balance of payments. These methods are exposed in chapter 2 below.

Table 40
Breakdown of current transfers received by type, 2001-2005

	<i>LBP billion</i>				
Type of transfer	2001	2002	2003	2004	2005
Non-tax receipts	297	301	315	337	266
Assistance	170	152	156	160	123
Net foreign transfers	2 525	2 953	4 856	5 050	4 042
Total	2 992	3 406	5 326	5 547	4 432

The balance of the secondary distribution of income account is equal to GNI increased by net foreign payments on secondary distribution account, as illustrated by table 41.

Table 41
Calculation of GNDI, 2001-2005

	<i>LBP billion</i>				
	2001	2002	2003	2004	2005
GNI	26 202	27 876	29 489	31 129	33 174
Allowances from abroad	23	23	23	23	23
Net foreign transfers	2 525	2 953	4 856	5 050	4 042
Total = GNDI	28 749	30 851	34 368	36 202	37 239

From 1997 to 2002, net foreign transfers tended to drop. Consequently, the growth of GNDI during this period was weaker than that of GDP. In 2003, the results of the balance of payments showed a strong movement of transfers towards Lebanon (see chapter 2 below). The growth of GNDI (11.9%) exceeded that of GDP in current value (5.8%). In 2004, the level of net foreign transfers remained stationary and the growth rate of available income was smaller compared to that of the output (4.7% against 8.4% for GDP in current value). In 2005, the drop in foreign transfers was offset by the increase in income of Lebanese expatriate workers. Overall, while GDP in value did not grow by more than 1%, GNDI showed an increase of 2.9%.

Section IV. Use of income account

The income account records the national consumption in terms of uses, and the available GNI in terms of resources. The balance of this account represents the national saving.

After a growth in 1998, the national saving declined in the period 2000-2002. Specifically, the rate of total saving estimated at 12.5% in 1997 fell to 7.5% in 2002, which could be attributed to the significant fall in foreign transfers over that period. Similarly, with the recovery of such transfers in 2003, the saving rate grew to 12.1%, almost recovering the level reached in 1997. In 2004, it moved back to 10.2%; and grew to 12.6% in 2005.

The current state of the economic accounts highlights the behaviour of economic agents, particularly households, in terms of consumption and saving. Table 42 breaks down the national saving and GNDI between the public and private sectors; the distribution of disposable income within the private sector between households and companies are unknown.

Table 42
Breakdown of GNDI and gross national saving by sector, 2001-2005

	<i>LBP billion</i>				
Sector	2001	2002	2003	2004	2005
	<i>Gross disposable income</i>				
Private sector	28 180	29 591	32 342	32 574	33 339
Public sector	569	1 260	2 026	3 628	3 900
Total	28 749	30 851	34 368	36 202	37 239
	<i>Gross saving</i>				
Private sector	6 160	5 850	6 938	4 917	5 797
Public sector	-3 953	-3 522	-2 966	-1 212	-1 102
Total	2 207	2 328	3 972	3 705	4 695

The saving rate of the private sector, at some 20% in the period 2001-2003, dropped to 15% in 2004. This owed to a weak growth in the disposable income of the private sector (0.6%) accompanied by a strong growth in household consumption in current value (8.8%). This trend was reversed in 2005 whereby the disposable income grew and consumption decreased, thereby resulting in a rise of saving.¹³

Section V. Capital account

In terms of uses, the capital account records GFCF and variations in inventories and capital transfers undertaken by national agents. In terms of resources, it records the gross saving and received capital transfers.

Capital transfers in uses represent subsidies aimed at rebuilding activities subsequent to the war in Lebanon, which is funded by the State to assist the return of citizens displaced by the conflict. These transfers were substantial in 1997 and 2000 at, respectively LBP 533 billion and LBP 180 billion; and became negligible in the period 2001-2004. In 2005, these subsidies for rebuilding grew modestly to LBP 45 billion.

In addition to those transfers entered under uses, capital transfers under resources include received net foreign transfers. While these also decreased gradually from LBP 1 718 billion in 1997 to LBP 329 billion in 2002, they recovered in 2003 and 2004 to reach LBP 2 431 billion and LBP 2 170 billion, respectively. In 2005, they resumed the decline at LBP 1 351 billion. However, this remains a very rudimentary approximation resulting from the estimates of the balance of payments (see chapter 2 below, which exposes these estimates).

The balance of the capital account is the capacity or need for financing, equally referred to as net lending or borrowing according to whether the result is positive or negative. Overall, the Lebanese economy has always exhibited a need for foreign financing, with the exception of 2003 when, following substantial transfers of foreign capital, the national economy showed a capacity for financing. With the notable exception of 2003, the capacity for financing of households was insufficient in terms of meeting the need for financing of companies and public administrations (see table 43).

¹³ As explained in chapter 2 below, the estimate of the current foreign transfers is very approximate given the division of the amount of transfers between current transfers and transfers of capital following an arbitrary key. Specifically, if all the transfers are regarded as current, the disposable income of the private sector amounted to LBP 34 735 billion in 2005, corresponding to a rate of saving of 20.7% instead of 17.4%.

Table 43
Breakdown of net lending (+) or borrowing (-) by economic agent, 2001-2005
LBP billion

Economic agent	2001	2002	2003	2004	2005
Households	5 362	4 920	7 788	5 636	5 192
Companies	-3 500	-2 855	-3 297	-4 647	-4 185
Public administrations	-5 132	-4 532	-3 821	-2 188	-2 043
Total	-3 269	-2 466	670	-1 199	-1 035

Within the framework of this accounting system, the net lending of households is equal to their savings added to the undistributed income of companies and to net capital transfers received from abroad, which are indeed supposed to be paid entirely to households. The fall of this capacity from LBP 7 712 billion in 1997 to LBP 4 920 billion in 2002 resulted from the decline of both foreign current transfers and capital transfers. Following the recovery of such transfers, the capacity for financing of households increased in 2004 beyond the average level of the period 1997-2002, subsequent to the exceptional peak of LBP 7 788 billion reached in 2003. In 2005, this capacity was again on the decline.

The net borrowing of companies is equal to the GFCF of the private sector, and drops in inventories are entered as capital depreciation. The development of the net borrowing of companies emulated that of investments in the private sector, which declined during the period 1997-2002, rose in 2003 and 2004, and again fell in 2005.

The net borrowing of the Government is equal to the deficit of the public sector. While this deficit exceeds by far the value of public investments, there is a progressive downward trend. Specifically, it accounted for 21.4% of GDP and 17.9% of GNDI in 1997, falling to 16.1% and 14.7%, respectively, in 2002; 12.8% and 11.1% in 2003; 6.8% and 6.0% in 2004; and 6.3% and 5.5%, respectively, in 2005. This development during the past three last years can be attributed to reforms in taxation, namely, lower customs duties in 2001 and the introduction of VAT in 2002.

Section VI. Financial account

The financial account records variations in credits and claims in terms of uses, and changes in the debts of national agents in terms of resources. The balance of the financial account is equal to the capacity or need for financing. This equality arises from the principle of the general balance of accounts. The methodology adopted in compiling this account largely hinges on this principle of balance. Consequently, the capacity for financing of households gives rise to a concomitant increase in credits and claims held; the need for financing of companies is met by an increase in participation and corporate credits; and the deficit of the Government results in an equivalent increase in the national debt.

In line with their international classifications, receivables and liabilities entered in these accounts relate to the four following categories: currency and deposits (F2), securities other than shares (F3), credits (F4), and shares or other equity (F5).

a) Variations in currency and deposits (F2)

The currency and deposits listed herein only encompass banknotes in Lebanese pounds (LBP) emitted by the Central Bank of Lebanon (BDL), deposits within the banking system held by residents, and net foreign assets of Lebanese banks. In other words, they exclude banknotes in United States dollars or other currencies, and deposits within foreign banks abroad held by residents (excluding Lebanese offshore banks). The figures presented in this context derive from data on money supply by BDL.

The variation of money supply constitutes a resource for the banking system and a use for the non-banking private sector. These are mainly deposits held by households, given that the variations in the currencies and bank account of non-financial companies are typically negligible. Under these conditions, the variation of money supply between 1997 and 2002 decreased from LBP 5 920 to LBP 3 789 billion, increased to LBP 7 515 billion in 2003, declined to LBP 6 434 billion in 2004 and to LBP 4 061 billion in 2005, thereby partly reflecting the abovementioned development of the financing capacity of households.

Table 44

Variations in the money supply and net foreign assets of the banking system, 2001-2005

	<i>LBP billion</i>				
Type of currency	2001	2002	2003	2004	2005
Currency (LBP)	-2 209	3 121	5 672	-257	-1 513
Foreign currency deposits	6 116	668	1 843	6 691	5 575
Total = resources	3 907	3 789	7 515	6 434	4 061
Net foreign assets of banks	-1 767	2 355	5 405	242	1 126
Total = uses	2 140	6 144	12 920	6 676	5 188

Significant fluctuations in the money supply between the Lebanese pound and foreign currencies arise from short-term variations in the confidence of the national currency and of interest differentials. It is important to note that variations of foreign currency deposits were calculated at constant exchange rates.

In terms of uses, the total currency held by residents is added to the increase in net foreign assets held by resident banks. Within the context of the latter, this is equal to the deposits of Lebanese offshore banks minus the deposits of non residents, and is calculated at constant exchange rates. By definition, this variation represents the balancing item in the balance of payments, which was LBP 242 billion in 2004 and LBP 1 126 billion in 2005.

b) Variations in securities other than shares

Only Lebanese Treasury bills were taken into account; securities from the private or foreign sector were omitted. Table 45 below provides the breakdown of Treasury bills by subscriber.¹⁴

¹⁴ Treasury bills held by banks are drawn from their assessments as published by the Central Bank of Lebanon (BDL); and those held by the general public and the Government are posted at face value. Variations of these bills in foreign currencies are calculated at a constant exchange rate. Comparatively significant differences appear between the accounts of the Treasury and the statistics of BDL; and the figures adopted in these accounts are the result of arbitration.

The variation of Treasury bills held by banks and other residents is entered in terms of uses, with the exclusion of those held by autonomous administrations. In terms of resources, the Government holds bills on behalf of non-residents in addition to those bills held by the general public. There is a need to note, however, that the exact breakdown of Treasury bills between residents and non-residents is unknown, and that the figures adopted herein are drawn from estimated variables of the balance made by BDL.

In 2002, the bank portfolio in Treasury bills decreased by LBP 2 799 billion, following an accounting modification undertaken by BDL. Pursuant to article 115 of the Money and Credit Code, this move aimed at cancelling the Bank's credits in Treasury bills for an amount of LBP 2 700 billion coupled with an equivalent reduction in the cumulated exchange rate losses or profits to the credit of the State. The same operation was undertaken in 2004 for an amount of LBP 516 billion. This operation, which is equivalent to the cashing of exchange rate profits, appeared in the accounts of the Treasury as a financial resource, rather than as an income, under the heading "other loans in LBP" and aimed at balancing the current reduction in Treasury bills.¹⁵ In addition, statistics by BDL indicate an increase in Treasury bills in foreign currencies of LBP 7 746 billion. Most of these bills were held by foreign bodies following pledges made during the Paris II Conference.

Table 45
Breakdown of Treasury bills by subscriber, 2001-2005

	<i>LBP billion</i>				
Subscriber	2001	2002	2003	2004	2005
Treasury bills (in LBP)					
Public administrations	333	149	-615	-291	250
Banks	1 212	-2 799	2 586	1 453	2 791
Others	-1 108	1 401	-1 161	-1 771	-278
Total	437	-1 249	810	-609	2 763
Treasury bills (in foreign currencies)					
Banks	3 415	3 855	-102	3 659	909
Excluding banks	193	3 891	2 415	582	767
Total	3 608	7 746	2 313	4 241	1 676
Total Treasury bills of which:					
Banks	4 627	1 056	2 484	5 112	3 700
Residents (excluding banks)	83	1 182	-1 776	-2 033	-28
Non-residents	335	4 259	2 415	553	767
Total	4 045	6 497	3 123	3 632	4 439
Less public administrations	-333	-149	615	291	-250
= Total net	4 711	6 348	3 738	3 923	4 189

The subscription of Treasury bills by non-residents continued in 2003 and their amount, net of refunding, was an estimated LBP 2 415 billion at constant exchange rates.

In 2004, the issuance of Treasury bills in foreign currencies tended to replace those emitted in Lebanese pounds. In fact, banks subscribed to most of these bills in foreign currencies.

¹⁵ In the system of national accounting, profits or losses on foreign currency transactions are entered in the assets accounts, rather than in flows, which explains why these have not been established yet in Lebanon.

In 2005, Treasury bills in currency, net of repayments, were significantly weaker and amounted to LBP 1 676 billion at constant exchange rates, among which LBP 909 billion were held by banks, compared to LBP 3 659 billion on a total issuance of LBP 4 241 witnessed in 2004.

c) Variations in credits

In terms of uses, the recorded amounts represent variations in bank credits, as documented in the available statistics of the monetary situation, and estimated advances by the Treasury to public enterprises. In terms of resources, the credits include, additionally, net foreign loans received by the Government.

Table 46
Variations in credits by type, 2001-2005

	<i>LBP billion</i>				
Type of credit	2001	2002	2003	2004	2005
Bank credits					
to the private sector	141	734	-192	1 072	677
to the public sector (net)	709	-1 622	130	-1 234	-1 224
<i>Credits</i>	-9	-571	184	117	7
<i>- deposits of public sector</i>	718	-1 051	-54	-1 351	-1 231
Total bank credits	850	-888	-62	-162	-547
Advances from the Treasury	256	251	123	463	741
Foreign loans	-32	57	77	-37	-181
Total: resources	1 074	-580	137	265	12

Bank credits to the private sector recovered in 2004, following a net decline during the period 1997-2003. Specifically, these moved from LBP 3 192 billion in 1997 to LBP -192 billion in 2003, and increased to LBP 1 072 billion in 2004. This recovery slowed down in 2005, with credits net of repayments estimated at LBP 677 billion. Table 47 shows the development of the breakdown of credit from the financial sector by user sector, as published by BDL. While these credits vary from those reported in the monetary situation, it remains possible to analyse changes in the breakdown of credits by sector. For example, credits to the construction sector fell most prominently during the period 2000-2003, and recovered timidly in 2004 to decline again in 2005. By contrast, there were increases in credits to the industrial sector in 2003 and 2004.

Table 47
Variations in credits to the private sector by economic sector, 2001-2005

	<i>LBP billion</i>				
Sector	2001	2002	2003	2004	2005
Agriculture	-47	20	1	46	52
Industry	232	-41	339	385	191
Construction	-130	-279	-440	293	-414
Trade	489	114	61	404	-410
Services	209	235	95	139	80
Financial institutions	97	8	67	86	197
Other bodies	79	88	-350	-46	189
Individuals	282	279	448	582	398
Total	1 211	424	221	1 889	283
Adjustment	-1 070	310	-723	-817	394
Total = Banking credits	141	734	-502	1 072	677

Bank credits to the public sector are net of deposits. Strictly speaking, variations in credits reflect to a greater extent changes in deposits than in credits, given that these are negligible owing to financing of the public sector by Treasury bills held by banks. In 2004 and 2005, for example, net bank credits to the public sector decreased by more than LBP 1 200 billion, following a weak increase in credits and a strong increase in deposits (LBP 1 351 billion and LBP 1 231 billion in 2004 and 2005, respectively). However, given that the variation in Treasury bills held by banks amounted to LBP 3 700 billion in 2005, net credits of the banking system to the sector increased by LBP 2 476 billion in that year.

Precise advances by the Treasury to such public enterprises as Electricité du Liban (EDL) are not documented; and the current system of public accounts does not make it possible to identify the breakdown of advances by recipient. The figures indicated are approximations aimed at rendering the balance of State accounts.

The reported external public loans are those performed by CDR; the recourse of the State to foreign financing is largely accomplished by issuing euro bonds.

d) Variations in shares and other equity

Currently, there is a lack of data on the balance sheet of corporations. In terms of uses, the figures would represent the theoretical change in property rights of enterprises by households, whether corporate entities or sole proprietorships. Moreover, they would necessarily include amounts spent by households on purchasing new housing units, which were estimated at LBP 1 328 billion in 1997 by the Survey of Living Conditions of Households. In the absence of other relevant data over subsequent years, the participation of households in the gross capital formation of enterprises can only be roughly estimated.

In terms of resources, direct investments of non-residents add to contributions of residents, which are estimated within the framework of the balance of payments (see chapter 2 below).

Chapter 2

Rest of the world accounts and balance of payments

Transactions carried out with the rest of the world are entered in four accounts, which yield the main balances of the balance of payments, as follows:

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

These various balances are illustrated in table 48.

Table 48
Development of the various balancing items in the balance of payments, 2001-2005

	<i>LBP billion</i>				
Balancing item	2001	2002	2003	2004	2005
Trade balance	6 567	5 469	6 277	7 212	7 126
+ incomes and net transfers	-2 851	-2 674	-4 517	-3 843	-4 740
= Current balance	3 716	2 795	1 761	3 369	2 386
+ Net transfers of capital	-447	-329	-2 431	-2 170	-1 351
= Net lending/borrowing	3 269	2 466	-670	1 199	1 035
+ net financing	-1 502	-4 821	-4 434	-1 441	-2 162
= Balance of payments	1 767	-2 355	-5 104	-242	-1 126

Note: A positive balance in the foreign account represents a deficit for the country, while a negative balance represents a surplus. Consequently, the balance of payments was in deficit in 2000 and 2001, and in surplus from 2002 to 2005.

Section I. External accounts on goods and services

The goods and services account with the rest of the world records exports in terms of uses and imports in terms of resources.¹⁶ The balance of this account, referred to as trade balance, has a broader meaning given that these exchanges are not limited to goods, rather they include net exports of services.

The trade balance has always been in deficit in Lebanon. Between 1997 and 2002, the deficit of foreign exchanges of goods and services dropped from LBP 8 203 billion to LBP 5 469 billion in the wake of stagnating imports and significant growth of exports. In 2003 and 2004, imports grew more significant than exports, resulting in a rise of the deficit from LBP 6 277 billion to LBP 7 212 billion. This deficit remained almost at the same level in 2005. In 1997, this deficit accounted for 34.2% of GDP and 25.5% of national expenditure;

¹⁶ These aggregates were reviewed in chapters 2 and 5 of part one.

in 2002, it accounted for only 19.4% of GDP and 16.2% of national expenditure. These ratios rose respectively to 22.3% and 18.2% in 2004, and 21.9% and 18.0% in 2005.

It is important to note that the estimate of the trade balance has been revised downwards since 2002, following the upward revision of net exports of services.

Section II. Primary income and current transfers account

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

The balance of this account is equal to the current balance of payments. Similar to the abovementioned trade balance, this balance has been positive in favour of the rest of the world, thereby indicating a deficit for Lebanon. In 2002, the current balance dropped following a trade balance improvement in Lebanon's favour; and in 2003, it fell sharply following improvements in transfer movements. In 2004, the strong push of imports and a deceleration in the movement of current transfers resulted in increasing the current balance to the level gained in 2001. In 2005, this balance was again in decline.

The development of the variables entered in this account is set forth below.

a) Primary income

Primary income, which is equally referred to as income factors, includes wages of employees, interests and other labour or capital incomes.

Wages and other labour incomes received from abroad by Lebanese residents were estimated for 1997 in the Survey of Living Conditions of Households. These figures were projected over subsequent years by using as an indicator the frequency of Lebanese residents travelling abroad. Within the context of salaries paid to non-residents, these were projected proportionately with value added in the agricultural and construction sectors. Moreover, new indicators on the development of these incomes were adopted in the light of recent analyses by BDL on the balance of payments. However, these have not yielded more reliable data.

Interests received by Lebanese residents on their overseas investments and interests paid to non-residents are estimated by BDL in the course of its reviews on the balance of payments. These estimates show a clear decline in received interests, which fell from LBP 1 441 billion in 1997 to LBP 944 billion in 2002 and LBP 626 billion in 2003; while interests paid to non-resident investors increased considerably, passing from LBP 951 billion in 1997 to LBP 1 642 billion in 2003, after a peak of LBP 1 747 billion in 2002. In 2004, while there was an increase in interests for both recipients, the balance remained in favour of non-residents, namely LBP 1 813 compared to LBP 1 036 billion, respectively. By contrast, in 2005, interests received by Lebanese residents exceeded those paid to non-residents, thereby yielding a positive surplus LBP 240 billion.

Given that interests constitute the most significant share of the primary income exchanged with foreign countries, the net income of the factors coming from the rest of the world has witnessed a significant decline since 2001. Specifically, after an increase between 1997 and 2000 when foreign contribution to the national income increased from LBP 691 billion to LBP 834 billion, this net income fell to LBP 303 billion in 2001 and became negative in 2002 (LBP -302 billion), 2003 (LBP -362 billion) and 2004 (LBP -1 230 billion). In 2005, it returned to positive figures in favour of Lebanon at LBP 675 billion (see table 29).

b) Net current transfers

Historically, Lebanon has always profited from a flow of transfers coming from abroad. However, there is a distinct lack of verifiable statistics on the nature and amount of such transfers. The methodology adopted herein for estimating current transfers records all the remainders of the balance of payments as transfers. Entered under the heading “error and omission”, these are broken down between current transfers and transfers of capital using a ratio that varies according to the general economic situation, particularly with regards to investments. Excluding adjustments as required, the ratios between current transfers and transfers of capital were as follows: 0.7/0.3 in 1997, 1998 and 2004; 0.8/0.2 in 1999; 0.85/0.15 in 2001; 0.9/0.1 in 2000 and 2002; 0.67/0.33 in 2003; and 0.75/0.25 in 2005.

In general, there was a decline in net foreign transfers between 1997 and 2002. Given the downward trend of investments in Lebanon, it is normal to assume that this fall affected transfers of capital to a greater degree than current transfers. In 2003, the strong surplus in balance of payments was a precursor to a substantial movement of transfers towards Lebanon owing to the increase in oil incomes. With increasing investments in the private sector, the rise in transfers of capital was comparatively more significant than that in current transfers. This movement was maintained in 2004 and 2005, albeit at a lower level.

Net current transfers need to include payments related to pensions and other social security benefits received from abroad. These payments, which were estimated at LBP 23 billion in 1997 following the Survey of Living Conditions of Households, were maintained constant throughout the period under study.

Section III. Capital transfers account

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

Net transfers of capital were estimated using the same methodology as that adopted for current transfers (see section II above). This yielded declining net foreign transfers in capital between 1997 and 2002 (LBP 1 718 billion to LBP 329 billion, respectively); significantly increasing values in 2003 and 2004 (LBP 2 531 billion and LBP 2 170 billion, respectively); and a subsequent fall in 2005 (LBP 1 351).

Set against the overall balance of the accounts, the balance of this account is equal in absolute values to the need or the capacity for financing of the national economy. With the exception of 2003, this balance was positive during the entire period 1997-2005.

Section IV. Financial account

The financial account records variations in credits in terms of uses, and changes in debts of the rest of the world vis-à-vis the national economy in terms of resources. The balance of the financial account is strictly equal to the capacity or the need for financing. The receivables and liabilities are entered as net values in each category.

In terms of uses, the analysis underscores the following:

- (a) Securities other than shares, which concern variations in the portfolio of Treasury bills held by non-residents. These amounts are estimated by BDL (see chapter 1, section VI, subsection b);
- (b) Credits, which refer exclusively to foreign credits undertaken by CDR;
- (c) Shares and other equity, which encompass claims of non-residents on local enterprises, particularly in the real estate sector. From an initial estimate made within the framework of the account of 1997, these claims were projected over subsequent years in proportion to direct investments, as entered by BDL in the course of its reviews on the balance of payments.

In terms of resources, the capacity for financing is added to the net variation of foreign assets of the Lebanese banking system, under the heading “money and deposits”. By definition, this variation represents the final balance of the balance of payments.

As portrayed in the ongoing analysis, the balance of payments was significantly in deficit in 2001 and in surplus in 2002 as a consequence of contribution made by foreign bodies in financing the Lebanese Treasury, pursuant to pledges made during the Paris II Conference. In 2003, the balance of payments registered even more significant gains under the double effect of continuing purchases of Treasury bills and contributions of capital or current transfers. In 2004, despite a substantial volume of transfers, the balance of payments surplus was more modest given the significant rise in imports and more modest subscriptions to euro bonds. In 2005, the surplus of the balance of payments can be attributed to a recovery of direct investments, particularly in the real estate sector.

Conclusion

The methodology that was developed during the compilation of the accounts for 1997-2002 and that was adopted in subsequent years has made it possible to evaluate macro-economic developments; to locate and highlight changes in the characteristics of the Lebanese economy and finances; and to measure the impact of major political events that have shaped economic activity. The salient observations for 2005 are set forth below.

a) A growth slowed down by a decline in consumption

The year 2005 was marked by a significant fall in private consumption in the wake of the departure of Syrian troops and of a sizeable number of Syrian workers from Lebanon, and as a result of a decline in the consumption of the resident population. Additionally, the sharp fall of public investment contributed to a squeeze on domestic demand. On the other hand, the dynamism of investments and a sharp growth of exports mitigated the fall of private demand. This fall had an effect on imports, which were significantly reduced, and on inventories, which were in negative figures.

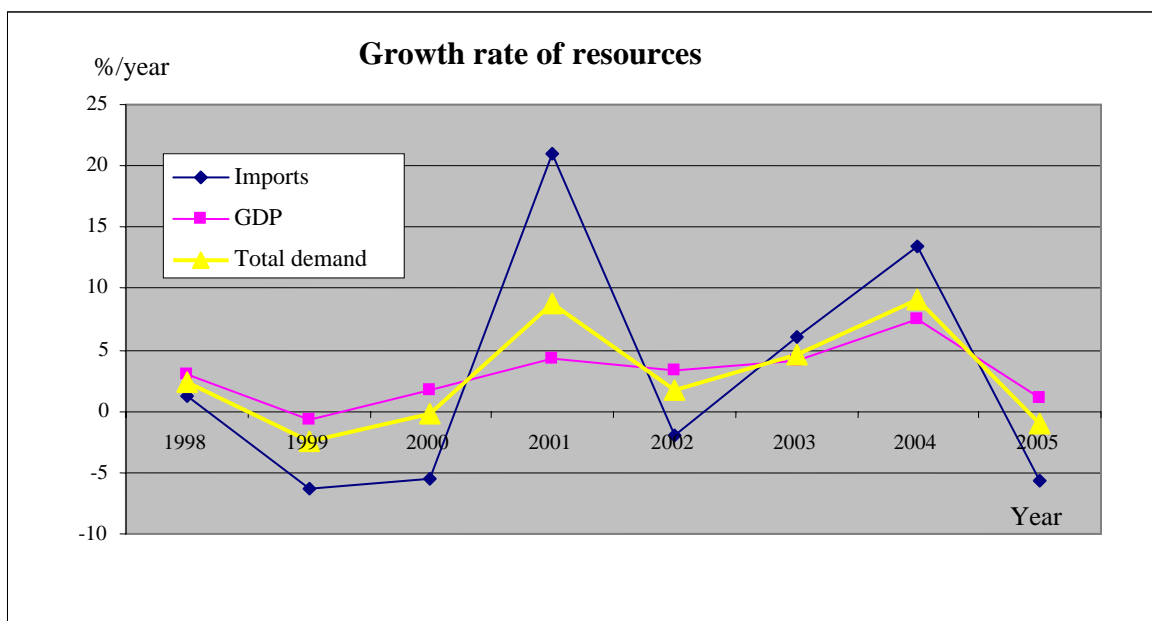
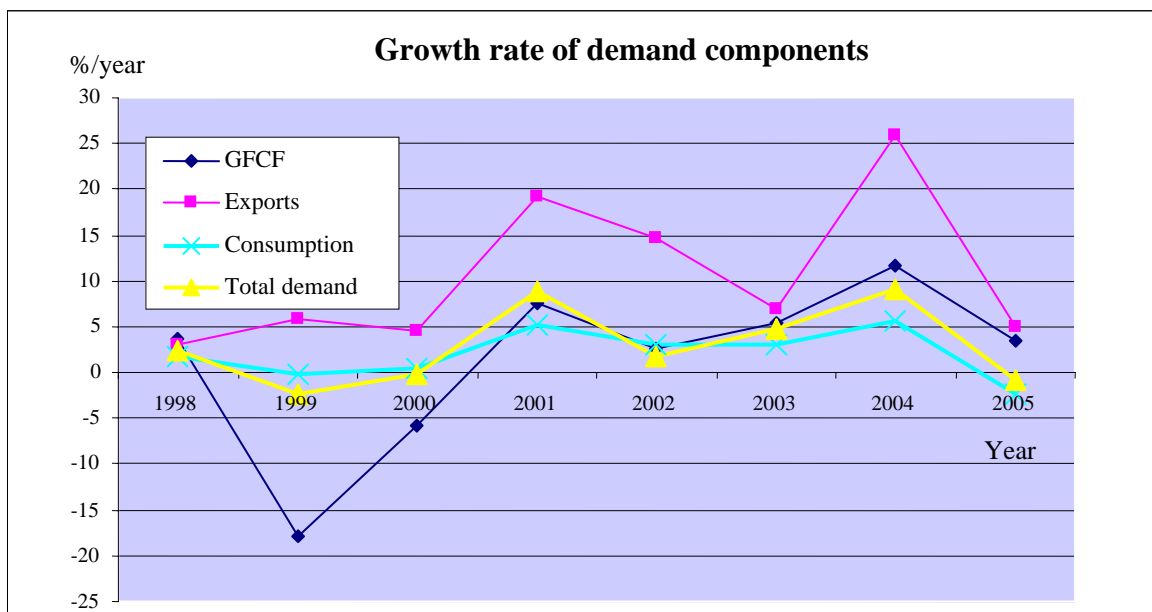
Contribution of the various components to GDP growth, %/yr.

Components of GDP	1998	1999	2000	2001	2002	2003	2004	2005
Private consumption	1.5	-0.1	0.5	4.4	2.5	2.6	4.8	-2.1
Public consumption	0.3	1.3	0.5	0.3	0.9	0.8	-0.6	0.4
GFCF and change in inventories	1.3	-5.3	-1.9	4.7	-3.2	1.9	4.0	-0.7
Exports	0.4	0.7	0.6	2.7	2.3	1.1	4.3	1.0
Total demand	3.6	-3.4	-0.3	12.0	2.5	6.3	12.5	-1.3
- Imports	-0.6	2.6	2.1	-7.7	0.8	-2.2	-5.1	2.4
= GDP	3.0	-0.8	1.7	4.3	3.3	4.2	7.4	1.1

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

b) Stagnation of investments

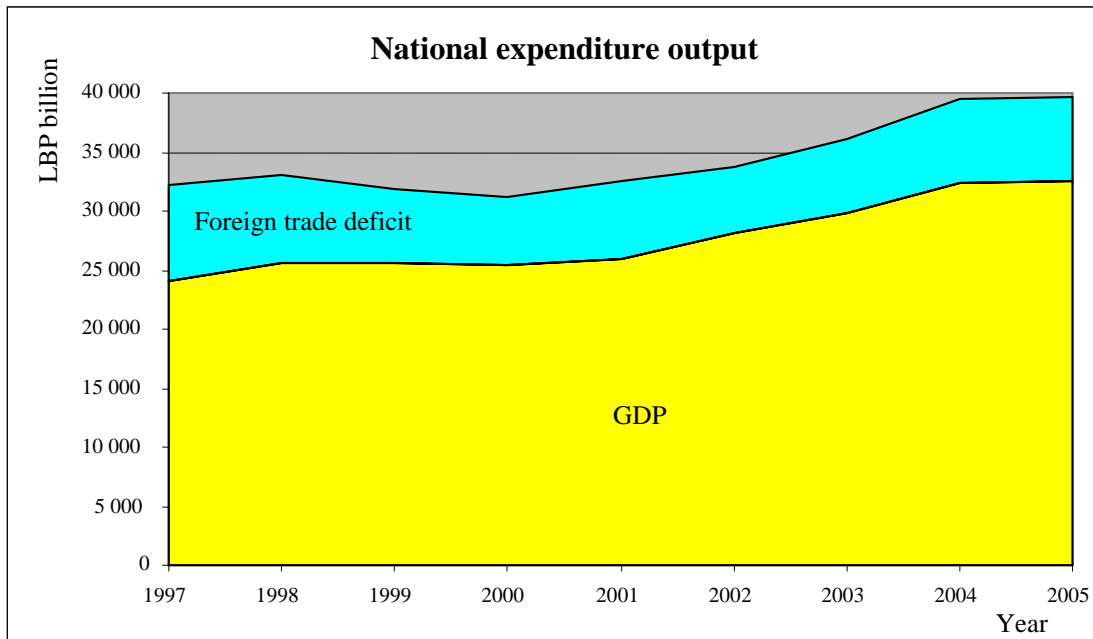
After a period of decline, investments in terms of value recovered strongly in 2003 (11.8%), continued to grow in 2004 (23.4%) and remained in stagnation in 2005 (0.1%). This stagnation can be attributed to the drop in public investments and the decrease in inventories, while GFCF of private enterprises continued to grow (9.5%) owing to the contribution of foreign capital in search of investment.



c) Modest rise in the structural discrepancy between national expenditure and domestic output

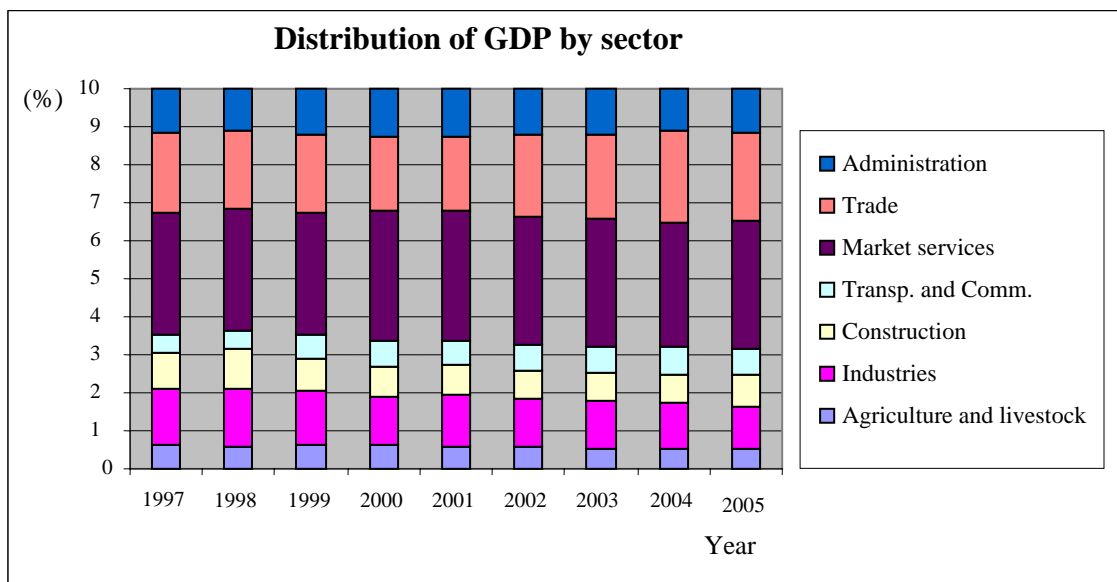
The period 1997-2002 led to a reduction of the gap in relative value between national expenditure and GDP, namely, from 34.2% of GDP in 1997 to 19.4% in 2002. Subsequently, this value fluctuated between 21% and 22% from 2003 to 2005. This development arises from the disparity in development of the various sectors of economy, and between import and production prices.

By contrast, the trade deficit in goods and services, which initially comprised 25.5% of national expenditure in 1997, dropped to 16.2% of this expenditure in 2002. This ratio climbed to 17.4% in 2003, 18.2% in 2004 and remained almost at that level in 2005.



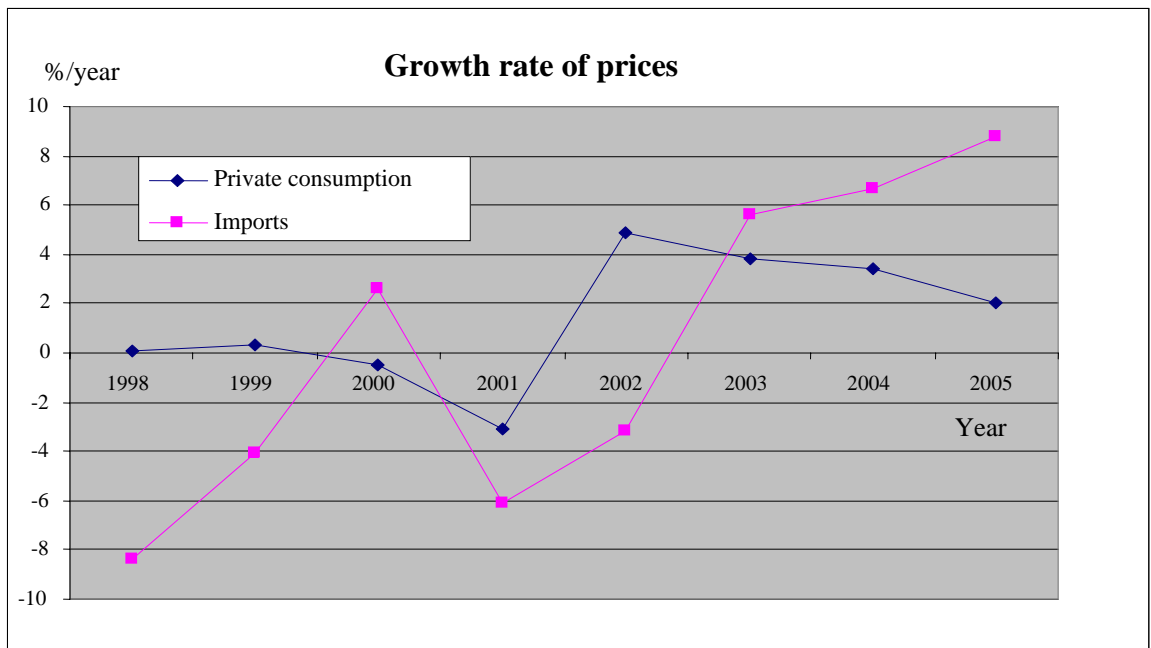
d) Continuing weaknesses in the production of goods

The share of agriculture in GDP continued to fall in 2005 to 5.2%, having dropped from 6.5% in 1997 to 5.3% in 2004. However, the declining trend of the manufacturing sector was reversed from 2003. Specifically, the share of this sector in GDP, which had fallen from 13.5% in 1997 to 11.5% in 2002, increased to 11.8% in 2003 and stabilized at this level in 2004 and 2005. In total, the contribution of these two sectors of production of goods was 17.0%. Chiefly, the industrial sector would have witnessed greater growth if the prices related to the factors of production had not dropped and had, instead, followed the same trend of total value added prices.



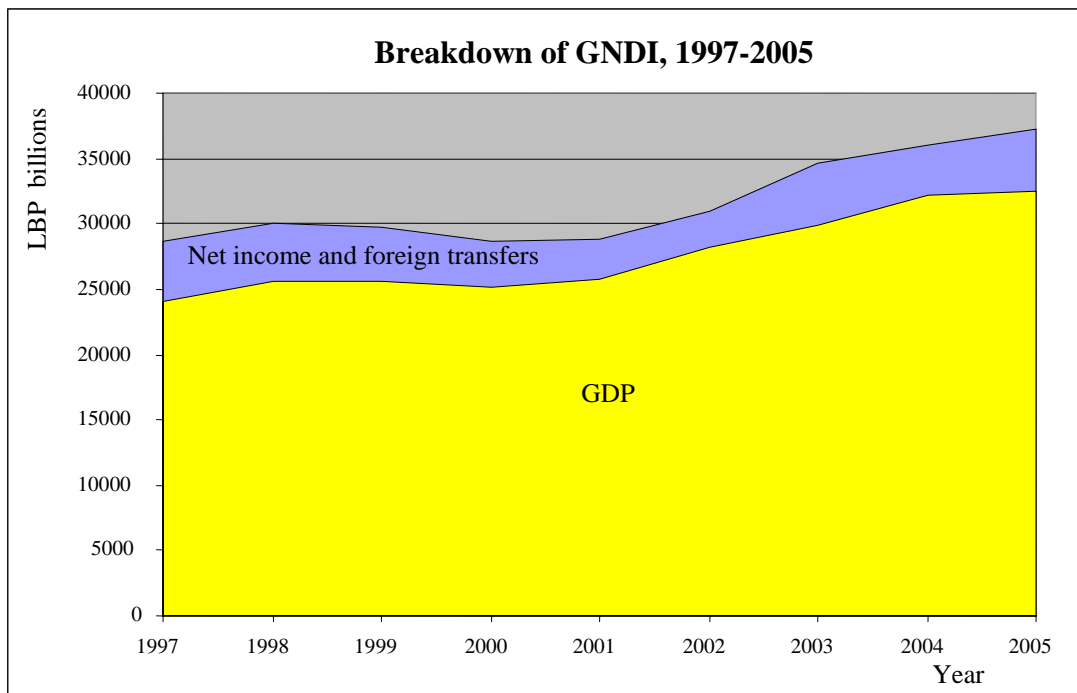
e) A rise in import prices partly affecting consumer prices

On average, import unit prices dropped by 4.1% during the period 1997-2002, owing largely to the appreciation of the Lebanese pound compared to major foreign currencies and to the downward trend in the prices of raw materials. The Lebanese pound, which is pegged to the United States dollar, began to depreciate in 2003, while the prices of raw materials started to rise again. Consequently, import prices increased by 5.6%. However, given that domestic prices did not follow the same trend, consumer prices increased only by 3.6%. A similar trend was observed in 2004 and 2005 whereby unit values of imported goods rose by 6.7% and 8.8%, respectively; while consumer prices rose by 3.1% and 2.1%, respectively.

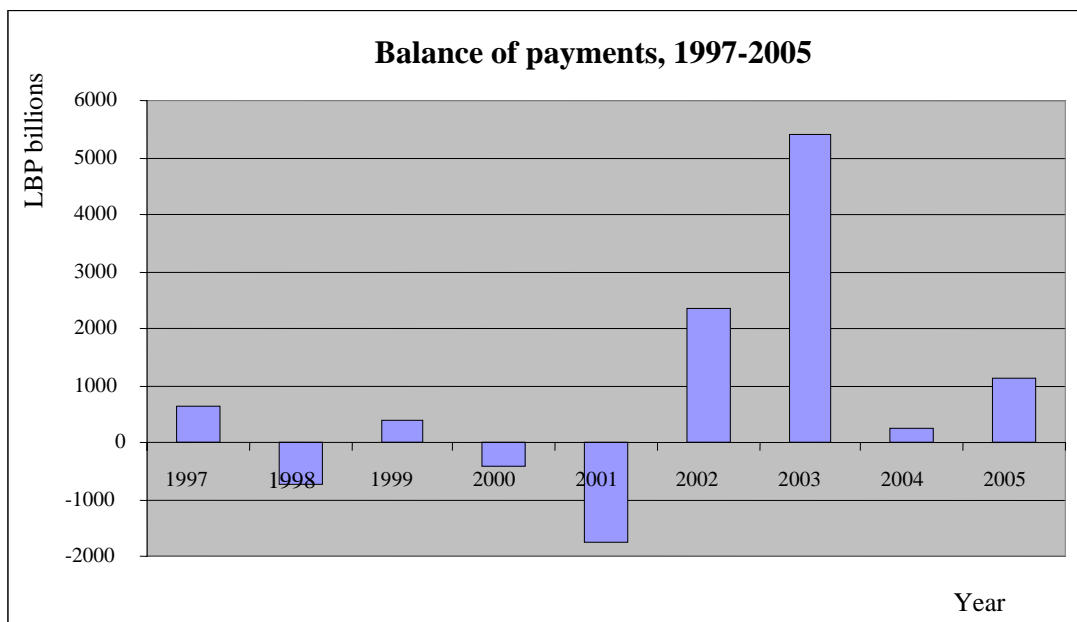


f) A greater dependence on foreign transfers

The deficit in the external exchanges of goods and services has always been covered by foreign incomes and transfers, which have contributed in financing the national economy either directly or indirectly by contributing in the formation of household saving. After a period of decline, the estimated transfers excluding direct investments recovered strongly in 2003 and 2004 and to a comparatively lesser degree in 2005, thereby strengthening the capacity of financing the private sector.



g) *A positive balance of payments*



Significant current transfers or capital transfers, often in the form of direct investments or subscriptions to Treasury bills, have more than made up for the deficit in trade balance, thereby indicating a surplus in the balance of payments. This surplus was expanded further in 2005 by the fall of imports following the drop in demand.

h) *Growing national saving compared to 2004*

The gross national saving declined sharply from 1999 to 2002, subsequent to a peak of LBP 4 476 billion reached in 1998. Owing to the recovery of economic activity and, especially, to the surplus of the balance of payments, the gross national saving grew strongly in 2003,

then diminished slightly in 2004 in the wake of the rise in consumer expenditure. Political events in 2005 encouraged households to save rather than to consume, thereby resulting in a saving level that exceeded the level reached in 1998.

i) Decline in the participation of banks in financing private investments

The participation of the banking system in financing private investments has continued to decrease since 1997 to negative figures in 2003. Typically, bank surpluses were invested in Treasury bills or in foreign countries, or were blocked in BDL. In 2004, banking credits to the private sector recovered at an estimated 18% of investments in this sector. However, in 2005, these credits fell back again, set against a modest growth in private sector investments (represented by GFCF + changes in inventories). Consequently, the participation of commercial banks in financing enterprises fell to 11%.

j) A public deficit in constant decline

The decline of the public deficit began in 2003 and continued in 2005. The deficit/GDP ratio, which was in the range of 15-20% during the period 1997-2002, fell to 12.8% in 2003, 6.8% in 2004 and 6.3% in 2005. Subsequently, covering this deficit will entail comparatively weaker proportions of the domestic and foreign capacity of financing.

k) The significant burden of the public debt

Despite a noticeable fall, pure interests (excluding bank margins) continue to be disbursed to cover the public debt in the secondary distribution system. Specifically, these reached 149.3 % of mandatory levies in direct taxes and social security contributions in 1997; increased to 184% in 2002 and 181% in 2003; and dropped to 138% in 2004 and 111% in 2005.

APPENDICES

Appendix I Tables of basic accounts

N.B:

- The accounts from 2001 till 2004 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	2001	2002	2003	2004	2005
Intermediate uses	12 185	12 953	14 223	15 989	17 132
Final consumption	27 154	29 261	31 116	33 581	33 677
GFCF	5 314	5 479	5 862	6 674	7 137
Exports	3 110	3 492	3 788	4 878	5 335
Changes in inventories/Adjustment	608	-357	-129	400	-56
Total uses= resources	48 372	50 829	54 860	61 522	63 225
Output except Trade	32 032	34 044	36 280	39 266	40 847
Imports	10 289	9 698	10 851	13 173	13 594
Taxes/imports	1 783	2 501	2 680	2 963	2 643
Trade output*	4 269	4 585	5 048	6 119	6 142

b) Volume at previous year prices *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	12 839	12 559	13 566	15 114	16 185
Final consumption	27 882	28 145	30 248	32 694	33 064
GFCF	5 665	5 458	5 774	6 546	6 900
Exports	3 240	3 566	3 745	4 777	5 246
Changes in inventories/Adjustment	629	-367	-127	395	-44
Total uses= resources	50 255	49 361	53 206	59 526	61 350
Output except Trade	32 715	33 125	35 610	38 579	40 221
Imports	10 968	10 047	10 290	12 338	12 465
Taxes/imports	2 292	1 697	2 650	2 930	2 819
Trade output*	4 279	4 493	4 656	5 679	5 845

*=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	2001	2002	2003	2004	2005
Intermediate uses	843	893	874	986	890
Final consumption	1 467	1 559	1 577	1 588	1 636
GFCF	0	0	0	0	0
Exports	217	203	241	310	323
Changes in inventories/Adjustment	20	-20	0	0	-35
Total uses= resources	2 547	2 635	2 692	2 884	2 814
Output	1 407	1 503	1 513	1 620	1 605
Imports	544	509	575	657	565
Taxes/imports	78	75	71	89	97
Trade output	519	548	533	519	546

b) Volume at previous year prices *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	851	867	835	913	907
Final consumption	1 495	1 497	1 560	1 615	1 550
GFCF	0	0	0	0	0
Exports	226	218	226	310	306
Changes in inventories/Adjustment	21	-22	0	0	-37
Total uses= resources	2 594	2 561	2 621	2 838	2 726
Output	1 422	1 418	1 473	1 621	1 585
Imports	597	540	533	578	568
Taxes/imports	97	74	76	77	84
Trade output	478	529	539	562	490

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

1.2. Livestock products

a) Current value *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	476	518	559	580	526
Final consumption	510	473	516	550	552
GFCF	19	19	19	19	20
Exports	18	23	33	24	21
Changes in inventories/Adjustment	30	0	0	0	0
Total uses= resources	1 053	1 032	1 126	1 173	1 119
Output	529	517	538	558	581
Imports	298	304	345	349	288
Taxes/imports	4	4	4	4	4
Trade output	222	207	239	263	245

b) Volume at previous year prices *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	495	522	503	556	514
Final consumption	521	524	495	524	568
GFCF	22	19	14	18	19
Exports	20	27	36	29	21
Changes in inventories/Adjustment	30	0	0	0	0
Total uses= resources	1 088	1 092	1 047	1 127	1 123
Output	544	564	534	545	591
Imports	308	306	295	332	264
Taxes/imports	14	3	5	4	4
Trade output	222	219	214	246	265

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

1.3. Energy and water

a) Current value *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	2 047	2 354	2 703	3 056	3 650
Final consumption	1 551	1 791	1 905	2 054	2 023
GFCF	0	0	0	0	0
Exports	2	7	5	8	10
Changes in inventories/Adjustment	0	0	0	0	-60
Total uses= resources	3 600	4 152	4 613	5 118	5 623
Output	1 132	1 231	1 269	1 329	1 331
Imports	1 579	1 587	1 916	2 424	3 209
Taxes/imports	689	1 016	1 077	1 012	729
Trade output	200	318	351	353	354

b) Volume at previous year prices *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	2 142	2 102	2 480	2 738	3 005
Final consumption	1 516	1 581	1 855	1 898	1 963
GFCF	0	0	0	0	0
Exports	2	8	4	7	9
Changes in inventories/Adjustment	0	0	0	0	-48
Total uses= resources	3 660	3 691	4 340	4 643	4 930
Output	1 124	1 168	1 270	1 310	1 341
Imports	1 825	1 608	1 613	1 914	2 351
Taxes/imports	510	690	1 064	1 060	960
Trade output	201	225	392	360	278

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

1.4. Food industry products

a) Current value *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	347	339	369	412	421
Final consumption	4 563	4 828	4 937	5 164	5 001
GFCF	0	0	0	0	0
Exports	145	166	240	289	352
Changes in inventories/Adjustment	15	-6	-39	70	0
Total uses= resources	5 070	5 326	5 507	5 935	5 774
Output	2 687	2 903	2 960	3 183	3 007
Imports	1 072	1 054	1 087	1 250	1 291
Taxes/imports	413	396	379	412	433
Trade output	898	973	1 081	1 091	1 041

b) Volume at previous year prices *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	358	340	329	383	384
Final consumption	4 718	4 831	4 838	4 951	4 816
GFCF	0	0	0	0	0
Exports	153	168	247	280	358
Changes in inventories/Adjustment	16	-7	-36	65	0
Total uses= resources	5 245	5 332	5 378	5 679	5 558
Output	2 740	2 887	2 959	3 009	2 911
Imports	1 105	1 092	1 054	1 190	1 236
Taxes/imports	501	379	382	402	397
Trade output	899	974	983	1 077	1 014

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

1.5. Textiles and leather

a) Current value

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	268	265	258	296	286
Final consumption	1 461	1 573	1 739	1 950	1 953
GFCF	3	3	2	3	3
Exports	315	291	339	411	434
Changes in inventories/Adjustment	70	50	0	80	0
Total uses= resources	2 116	2 182	2 338	2 741	2 677
Output	553	583	596	706	743
Imports	843	793	806	943	890
Taxes/imports	101	163	176	201	178
Trade output	619	644	760	891	866

b) Volume at previous year prices

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	334	270	271	291	301
Final consumption	1 614	1 484	1 619	1 921	1 882
GFCF	4	3	2	4	4
Exports	336	298	321	396	418
Changes in inventories/Adjustment	80	53	0	79	0
Total uses= resources	2 367	2 107	2 213	2 691	2 604
Output	600	543	560	687	715
Imports	959	847	836	926	851
Taxes/imports	252	102	171	202	181
Trade output	557	616	646	875	856

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

1.6. Non-metal ores

a) Current value

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	1 168	1 194	1 322	1 498	1 622
Final consumption	55	56	56	57	57
GFCF	27	27	22	26	22
Exports	91	108	171	237	253
Changes in inventories/Adjustment	46	-18	-40	0	22
Total uses= resources	1 387	1 366	1 530	1 818	1 976
Output	825	814	876	989	1 112
Imports	382	365	432	559	515
Taxes/imports	35	56	60	71	65
Trade output	145	131	163	198	283

b) Volume at previous year prices

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	1 323	1 182	1 232	1 402	1 556
Final consumption	64	57	47	51	59
GFCF	31	25	21	26	23
Exports	98	108	185	205	224
Changes in inventories/Adjustment	50	-18	-40	0	22
Total uses= resources	1 566	1 355	1 445	1 685	1 884
Output	919	804	825	912	1 088
Imports	411	375	421	528	517
Taxes/imports	67	34	65	73	66
Trade output	168	142	134	172	214

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

1.7. Metals, machines and equipment

a) Current value

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	1 625	1 640	1 848	2 079	2 262
Final consumption	1 468	1 634	1 848	2 324	2 226
GFCF	1 074	1 172	1 286	1 480	1 546
Exports	653	672	826	1 137	1 324
Changes in inventories/Adjustment	333	-277	-40	180	57
Total uses= resources	5 151	4 840	5 767	7 200	7 415
Output	1 032	1 022	1 289	1 404	1 648
Imports	3 322	2 847	3 209	3 977	3 920
Taxes/imports	340	547	632	836	807
Trade output	457	424	638	982	1 040

b) Volume at previous year prices

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	1 771	1 633	1 770	1 984	2 172
Final consumption	1 593	1 472	1 736	2 096	2 193
GFCF	1 214	1 187	1 273	1 471	1 554
Exports	693	686	781	1 111	1 292
Changes in inventories/Adjustment	338	-280	-41	184	56
Total uses= resources	5 609	4 699	5 518	6 847	7 268
Output	1 079	1 027	1 211	1 355	1 600
Imports	3 434	2 966	3 186	3 942	3 872
Taxes/imports	587	287	630	777	810
Trade output	509	420	491	772	986

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

1.8. Wood, rubber and chemicals

a) Current value

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	1 390	1 422	1 604	2 035	2 093
Final consumption	1 041	1 122	1 286	1 487	1 427
GFCF	138	143	151	175	203
Exports	234	303	334	451	515
Changes in inventories/Adjustment	60	-50	-10	70	-40
Total uses= resources	2 864	2 940	3 364	4 217	4 197
Output	910	902	976	1 182	1 161
Imports	1 656	1 670	1 898	2 305	2 282
Taxes/imports	76	166	196	242	237
Trade output	221	201	294	489	517

b) Volume at previous year prices

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	1 533	1 424	1 462	1 827	1 933
Final consumption	1 098	1 064	1 128	1 398	1 380
GFCF	148	136	148	171	189
Exports	250	297	326	425	486
Changes in inventories/Adjustment	62	-51	-9	67	-38
Total uses= resources	3 093	2 870	3 055	3 888	3 950
Output	974	885	911	1 124	1 109
Imports	1 721	1 688	1 763	2 197	2 157
Taxes/imports	165	77	175	227	226
Trade output	232	221	206	339	458

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

1.9. Furniture

a) Current value *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	22	23	25	29	31
Final consumption	211	215	239	253	264
GFCF	236	240	256	342	330
Exports	30	31	36	52	64
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	500	509	556	676	689
Output	337	337	395	477	500
Imports	95	93	85	100	101
Taxes/imports	25	34	35	36	38
Trade output	44	45	41	63	50

b) Volume at previous year prices *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	28	23	27	32	33
Final consumption	227	214	232	243	268
GFCF	252	266	275	332	325
Exports	32	35	32	49	57
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	538	537	566	656	683
Output	358	360	387	458	480
Imports	101	103	91	108	102
Taxes/imports	34	27	33	44	37
Trade output	45	46	54	45	64

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

1.10. Other industrial products

a) Current value *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	156	148	187	187	186
Final consumption	712	768	869	1 101	920
GFCF	142	137	169	178	155
Exports	338	445	428	493	536
Changes in inventories/Adjustment	35	-35	0	0	0
Total uses= resources	1 383	1 463	1 653	1 958	1 797
Output	638	700	874	967	930
Imports	496	476	498	609	531
Taxes/imports	22	45	50	60	53
Trade output	227	242	231	321	282

b) Volume at previous year prices *LBP billion*

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	159	175	190	186	213
Final consumption	745	780	873	1 121	907
GFCF	149	139	164	182	170
Exports	364	477	452	497	573
Changes in inventories/Adjustment	32	-43	0	0	0
Total uses= resources	1 449	1 528	1 679	1 986	1 864
Output	629	733	854	1 020	958
Imports	507	522	498	623	547
Taxes/imports	65	23	48	62	55
Trade output	249	250	280	280	304

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

1.11. Construction

a) Current value

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses					
Final consumption					
GFCF	3 676	3 739	3 957	4 451	4 858
Exports					
Total uses= resources	3 676	3 739	3 957	4 451	4 858
Output	3 676	3 739	3 957	4 451	4 858

b) Volume at previous year prices

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses					
Final consumption					
GFCF	3 845	3 684	3 877	4 342	4 616
Exports					
Total uses= resources	3 845	3 684	3 877	4 342	4 616
Output	3 845	3 684	3 877	4 342	4 616

1.12. Transport and communication

a) Current value

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	1 293	1 597	1 802	2 196	2 288
Final consumption	1 565	1 772	1 938	2 191	2 451
GFCF					
Exports	162	187	172	211	203
Total uses= resources	3 019	3 556	3 912	4 598	4 942
Output	3 019	3 556	3 912	4 598	4 942

b) Volume at previous year prices

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	1 293	1 507	1 802	2 196	2 287
Final consumption	1 570	1 705	1 928	2 187	2 390
GFCF					
Exports	162	186	172	211	203
Total uses= resources	3 025	3 398	3 902	4 593	4 881
Output	3 025	3 398	3 902	4 593	4 881

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

1.13. Market services

a) Current value

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	2 551	2 563	2 672	2 635	2 879
Final consumption	8 029	8 687	9 217	10 022	10 165
GFCF	0	0	0	0	0
Exports	187	205	245	306	383
Total uses= resources	10 766	11 454	12 134	12 963	13 427
Output	10 766	11 454	12 134	12 963	13 427

b) Volume at previous year prices

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses	2 552	2 514	2 666	2 606	2 879
Final consumption	8 183	8 177	8 930	9 878	10 109
GFCF	0	0	0	0	0
Exports	187	205	245	306	383
Total uses= resources	10 921	10 896	11 840	12 791	13 370
Output	10 921	10 896	11 840	12 791	13 370

1.15. Non- market services

a) Current value

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses					
Final consumption	4 522	4 783	4 992	4 840	5 002
GFCF					
Exports					
Total uses= resources	4 522	4 783	4 992	4 840	5 002
Output	4 522	4 783	4 992	4 840	5 002

b) Volume at previous year prices

LBP billion

Nature of flow	2001	2002	2003	2004	2005
Intermediate uses					
Final consumption	4 537	4 776	5 008	4 842	4 978
GFCF					
Exports					
Total uses= resources	4 537	4 776	5 008	4 842	4 978
Output	4 537	4 776	5 008	4 842	4 978

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 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	283	18	646	272	10	50	2 047	1 551	0	2	0	3 600
3. Manufacturing	165	89	2 308	1 454	12	594	218	136	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	662	231	26	1 293	1 565	0	162	0	3 019
6. Other services	27	8	113	104	312	476	515	996	2 551	8 029	0	187	0	10 766
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	4 522	0	0	0	4 522
Total uses	392	854	3 823	1 579	1 344	2 013	973	1 208	12 185	27 154	5 314	3 110	609	48 372
Value added	1 544	278	3 158	2 097	1 675	8 753	5 079	3 314	25 898					
Output	1 936	1 132	6 981	3 676	3 019	10 766	6 052	4 522	38 084					
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	718	4 522	48 372					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports	10 289		+303	10 592
Exports	3 110	+914		4 025
Consumption	27 154	-914	+303	26 542

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

2.2. 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. use	Final Con- sumpt.	GFCF	Exports	Change in invent.	
1. Agric. & livestock	189	0	1 208	4	0	10	0	0	1 411	2 032	19	226	-20	3 667
2. Energy & water	15	875	324	20	766	306	11	36	2 354	1 791	0	7	0	4 152
3. Manufacturing	163	92	2 341	1 469	13	600	217	134	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	536	720	290	21	1 597	1 772	0	187	0	3 556
6. Other services	28	8	115	103	280	420	477	1 133	2 563	8 687	0	205	0	11 454
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	4 783	0	0	0	4 783
Total uses	394	974	4 019	1 596	1 595	2 056	995	1 324	12 953	29 261	5 479	3 492	-356	50 829
Value added	1 625	257	3 242	2 144	1 961	9 399	6 092	3 459	28 177					
Output	2 020	1 231	7 261	3 739	3 556	11 454	7 086	4 783	41 131					
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	11 454	852	4 783	50 829					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Importations		9 698	+357	10 056
Exportations		3 492	+1 095	4 587
Consommation		29 261	- 1 095	28 524

2.2. b) Year 2002 at 2001 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	184	0	1 193	3	0	9	0	0	1 390	2 020	19	246	-22	3 653
2. Energy & water	13	781	290	18	684	274	10	32	2 102	1 581	0	8	0	3 691
3. Manufacturing	163	92	2 349	1 461	13	610	223	136	5 047	9 902	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	679	274	19	1 507	1 705	0	186	0	3 398
6. Other services	27	8	113	101	275	412	467	1 112	2 514	8 177	0	205	0	10 896
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	4 758	0	0	0	4 758
Total uses	387	881	3 973	1 583	1 478	1 984	974	1 300	12 559	28 145	5 458	3 566	-366	49 361
Value added	1 595	288	3 265	2 101	1 920	8 913	5 216	3 459	26 755					
Output	1 982	1 168	7 238	3 684	3 398	10 896	6 190	4 758	39 314					
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	10 896	852	4 758	49 361					

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

2.3. 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	980	370	23	894	346	12	62	2 703	1 905	0	5	0	4 613
3. Manufacturing	173	103	2 709	1 613	15	639	233	128	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	783	331	23	1 802	1 938	0	172	0	3 912
6. Other services	27	8	119	104	277	378	450	1 241	2 606	9 283	0	245	0	12 134
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	4 992	0	0	0	4 992
Total uses	412	1 092	4 452	1 743	1 821	2 158	1 027	1 454	14 157	31 182	5 862	3 788	-128	54 860
Value added	1 639	178	3 514	2 213	2 092	9 976	6 702	3 538	29 852					
Output	2 050	1 269	7 966	3 957	3 912	12 134	7 728	4 992	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	12 134	718	4 992	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	1 203		4 991
Consumption	31 182	-1 203	+417	30 396

2.3. b) Year 2003 at 2002 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	187	0	1 136	4	0	11	0	0	1 338	2 055	14	262	0	3 668
2. Energy & water	14	900	340	21	820	318	11	57	2 480	1 855	0	4	0	4 340
3. Manufacturing	156	95	2 549	1 518	14	611	217	120	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	782	331	23	1 802	1 929	0	172	0	3 903
6. Other services	28	8	122	107	284	387	461	1 270	2 666	8 930	0	245	0	11 840
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	5 007	0	0	0	5 007
Total uses	385	1 002	4 179	1 649	1 752	2 109	1 020	1 469	13 566	30 248	5 774	3 745	-126	53 206
Value added	1 621	268	3 527	2 228	2 150	9 731	6 286	3 538	29 350					
Output	2 007	1 270	7 706	3 877	3 903	11 840	7 306	5 007	42 916					
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	11 840	718	5 007	53 206					

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

2.4. 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	1 326	5	0	13	0	0	1 566	2 138	19	335	0	4 057
2. Energy & water	19	1 129	430	28	1 007	370	15	58	3 056	2 054	0	8	0	5 118
3. Manufacturing	203	119	3 205	1 872	19	681	292	147	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	845	481	26	2 196	2 191	0	211	0	4 598
6. Other services	29	8	131	143	358	432	538	996	2 635	10 022	0	306	0	12 963
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	1 256	5 125	2 047	2 193	2 341	1 326	1 228	15 989	33 581	6 674	4 878	400	61 522
Value added	1 705	73	3 783	2 404	2 404	10 622	7 756	3 612	32 359					
Output	2 178	1 329	8 908	4 451	4 598	12 963	9 082	4 840	48 348					
Imports	1 005	2 424	9 743						13 173					
Taxes on imports	93	1 012	1 858				-2 963		0					
Trade margins	782	353	4 035				-5 169		0					
Total resources	4 057	5 118	24 545	4 451	4 598	12 963	950	4 840	61 522					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports		13 173	465	13 638
Exports		4 878	1 549	6 426
Consumption		33 581	-1 549	32 497

2.4. 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	1 246	4	0	12	0	0	1 469	2 139	18	339	0	3 965
2. Energy & water	17	1 011	386	25	902	331	14	52	2 738	1 898	0	7	0	4 643
3. Manufacturing	185	107	2 988	1 759	18	645	267	136	6 105	11 781	2 186	2 965	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	845	481	26	2 196	2 187	0	211	0	4 593
6. Other services	29	8	129	141	354	427	533	985	2 606	9 878	0	306	0	12 791
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	4 811	0	0	0	4 811
Total uses	437	1 126	4 783	1 929	2 083	2 262	1 294	1 200	15 113	32 694	6 546	4 777	396	59 526
Value added	1 729	183	3 784	2 413	2 510	10 529	7 315	3 612	32 074					
Output	2 165	1 310	8 567	4 342	4 593	12 791	8 609	4 811	47 187					
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	3 965	4 643	23 431	4 342	4 593	12 791	950	4 811	59 526					

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

2.5. a) Year 2005 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	216	0	1 181	5	0	14	0	0	1 415	2 188	20	344	-35	3 932
2. Energy & water	22	1 368	551	28	1 214	361	15	92	3 650	2 023	0	10	-60	5 623
3. Manufacturing	223	131	3 383	2 000	21	710	279	153	6 900	11 848	2 258	3 479	39	24 524
4. Construction	0	0	0	0	0	0	0	0	0	0	4 858	0	0	4 858
5. Transp. & commun.	0	0	33	0	889	903	439	24	2 288	2 451	0	203	0	4 942
6. Other services	34	19	168	156	459	514	518	1 011	2 879	10 165	0	383	0	13 427
7. Trade	0	0	0	0	0	0	0	0	0	0	0	917	0	917
8 Administration	0	0	0	0	0	0	0	0	0	5 002	0	0	0	5 002
Total uses	496	1 519	5 315	2 189	2 582	2 501	1 251	1 280	17 132	33 677	7 137	5 335	-55	63 225
Value added	1 690	-188	3 786	2 669	2 360	10 925	7 534	3 722	32 499					
Output	2 186	1 331	9 101	4 858	4 942	13 427	8 785	5 002	49 631					
Imports	854	3 209	9 531						13 594					
Taxes on imports	101	729	1 812				-2 643		0					
Trade margins	791	354	4 080				-5 225		0					
Total resources	3 932	5 623	24 524	4 858	4 942	13 427	917	5 002	63 225					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports		13 594	+401	13 995
Exports		5 335	+1 535	6 869
Consumption		33 677	-1 535	32 544

2.5. b) Year 2005 at 2004 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	220	0	1 182	5	0	14	0	0	1 421	2 118	19	328	-37	3 850
2. Energy & water	18	1 126	453	23	1 000	297	13	75	3 005	1 963	0	9	-48	4 930
3. Manufacturing	206	122	3 231	1 912	20	690	267	145	6 592	11 505	2 264	3 407	41	23 809
4. Construction	0	0	0	0	0	0	0	0	0	0	4 616	0	0	4 616
5. Transp. & commun.	0	0	33	0	888	903	439	24	2 287	2 390	0	203	0	4 881
6. Other services	34	19	168	156	459	514	518	1 011	2 879	10 109	0	383	0	13 370
7. Trade	0	0	0	0	0	0	0	0	0	0	0	917	0	917
8 Administration	0	0	0	0	0	0	0	0	0	4 978	0	0	0	4 978
Total uses	479	1 267	5 067	2 096	2 366	2 418	1 236	1 256	16 185	33 064	6 900	5 246	-43	61 350
Value added	1 696	74	3 793	2 521	2 514	10 952	7 428	3 722	32 700					
Output	2 175	1 341	8 860	4 616	4 881	13 370	8 664	4 978	48 885					
Imports	832	2 351	9 283						12 465					
Taxes on imports	87	960	1 772				-2 819		0					
Trade margins	755	278	3 895				-4 928		0					
Total resources	3 850	4 930	23 809	4 616	4 881	13 370	917	4 978	61 350					

3. Financial institutions accounts

Commercial banks accounts

LBP billion

Account	2001	2002	2003	2004	2005
I. Production account					
<i>Uses</i>					
P2. Intermediate consumption	453	455	630	538	561
<i>B1. Gross value added</i>	1 389	1 469	1 395	1 440	1 636
Total uses = resources	1 842	1 924	2 025	1 978	2 198
<i>Resources = Net banking product (P1)</i>					
Interest income	6 623	6 143	6 331	6 147	6 286
-Interest payments	-5 110	-4 532	-4 623	-4 552	-4 488
Commissions	329	312	317	382	399
II.1. Allocation of primary income account					
<i>Uses</i>					
D1. Compensation of employees	665	668	675	735	731
D41. Interests on loans	10	27	32	30	28
D42. Distributed profit	416	356	...	...	...
<i>B5. Balance of primary income acc.</i>	439	589	1 191	818	877
Total uses = resources	1 530	1 640	1 898	1 584	1 636
<i>Resources</i>					
B1. Gross value added	1 389	1 469	1 395	1 440	1 636
D4. Net income off work	141	171	503	144	0
II.2. Secondary distribution of income account					
<i>Uses</i>					
D5. Income tax	114	116	112	115	0
<i>B6. Balance: disposable income</i>	325	473	1 080	703	877
Total uses = resources	439	589	1 191	818	877
<i>Resources</i>					
B5. Balance of primary income acc.	439	589	1 191	818	877
III.1. Capital account					
P51. Gross fixed capital formation	514	457	233	386	515
<i>B9. Balance = net lending</i>	-189	17	847	317	362
Total uses = resources	325	473	1 080	703	877
<i>Resources</i>					
B6. Disposable income	325	473	1 080	703	877
III.2. Financial account					
<i>Uses</i>					
F2. Cash and deposits in BDL	3 325	1 304	16 373	1 546	1 039
F2. External assets	688	1 339	610	5 494	-414
F3. Securities (Treasury bills)	-352	4 372	-5 562	3 146	2 532
F4. Credits	97	-127	-101	1 189	456
F9. Other debtors	-164	177	20	-10	-112
Total uses = resources	3 593	7 065	11 340	11 364	3 500
<i>Resources</i>					
B9. Net lending	-189	17	847	317	362
F2. Deposits of residents	3 457	4 282	7 075	6 632	3 589
F2. Deposits of non-residents	237	20	2 966	4 174	-698
F5. Shares	35	709	376	402	540
F9. Other creditors	54	2 038	75	-161	-293

4. Public administration accounts

4.1. Central administration accounts

Uses

LBP billion

Accounts	2001	2002	2003	2004	2005
I. Production account					
P2. Intermediate Consumption	1 102	1 241	1 297	1 069	1 131
<i>B1. Gross value added</i>	<i>2 681</i>	<i>2 730</i>	<i>2 740</i>	<i>2 817</i>	<i>2 846</i>
Total	3 783	3 971	4 037	3 886	3 976
II.1. Allocation of primary income account					
D1. Compensation of employees	2 033	2 059	2 043	2 118	2 146
K.1. Depreciation	648	671	698	699	700
<i>B5. Primary income balance</i>	<i>2 760</i>	<i>3 791</i>	<i>4 514</i>	<i>5 069</i>	<i>4 826</i>
Total	5 441	6 521	7 255	7 886	7 671
II.2. Secondary distribution of income account					
D41. Interests*	3 603	3 980	4 149	3 655	3 136
D62. Social benefits	834	850	849	821	874
Current transfers to administrations	192	261	288	391	680
International co-operation	6	4	5	13	11
D79. Other current transfers	110	149	150	147	113
<i>B6. Balance: disposable income</i>	<i>-524</i>	<i>80</i>	<i>717</i>	<i>1 845</i>	<i>1 916</i>
Total uses = resources	4 220	5 324	6 159	6 872	6 730
II.4. Use of income account					
P2. Consumption	3 783	3 971	4 037	3 886	3 976
<i>B8n. Balance: Net saving</i>	<i>-4 308</i>	<i>-3 891</i>	<i>-3 320</i>	<i>-2 041</i>	<i>-2 060</i>
Total uses = resources	-524	80	717	1 845	1 916
III. 1 Capital account					
P51. Gross fixed capital formation	269	266	264	275	176
D92. Help to investment					
D93. Capital transfers to administ.	42	344	369	633	403
Total uses = resources	311	610	633	908	578
III.2 Financial account					
B9. Net borrowing	3 970	3 830	3 255	2 251	1 939
F21. Cash	38	11	-6	-11	-20
F22. Deposits in the BDL	-135	658	-292	890	955
F41. Advances of Treasury	156	496	340	858	897
F79. Other debtors	570	158	408	-62	320
Total uses = resources	4 599	5 153	3 705	3 925	4 091

* 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	2001	2002	2003	2004	2005
I. Production account					
P12. Non-market output	3 783	3 971	4 037	3 886	3 976
Total	3 783	3 971	4 037	3 886	3 976
II.1. Allocation of primary income account					
B1. Gross domestic product	2 681	2 730	2 740	2 817	2 846
D2. Taxes on products	2 775	3 803	4 519	5 122	4 839
D3.- subsidies on products	-22	-20	-20	-61	-19
D41. Interests	7	9	15	8	5
Total	5 441	6 521	7 255	7 886	7 671
II.2. Secondary distribution of income account					
B5. Primary income	2 760	3 791	4 514	5 069	4 826
D51. Income taxes	585	642	708	801	907
D59. Other direct taxes	499	511	548	634	646
D61. Social contributions	79	80	74	86	85
D79. Non-tax receipts	297	301	315	282	266
Total uses= resources	4 220	5 324	6 159	6 872	6 730
II.4. Use of income account					
B6. Disposable income	-524	80	717	1 845	1 916
Total uses= resources	-524	80	717	1 845	1 916
III. 1 Capital account					
K1. Depreciation	648	671	698	699	700
B8n. Net saving	-4 308	-3 891	-3 320	-2 041	-2 060
B9. Net borrowing	3 970	3 830	3 255	2 251	1 939
Total uses= resources	311	610	633	908	578
III.2. Financial account					
F29. Deposits	-274	-56	-244	196	200
F3. Treasury bills	4 787	2 371	3 908	3 364	3 113
F4. Loans	-23	2 700	0	517	756
F79. Other creditors	124	147	-23	-77	24
F00. Transactions not classified	-14	-10	63	-74	-1
Total uses= resources	4 599	5 153	3 705	3 925	4 091

4. Public administration accounts (continued)

4.2. Public administration consolidated accounts (estimates)

LBP billion

Accounts	2001	2002	2003	2004	2005
I. Production account:					
<i>Uses</i>					
P2. Intermediate Consumption	1 208	1 324	1 453	1 228	1 280
<i>B1. Gross value added</i>	3 314	3 459	3 539	3 612	3 722
Total.=P12. Output	4 522	4 783	4 992	4 840	5 002
II.1. Allocation of primary income account:					
<i>Uses</i>					
D1. Compensation of employees	2 667	2 781	2 837	2 922	3 047
K.1. Depreciation	647	677	702	689	675
<i>B5n. Balance: Net primary income</i>	3 269	4 348	5 032	5 755	5 341
Total uses = resources	6 583	7 806	8 570	9 367	9 064
<i>Resources</i>					
B1. Gross value added	3 314	3 459	3 539	3 612	3 722
D2-D3. Indirect taxes - subsidies	3 269	4 348	5 032	5 755	5 341
II.2. Secondary distribution of income account:					
<i>Uses</i>					
D41. Interests*	3 727	4 094	4 253	3 722	3 216
D62. Social benefits	1 603	1 738	1 655	1 633	1 665
D79. Current transfers	170	152	156	160	124
<i>B6. Balance: disposable income</i>	-78	583	1 324	2 938	3 225
Total uses = resources	5 367	6 567	7 387	8 453	8 230
<i>Resources</i>					
B5n. Net primary income	3 269	4 348	5 032	5 755	5 341
D5. Direct taxes	1 138	1 213	1 318	1 521	1 609
D61. Social contributions	717	706	722	841	1 014
D79. Non-tax receipts	297	301	315	337	266
II.4. Use of disposable income account:					
<i>Uses</i>					
P2. Consumption	4 522	4 783	4 992	4 840	5 002
<i>B8n Balance: Net Saving</i>	-4 600	-4 200	-3 668	-1 901	-1 777
Total = disposable income	-78	583	1 324	2 938	3 225
III. 1 Capital account:					
<i>Uses</i>					
P51. Gross fixed capital formation	1 176	1 002	889	995	921
D92. Investment grants	4	7	6	6	45
Total uses = resources	1 180	1 009	895	1 001	966
<i>Resources</i>					
B8n. Net saving	-4 600	-4 200	-3 668	-1 901	-1 777
K.1. Depreciation	647	677	702	689	675
D92. Investment grants	0	0	40	25	25
<i>B9. Balance: borrowing</i>	5 132	4 532	3 821	2 188	2 043
III. 2 Capital account:					
<i>Uses</i>					
B9. Net borrowing	5 132	4 532	3 821	2 188	2 043
F2. Cash and deposits	-718	1 051	54	1 341	1 231
F41. Treasury advances	256	251	123	464	741
Total uses = resources	4 670	5 834	3 998	3 993	4 014
<i>Resources</i>					
F3. Treasury bills	4 711	6 348	3 738	3 923	4 189
F4. Loans	-32	57	77	-37	-181
F4. Bank credits	-9	-571	184	107	6

*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	2000	2001	2002	2003	2004	2005
Marriages	32 564	32 225	31 653	30 636	30 014	29 705
Divorces	...	4 480	4 060	4 328	4 372	4 746
Births	87 795	83 693	76 405	71 465	73 900	73 770
Deaths	19 435	17 568	17 294	17 187	17 774	18 012

Source: CAS monthly bulletins

II. Agriculture and livestock

Table II.1. Crop output

a) Planted surface area - thousand hectares

Nature of crop product	2000	2001	2002	2003	2004	2005
Cereals	50.3	52.1	56.0	60.7	60.0	65.2
Leguminous vegetables	7.7	6.7	9.8	8.1	7.5	7.1
Vegetables	37.2	34.6	41.1	42.4	42.3	42.1
Plants for manufacturing	17.1	10.9	10.4	9.7	11.1	10.8
Fruits	85.4	85.1	82.6	84.3	83.5	82.5
Olives	55.6	56.8	57.6	57.6	58.5	58.8
Other	6.4	5.7	3.5	4.9	5.4	6.5
Total	258.9	251.8	261.0	267.7	268.3	273.0

b) Output - thousand of tons

Nature of crop product	2000	2001	2002	2003	2004	2005
Cereals	150.1	172.0	264.9	326.8	396.3	394.3
Leguminous vegetables	65.0	61.3	53.5	50.0	40.2	35.5
Vegetables	1 107.7	1 074.9	1 206.2	1 163.1	1 295.9	1 284.3
Plants for manufacturing	355.3	30.9	11.1	12.0	97.1	90.0
Fruits	899.5	861.2	841.5	983.2	987.0	960.4
Olives	189.5	85.8	184.4	83.2	167.3	76.5
Other	19.5	16.6	39.8	...	...	...
Total	2 786.6	2 302.7	2 561.6	2 618.3	2 983.8	2 841.0

Source: Ministry of Agriculture

II. Agriculture and livestock (continued)

Table II.1. Crop output (continued)

c) Output value - LBP billion

Nature of crop product	2000	2001	2002	2003	2004	2005
Cereals	56.9	68.4	66.3	65.1	89.9	93.0
Leguminous vegetables	47.9	43.5	35.0	28.9	27.0	22.4
Vegetables	362.7	376.3	339.7	372.7	410.2	422.0
Plants for manufacturing	142.9	124.8	96.7	100.8	116.9	103.3
Fruits	446.7	469.4	569.6	646.5	644.1	630.7
Olives	265.7	118.8	265.2	110.3	212.3	113.2
Other	44.6	46.3	35.4	41.9	51.5	56.5
Total	1 367.4	1 247.5	1 407.9	1 366.2	1 551.9	1 441.1

Source: Ministry of Agriculture

Table II.2. Animal output

a) Livestock: number of heads - thousands

Nature of livestock	2000	2001	2002	2003	2004	2005
<i>Intended for slaughter-house</i>						
Cow	36.0	37.0	39.5	45.0	43.5	44.4
Sheep	133.0	120.0	155.0	140.0	138.0	128.6
Goat	140.0	110.0	135.0	146.0	174.5	181.8
Pig	26.0	23.0	21.0	14.0	12.5	11.0
<i>Intended to milk production</i>						
Cow	38.9	39.6	43.8	47.5	43.9	43.8
Sheep	198.0	179.7	166.4	175.6	179.4	182.7
Goat	205.0	190.0	199.7	240.4	234.5	246.7

b) Output - thousand of tons (or units)

Nature of product	2000	2001	2002	2003	2004	2005
Beef	13.4	13.8	14.3	16.4	16.2	16.5
Sheep	5.8	5.2	6.5	5.9	5.8	5.4
Goat	5.1	4.0	4.9	5.3	5.9	6.6
Pork	2.4	2.2	1.9	1.3	1.2	1.1
Chicken	113.2	117.6	124.6	127.3	137.3	130.6
Eggs (million units)	720.0	740.0	770.0	775.0	755.0	758.0
Cow's milk	158.4	167.1	193.5	194.6	186.3	189.8
Sheep's milk	23.0	22.2	22.1	23.3	21.6	22.8
Goat's milk	27.0	27.3	29.4	36.5	36.1	39.3
Honey	1.0	0.8	0.7	0.9	1.1	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	2000	2001	2002	2003	2004	2005
Beef	29.3	29.7	33.6	41.7	44.3	48.3
Sheep	15.1	14.1	18.3	18.2	20.7	18.6
Goat	10.8	9.2	12.0	14.8	17.4	18.3
Pork	5.0	5.3	4.2	2.7	2.6	2.4
Chicken	211.3	219.0	204.2	188.5	204.9	185.5
Eggs (million units)	52.0	53.3	49.3	55.8	61.9	56.9
Cow's milk	94.0	91.1	94.0	101.8	96.9	99.1
Sheep's milk	14.0	13.2	13.1	12.9	11.9	13.9
Goat's milk	21.0	20.0	16.1	23.0	21.5	25.6
Honey	23.8	19.1	16.4	20.0	21.9	25.0
Total	476.3	473.9	461.3	556.8	504.0	493.6

Source: Ministry of Agriculture

III. Energy

Table III.1. Main imported oil products

thousands of tons

Product	2000	2001	2002	2003	2004	2005
Gasoline	1 263.8	1 178.8	1 180.4	1 260.4	1 263.2	1 273.1
Gas oil	1 315.6	1 533.3	1 664.8	1 829.2	1 746.8	1 587.7
Fuel oil	1 507.9	1 738.8	1 583.4	1 284.9	1 382.6	1 360.2
Kerosene	124.5	128.2	126.8	124.5	126.7	146.6
Gas butane	165.1	157.7	154.8	205.1	220.2	166.1

Source: General Directorate of oil

Table III.2. Electricity consumption

kWh million

	2000	2001	2002	2003	2004	2005
(network EOL)	9 233	9 436	10 192	10 538	10 308	10 581

Source: Central Administration of Statistics, monthly bulletins

IV. Industry

Table IV.1. Manufactured Tobacco

	2000	2001	2002	2003	2004	2005
Production (tons)	1 009	1 457	2 122	2 024	1 803	655
Local Tobacco sales (tons)	1 040	1 409	2 039	1 982	1 671	795
Value of sales (million LBP)	20 264	27 907	42 940	44 587	49 446	16 355

Table IV.2. Imports of intermediary products intended for industry

User branch	2000	2001	2002	2003	2004	2005
	<i>values LBP billion</i>					
Not specified	359	385	380	456	581	708
Food	501	572	569	666	722	612
Textiles, leather, clothing	142	205	149	147	183	176
Non-metal ores & products	51	54	50	54	58	61
Metals, machines, equipment	418	523	430	552	742	805
Wood, rubber, chemicals	356	383	334	358	494	485
Furniture	50	65	56	65	79	83
Other industries	139	211	233	291	352	330
Total	2 016	2 399	2 202	2 606	3 262	3 260
	<i>Index of unit values compared to the previous year</i>					
Not specified	1.283	0.884	0.964	1.156	1.211	1.278
Food	0.964	0.950	0.952	1.166	1.102	1.041
Textiles, leather, clothing	0.902	0.915	0.948	0.947	0.975	0.949
Non-metal ores & products	1.007	0.904	0.972	1.048	1.064	1.095
Metals, machines, equipment	1.047	0.946	0.961	1.086	1.111	1.040
Wood, rubber, chemicals	1.020	0.913	0.981	1.080	1.106	1.099
Furniture	0.954	0.953	1.004	0.978	1.040	1.056
Other industries	1.097	0.941	0.979	1.035	1.094	1.024
Total	1.042	0.927	0.965	1.098	1.111	1.087
	<i>Index of volumes compared to the previous year</i>					
Not specified	0.903	1.214	1.019	1.049	1.054	0.954
Food	0.999	1.201	1.048	1.028	0.983	0.814
Textiles, leather, clothing	1.035	1.574	0.769	1.035	1.284	1.013
Non-metal ores & products	0.908	1.169	0.956	1.028	1.007	0.953
Metals, machines, equipment	0.878	1.324	0.856	1.181	1.210	1.042
Wood, rubber, chemicals	0.986	1.180	0.943	0.981	1.251	0.893
Furniture	0.896	1.372	0.849	1.197	1.161	0.993
Other industries	0.918	1.621	1.125	1.210	1.106	0.914
Total	0.947	1.284	0.960	1.078	1.117	0.933

V. Construction

V.1. Building permits registered at engineers' order

Indicator	2000	2001	2002	2003	2004	2005
Surface area - thousands m ²	6 724	6 860	7 892	8 589	9 014	8 826

Source: Central Administration of Statistics, monthly bulletins

V.2. Local cement sales

Indicator	2000	2001	2002	2003	2004	2005
Thousands tons	2 623	2 715	2 601	2 704	2 729	3 040

Source: Central Bank of Lebanon, monthly bulletins

V.3. Raw material imports for construction

Indicator	2000	2001	2002	2003	2004	2005
LBP billion	430.0	433.2	410.6	430.3	522.8	525.0
Unit value index n/n-1	0.965	0.908	0.945	1.016	1.027	1.045
Volume index n/n-1	0.937	1.109	1.003	1.031	1.183	0.961

VI. Transport and communication

VI.1. Movement of goods via Beirut port

Indicator	2000	2001	2002	2003	2004	2005
Thousands tons	4 967	5 464	4 736	4 805	5 061	4 473

Source: Central Administration of Statistics, monthly bulletins

VI.2. Number of passengers departing from Beirut airport

Indicator	2000	2001	2002	2003	2004	2005
Thousands	1 125	1 187	1 258	1 368	1 601	1 601

Source: Central Administration of Statistics, monthly bulletins

VI.3. Income of telephone and telecommunications General Directorate

LBP billion

Nature of income	2000	2001	2002	2003	2004	2005
Invoices issued	361.7	313.6	408.6	394.0	446.0	446.0
Receipts from new installations	16.7	14.8	12.6	8.4	8.1	7.2
Share internat. communicat.	267.4	161.9	186.8	172.0	210.7	203.1
Share in mobiles communicat.	294.6	318.4	390.0	711.1	883.6	1 017.5
Total	940.4	808.6	998.0	1 285.5	1548.4	1 673.8

Source: Ministry of Finance, closing accounts, budgets appendices

VII. Services

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

Cycle	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
<i>Public and subsidised Education</i>						
Pre-school	60 441	65 091	62 729	61 241	61 040	57 403
Primary	208 423	251 136	254 209	250 437	250 534	245 946
Complem.. secondary	164 975	142 471	147 897	150 952	151 505	148 467
Technical	18 448	21 743	25 918	31 083	32 655	33 692
Lebanese University	62 602	71 050	70 711	65 530	66 809	70 065
Total	514 889	551 491	561 464	559 243	562 543	555 573
<i>Private Education</i>						
Pre-school	88 565	90 266	90 025	90 953	93 174	93 207
Primary	176 116	202 850	197 841	198 874	203 044	206 661
Complem.. secondary	178 600	139 706	146 807	152 988	159 314	165 262
Technical	56 099	56 706	56 729	59 814	67 223	63 190
Universities	47 770	48 437	54 019	57 841	65 836	71 414
Total	547 150	537 965	545 421	560 470	588 591	599 734
Grand total	1 062 039	1 089 456	1 106 885	1 119 713	1 151 134	1 155 307

Source: R&D Educational Center

Table VII.2. Health: public health expenditures

LBP billion

Administration	2000	2001	2002	2003	2004	2005
1. Health Ministry	190.1	182.3	216.9	273.8	227.4	222.4
2. CNSS: Health benefits	231.4	325.8	377.0	396.9	443.9	435.1
Total	421.5	508.1	593.9	670.7	671.3	657.5

.Source: Ministry for Health and CNSS, closing accounts

Table VII.3. Insurance services

LBP billion

Operation	2000	2001	2002	2003	2004	2005
Premiums paid	400.4	446.5	492.0	571.2	681.2	735.6
Claims paid	111.7	184.2	193.2	223.4	259.3	282.8

Source: Ministry of Economy and Trade

Table VII.4. Passenger arrivals

thousands

Nationality	2000	2001	2002	2003	2004	2005
Foreign non Arab	438	489	535	576	732	732
Arab except Syrians	361	412	493	515	631	636
Total	799	901	1 028	1 091	1 363	1 368

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	2001	2002	2003	2004	2005
Expenses						
11. Goods	P.2 Intermediate use	153	148	143	153	250
12. Services	P.2 Intermediate use	90	89	90	118	93
13. Compensation	D.1 Compensation	2 033	2 059	2 043	2 118	2 146
14. Transfers		1 163	1 284	1 312	1 432	1 697
	D.3 Subsidies	22	20	20	61	19
	D.62 Pensions	834	850	849	821	874
	D.73 Transfers to admin.	195	265	292	394	680
	D.74 Coop. internat.	6	4	5	13	11
	D.79 Various transfers	107	145	146	143	113
16. Other outlays	P.2 Intermediate use	221	268	334	311	265
17. Debt Services		4 242	4 716	4 879	4 141	3 659
	P.2 Intermediate use	700	736	730	487	523
	D.41 Interests	3 542	3 980	4 149	3 654	3 136
Total 1st part		7 901	8 565	8 801	8 273	8 109
2d part		311	610	633	908	578
	P.51 G.F.C.F.	269	253	264	275	176
	D.93 Transfers to admin.	42	357	369	633	403
Grand total		8 212	9 175	9 434	9 181	8 688
Income						
11. Income tax	D.51 Income tax	585	642	708	801	907
12. Taxes/property	D.59 Direct taxes	273	301	310	396	409
13. Taxes/consumpt.		1 006	2 178	2 667	2 983	2 548
Tax/cars	D.59 Direct taxes	85	81	92	109	1 561
VAT	D.2 Indirect taxes		986	1 322	1 688	879
Other	D.2 Indirect taxes	921	1 111	1 253	2 186	108
14. Customs duties	D.2 Indirect taxes	858	596	475	529	481
15. Other taxes	D.2 Indirect taxes	197	198	224	274	261
26. Operat.income		805	921	1 260	1 453	1 663
Public enterp. surplus	D.2 Indirect taxes	798	912	1 245	1 445	1 657
26901. Interests	D.41 Interests	7	9	15	8	5
27. Admin. receipts		410	413	434	389	385
27104. Traffic taxes	D.59 Direct taxes	141	129	146	129	130
Other	D.79 Various transfers	269	284	288	260	255
28. Fines	D.79 Various transfers	15	9	8	10	9
29. Other non-tax		93	88	93	98	86
	D.61 Contributions	79	80	74	86	85
	D.79 Various transfers	14	9	19	12	2
Grand total		4 242	5 345	6 179	6 933	6 749
Deficit	B.9	3 970	3 830	3 255	2 248	1 939

Source: Ministry of Finance, closing accounts

VIII. Administration (continued)

Table VIII.2. Treasury Accounts

LBP billion

Operation	2000	2001	2002	2003	2004	2005
<i>Change in assets</i>						
Budgetary deficit	4 692	3 952	3 890	3 255	2 250	1 938
Advances to municipalities	0	48	0	-1	0	0
Advances to public agencies	692	147	517	63	683	509
Other advances	93	-39	-21	278	175	388
Payments made in advance	91	570	158	408	-62	320
Central Bank of Lebanon	-1 709	-135	658	-292	890	955
Accrued income	-47	38	11	-6	-11	-20
Adjustment accounts	69	32	-50	-63	75	2
Total	3 881	4 614	5 163	3 641	3 999	4 093
<i>Change in liabilities</i>						
Deposits	319	-267	5	-290	144	123
Accrued expenses	242	195	296	81	215	162
Receipts to be settled	2	-15	0	0	-7	8
Accounts of municipalities	-11	-59	-231	-47	-274	-89
Accounts of public agencies	9	-7	21	17	22	3
Other creditors	35	3	1	-27	18	17
Treasury bills-LBP: issues	27 342	27 739	31 479	16 742	23 407	23 064
- repayments	-26 109	-26 854	-31 025	-15 220	-21 856	-19 742
Treasury bills-foreign: issues	2 475	3 926	6 934	3 653	4 553	0
- repayments	-446	-25	-2 317	-1 268	-2 223	-210
Foreign loans	23	-23	0	0	0	756
Total	3 881	4 614	5 163	3 641	3 999	4 093

Source: Ministry of Finance, treasury account

Table VIII.3. Public debt

end of the year, LBP billion

Debt items	2000	2001	2002	2003	2004	2005
Treasury bills in LBP						
Central Bank of Lebanon	1 598	6 111	601	8 630	10 197	11 233
Commercial banks	18 668	15 798	17 164	12 258	12 171	14 072
Outside the banking system	6 699	6 133	7 368	5 603	3 500	3 325
Banking system loans	197	172	169	353	503	512
Total gross domestic debt	27 161	28 214	25 302	26 843	26 371	29 141
- Public sector deposits	-2 631	-1 913	-2 964	-3 019	-4 359	-5 590
Net domestic debt (LBP)	24 530	26 301	22 338	23 824	22 012	23 551
Debt in foreign currency	10 541	14 481	22 007	23 442	27 701	28 844
Total	35 071	40 782	44 345	47 266	49 713	52 395

Source: Central Bank of Lebanon, monthly bulletins

VIII. Administration (continued)

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

a) First part of the budget

LBP billion

Administrative body	2000	2001	2002	2003	2004	2005
CDR	48.5	22.1	8.4	31.7	44.7	24.2
National Archives	0.9	0.0	0.5	0.0	0.0	0.8
Civil Defence	19.2	0.0	10.0	27.1	16.2	14.8
Lebanese University	152.9	138.0	161.3	139.3	149.0	158.6
R&D Educational Center	25.0	0.0	0.0	0.0	9.5	11.0
National Council for Scientific Res.	5.5	3.8	4.8	6.0	5.8	4.5
National Music Conservatory	6.0	6.5	6.5	6.2	8.2	6.0
Council for the South	61.0	0.0	7.0	5.5	16.5	6.0
Council for the Displaced	106.0	4.0	7.7	6.5	6.5	6.0
Relief Committee	10.3	0.0	3.1	19.8	0.1	43.9
Employment Office	2.4	0.8	1.4	2.3	2.8	1.6
Council for Housing	0.0	0.0	0.0	0.0	0.0	0.0
“Green Plan” Council	3.9	0.0	0.0	1.5	7.5	4.6
Agronomic Research	1.5	2.1	6.5	5.2	5.1	3.4
IDAL	4.0	9.0	30.2	22.7	3.0	7.3
NSSF	60.0	0.0	0.0	0.0	80.0	340.0
Other administrative bodies	23.3	8.3	17.4	18.5	38.8	47.0
Total	530.4	194.6	264.8	292.3	393.7	679.7

Source: Ministry of Finance, closing accounts

b) Second part of the budget

LBP billion

Administrative body	2000	2001	2002	2003	2004	2005
CDR	118.5	28.5	232.1	226.9	363.9	206.8
Lebanese University	0.0	0.0	0.2	0.4	0.1	-
Council for the Displaced	75.0	0.0	0.0	21.3	137.0	85.0
Council for Public Works	14.9	-	-	-	-	-
Council for the South	64.0	13.0	119.6	110.0	96.4	60.0
IDAL	0.0	0.0	4.0	10.8	31.2	47.0
Other administrative bodies	3.0	0.4	0.8	0.0	4.5	3.8
Total	275.4	41.9	356.7	369.4	633.1	402.6

Source: Ministry of Finance, closing accounts

VIII. Administration (continued)

Table VIII.5 CDR Accounts 2000-2005

LBP billion

Operation	2000	2001	2002	2003	2004	2005
Income						
Transfers from State	692.8	1 214.0	681.1	494.0	785.9	664.2
Donations	16.0	0.3	7.9	31.9	25.1	24.6
Receipts from tenders	1.5	1.7	1.3	2.1	1.8	1.4
Interests	5.6	3.4	0.8	0.4	0.4	1.2
Return of provisions	-	-	-	7.9	9.7	8.9
Exchange rate loss or profit	1.1	0.2	0.5	3.1	1.0	-
Total	717.0	1 219.6	691.6	539.4	823.9	700.3
Expenses						
Costs of projects	644.8	662.4	585.0	490.0	696.3	688.2
Administrative expenses	18.9	21.9	23.2	24.4	32.2	30.7
Interests	59.0	57.7	64.0	73.7	78.0	65.3
Provision for bad debt	-	-	69.0	-	-	-
Total	721.6	741.8	740.7	588.1	806.5	784.2
Deficit (+), Surplus(-)	-5.7	477.5	-49.6	-48.7	17.4	-83.9
Change in assets						
Cash and banks	16.3	80.7	-42.0	-51.4	12.5	-15.4
Lebanese Treasury bills						
Loans transferred to publ.sect.	100.6	105.9	125.9	-115.3	-124.2	-187.2
Loans transferred to priv sect.	-0.7	-0.2	1.9	1.4	0.3	-2.2
Other loans	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	31.0	24.5	15.4	-23.9	-0.4	12.4
Lebanese State	-108.3	317.8	-310.7	168.3	36.2	-94.0
Fixed assets	-0.4	-0.3	-0.2	0.2	0.0	0.0
Total	38.4	528.4	-209.7	-20.8	-75.5	-286.4
Change in liabilities						
Accounts payable	56.8	41.5	-167.8	-159.2	-86.2	-22.7
Outstanding interests	-10.6	-1.7	-2.6	-5.0	-3.3	6.2
Treasury advances	30.5	-45.2	-25.5	0.0	0.0	0.0
Current loans	-42.0	8.0	-3.5	77.0	34.2	41.5
Other loans	9.4	42.5	48.8	63.3	-36.9	-222.5
Prov.for end-of-serv.indemn.	0.0	6.1	-0.4	-1.6	-0.8	-0.9
Surplus (+), deficit(-)	-5.7	477.5	-49.6	-48.6	17.5	-87.9
Adjustment	0.0	-0.3	-9.2	53.4	-	-
Total	38.4	528.4	-209.7	-20.8	-75.5	-286.4

VIII. Administration (continued)

Table VIII.6. National Social Security Fund accounts

LBP billion

Operation	2000	2001	2002	2003	2004	2005
<i>Incomings</i>						
Employees soc.contributions	48.8	49.8	50.6	51.8	...	...
Employers&others soc.contr.	680.9	587.8	575.7	596.5	...	...
Total contributions	729.7	737.6	626.3	648.3	758.8	953.5
Other receipts	322.9	451.8	470.5	469.6	411.0	326.2
<i>Expenses</i>						
Health&maternity allowances	231.4	325.8	377.0	396.8	443.9	435.1
Family allowances	123.6	187.6	207.3	214.6	217.4	214.8
End of service indemnity	176.7	256.0	303.6	194.2	150.4	141.0
Total allowances paid	531.7	769.4	887.9	805.6	811.7	790.9
Administrative costs	76.5	81.6	89.4	95.4	92.2	86.5

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					
			2000	2001	2002	2003	2004	2005
2004	300 000	996.0						996.0
2003	300 000	889.0					889.0	889.0
2002	300 000	1002.0				1 002.0	1 002.0	1 002.0
2001	300 000	1176.0			1 176.0	1 176.0	1 176.0	1 176.0
2000	300 000	1232.0		1 232.0	1 232.0	1 232.0	1 232.0	1 232.0
1999	300 000	1048.0	1 048.0	1 048.0	1 048.0	1 048.0	1 048.0	1 048.0
1998	300 000	1714.0	1 714.0	1 714.0	1 714.0	1 714.0	1 714.0	1 714.0
1997	300 000	1682.0	1 682.0	1 682.0	1 682.0	1 682.0	1 682.0	1 682.0
1996	300 000	1106.0	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	
1973	218	0.3	371.0	371.0	371.0	371.0		
1972	198	0.2	275.3	275.3	275.3			
1971	179	0.2	293.8	293.8				
1970	166	0.2	310.8					
Capital actualised value			18 528.9	19 450.0	20 332.2	21 058.9	20 687.9	20 263.5
Depreciation (1/30)			617.6	648.3	677.7	702.0	689.6	675.5

IX. Finances

Table IX.1. Changes in the monetary situation

end of year, LBP billion

Components and counterparts	2000	2001	2002	2003	2004	2005
Money LBP	19 492	17 283	20 404	26 076	25 978	24 465
Deposits in foreign currency	29 742	35 627	36 391	38 234	45 182	49 893
Securities	60	8	157	58	150	88
Total: Money supply	49 294	52 918	56 952	64 368	71 310	74 446
Net foreign assets	13 944	12 178	15 549	21 884	22 381	24 311
<i>Gold</i>	3 806	3 861	4 849	5 779	6 039	7 140
<i>Currency</i>	10 138	8 317	10 701	16 105	16 342	17 171
Net claims on public sector	22 739	28 012	27 482	30 095	33 483	35 666
<i>In Lebanese Pounds</i>	17 064	19 766	17 173	20 500	20 229	21 636
<i>In currency</i>	5 675	8 246	10 309	9 595	13 254	14 030
Net claims on private sector	22 872	22 888	23 672	23 480	24 921	25 246
<i>In Lebanese Pounds</i>	3 518	3 581	4 618	4 289	4 859	4 850
<i>In currency</i>	19 354	19 307	19 054	19 191	20 061	396 20
Exchange rate loss or profit	-2 522	-2 742	-103	-646	-372	-1 392
Other net components	-7 739	-7 418	-9 649	-10 445	-9 101	-9 385
Total	49 294	52 918	56 952	64 368	71 310	74 446

Source: Central Bank of Lebanon

Table IX.2. Supply of banking credits by sector

end of year, LBP billion

Sector	2000	2001	2002	2003	2004	2005
Agriculture	373	326	346	346	292	344
Industry	2 921	3 153	3 113	3 451	3 836	4 027
Construction	5 176	5 047	4 768	4 327	4 620	4 206
Trade	7 336	7 825	7 939	8 000	8 404	7 994
Services	2 784	2 993	3 228	3 324	3 463	3 543
Financial institutions	677	774	781	848	934	1 131
Other organizations	1 112	1 191	1 279	929	983	1 172
Individuals	2 738	3 021	3 300	3 748	4 330	4 728
Total	23 117	24 328	24 752	24 973	26 862	27 145

Source: Central Bank of Lebanon

X. Rest of the world

Table X.1. Changes in imports by production branch

LBP billion

Activity	2000	2001	2002	2003	2004	2005
1. Agriculture and fishing	730	842	813	920	1 006	854
11. Products of agriculture	490	544	509	575	657	565
111. Cereals	170	163	166	207	250	201
112. Fruits	92	114	102	103	110	89
113. Industrial crops	103	120	109	141	158	133
114. Vegetables and others	122	142	127	119	135	139
115. Products of forest	2	5	5	4	4	3
12. Livestock products	240	298	304	345	349	289
121. Live animals	189	232	251	291	281	223
122. Livestock production	6	10	5	6	6	5
123. Fishery products	45	56	48	48	61	61
2. Energy and water	1 531	1 934	1 387	1 781	2 976	3 232
21. Fuels	1 531	1 934	1 387	1 781	2 976	3 232
211. Solid fuels	14	18	8	10	16	20
212. Oil products	1 517	1 917	1 380	1 771	2 960	3 212
3. Manufactured goods	7 112	8 217	7 517	8 206	10 184	9 991
31. Manufactured tobacco	162	227	182	172	185	183
32. Food industry	812	845	872	915	1 064	1 108
321. Fresh meats	46	31	44	58	73	92
322. Food preserves	117	123	120	126	144	144
323. Dairy products	218	213	226	224	259	259
324. Fats and oils	102	96	98	93	129	149
325. Pasta products	99	105	101	106	120	123
326. Sugar, chocolate, sweets	87	108	119	127	140	151
327. Alcoholic beverages	29	45	48	52	59	55
328. Non alcoholic beverages	5	6	9	11	9	9
329. Other food products	108	118	108	118	131	126
33. Textile and leather prod.	645	843	793	806	942	891
331. Threads and fabrics	171	249	184	176	221	203
332. Clothing	287	369	384	412	461	439
333. Knitted or croch. fabrics	27	33	24	28	32	29
334. Footwear	73	90	97	94	110	88
335. Jute, hemp, rope prod.	2	3	2	2	3	3
336. Leather and furskin	5	7	1	7	9	10
337. Leather articles	23	27	34	29	35	36
338. Carpet	31	35	27	25	27	33
339. Other textiles	26	30	39	34	44	50

X. Rest of the world (continued)

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

LBP billion

Activity	2000	2001	2002	2003	2004	2005
34. Non metallic mineral prod.	344	386	365	432	560	515
341. Stones and sand	64	66	59	75	89	79
342. Non metallic ores	106	141	147	181	260	233
343. Cement and lime	18	0	0	7	0	0
344. Cement products	4	4	5	5	7	7
345. Ceramic products	80	89	87	93	114	108
346. Glasses and glassware	72	85	67	70	90	88
35. Metal, machines, equip.	3 224	3 668	3 061	3 399	4 418	4 369
351. Metal ores	1	1	1	3	7	4
352. Metals	879	769	594	727	1 111	1 202
353. Metal products	214	235	230	228	272	266
354. Aluminium products	80	67	58	57	61	62
355. Machines & equipment	598	706	663	681	840	790
356. Electrical appliances	591	771	605	594	790	752
357. Means of transport	861	1 119	911	1 109	1 337	1 293
36. Wood, rubber, chemicals	1472	1656	1670	1 898	2 305	2 282
362. Wood prod.exc.furniture	132	151	145	158	204	199
363. Paper and paper products	228	240	231	291	343	324
364. Basic chemical products	310	346	322	362	496	491
365. Various chemical products	634	731	804	908	1 047	1 051
366. Rubber	67	83	68	78	92	89
367. Plastics	92	106	100	101	122	127
37. Furniture	81	95	93	85	100	101
371. Metal pieces of furniture	30	33	35	29	34	34
372. Non metallic furniture	51	62	58	56	66	67
38. Other industrial products	385	496	481	498	610	542
381. Publishing products	58	61	60	65	71	78
382. Instruments of precision	185	236	220	259	288	263
383. Jewellery	44	80	95	72	115	85
384. Toys, music instruments	57	69	59	58	83	65
385. Other products	41	50	47	45	53	51
0. Non classified	19	1	2	3	5	8
Grand total	9 392	10 995	9 719	10 810	14 171	14 085

X. Rest of the world (continued)

Table X.2. Exports

LBP billion

Nature of exported product	2000	2001	2002	2003	2004	2005
Animal and agricult.products	78	84	99	115	138	129
Other products	999	1 257	1 478	2 183	2 497	2 706
Total	1 077	1 341	1 577	2 298	2 635	2 835

Source: Central Administration of Statistics, statistical bulletins

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

LBP billion

	2000	2001	2002	2003	2004	2005
Re-exports	88	90	95	158	311	211
Transit	91	104	136	278	536	300
Total	178	194	231	436	847	511

Source: Central Administration of Statistics, statistical bulletins

X.4. Imports by country of origin

LBP billion

Country	2000	2001	2002	2003	2004	2005
Italy	1 025	1 068	1 045	1 017	1 403	1 471
Germany	784	940	878	873	2 000	991
France	794	927	780	879	1 102	1 189
United States of America	690	777	701	651	834	826
China	433	620	656	800	1 082	1 108
Switzerland	651	503	403	326	597	637
Turkey	209	358	390	353	389	301
United Kingdom	367	429	381	476	581	487
Russian Federation	325	617	371	484	818	768
Japan	318	355	328	406	527	463
Syria	427	494	313	391	362	296
Spain	205	278	263	299	286	253
Netherlands	188	195	222	346	259	229
Kingdom of Saudi Arabia	249	391	209	331	624	496
Belgium	163	204	207	236	256	264
Ukraine	133	190	154	251	220	200
Greece	237	214	109	125	103	147
Taiwan	105	117	95	82	114	105
Sweden	77	79	51	64	78	73
Egypt	129	160	203	263	445	458
Romania	66	55	85	116	156	264
Brazil	85	88	82	95	145	241
India	...	...	107	127	172	210
United Arab Emirates	72	89	86	145	228	206
Other countries	1 660	1 846	1 600	1 674	1 391	2 402
Grand total	9 392	10 995	9 719	10 810	14 171	14 085

Source: General Directorate of Customs

XI. Prices

XI. 1. Consumer price index (official)

base December 1998=100

Type of expense	Weight (%)	Dec. 2001	Dec. 2002	Dec. 2003	Dec. 2004	Dec. 2005
Food and tobacco	34.6	94.5	93.9	95.9	100.6	97.8
Clothing and footwear	6.3	108.4	117.1	121.5	125.5	124.9
Rents	1.6	...	...	...	...	...
Water, electricity, gas	7.2	104.9	107.6	110.7	118.4	124.7
Equipment, maintenance housing	7.9	97.9	102.5	100.0	100.5	90.1
Health	8.8	94.1	97.2	101.5	103.8	102.0
Transport and communication	11.3	111.6	133.0	143.0	139.7	140.4
Education	13.4	110.3	111.0	113.8	110.1	97.7
Leisure	5.4	103.3	108.1	107.4	105.2	104.9
Personal care and other	3.5	98.2	106.9	114.9	118.1	126.5
Total	100.0	101.1	105.4	108.6	110.4	107.5

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. 2001	Dec. 2002	Dec. 2003	Dec. 2004	Dec. 2005
1. Agriculture and fishing	9.3	85.7	88.1	87.0	97.3	96.6
11. Products of agriculture	8.1	85.9	88.5	86.3	97.3	98.4
12. Prod. livestock and fishing	1.2	84.9	85.5	91.9	96.8	84.3
2. Energy and water	7.5	125.8	146.6	159.6	179.5	179.7
21. Fuels	4.2	142.1	163.2	185.9	198.8	192.2
22. Electricity and water	3.3	105.4	125.9	126.5	155.2	155.2
3. Manufactured goods	46.8	90.3	98.1	106.5	111.1	108.2
31. Manufactured tobacco	1.8	137.2	138.1	142.2	142.7	142.9
32. Foods	20.9	89.4	95.1	98.8	103.5	105.5
33. Textile, leather and clothing	7.3	84.4	112.4	125.4	121.1	103.2
35. Metals, machines, and equip.	7.3	82.1	93.1	112.5	124.4	121.7
36. Wood, rubber, and chemicals	5.5	95.5	103.1	113.4	122.6	119.3
37. Furniture	1.5	82.0	85.3	87.7	94.1	87.7
38. Other products	2.5	99.3	63.3	66.1	67.6	68.0
5. Transport & communication	6.1	99.3	91.4	96.6	98.5	98.3
6. Market services	30.3	100.6	110.0	113.4	113.8	112.6
62. Maintenance and repair	4.7	90.3	88.4	92.7	95.8	95.5
63. Rents	2.6	99.9	99.9	100.2	100.2	100.2
64. Individual services	7.5	92.7	97.7	100.2	100.3	102.8
65. Social services	15.5	107.5	124.1	128.2	128.1	124.7
Total	100.0	96.1	104.0	110.1	115.0	113.2

XI. Prices (continued)

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

compared to previous year

Product	2001/00	2002/01	2003/02	2004/03	2005/04
<i>11. Products of agriculture</i>	<i>0.912</i>	<i>0.944</i>	<i>1.078</i>	<i>1.136</i>	<i>0.996</i>
111. Cereals	0.999	0.982	1.134	1.183	0.908
112. Fruits	0.934	1.004	1.005	1.078	1.136
113. Industrial crops	0.789	0.858	1.185	1.153	1.034
114. Vegetables and others	0.931	0.923	0.952	1.089	1.023
115. Products of forest	0.768	1.235	1.134	1.027	0.969
<i>12. Livestock products</i>	<i>0.965</i>	<i>0.994</i>	<i>1.171</i>	<i>1.051</i>	<i>1.092</i>
121. Live animals	0.994	1.014	1.224	1.059	1.099
122. Livestock production	1.254	1.035	1.034	1.098	0.961
123. Fishery products	0.833	0.896	0.942	1.009	1.076
<i>21. Fuels</i>	<i>0.844</i>	<i>0.987</i>	<i>1.187</i>	<i>1.267</i>	<i>1.396</i>
211. Solid fuels	1.079	0.975	0.944	1.173	1.194
212. Oil products	0.842	0.987	1.189	1.267	1.398
<i>31. Manufactured tobacco</i>	<i>0.940</i>	<i>0.922</i>	<i>1.010</i>	<i>1.035</i>	<i>1.031</i>
<i>32. Food industry prod.</i>	<i>0.978</i>	<i>0.976</i>	<i>1.036</i>	<i>1.053</i>	<i>1.047</i>
321. Fresh meats	0.913	0.948	0.911	1.164	1.055
322. Food preserves	0.987	0.970	1.026	1.061	0.999
323. Dairy products	1.030	0.950	1.013	1.064	1.083
324. Fats and oils	0.980	1.046	1.202	1.126	0.991
325. Pasta products	0.938	0.974	1.022	1.006	1.040
326. Sugar, chocolate, sweets	0.930	0.915	1.037	1.024	1.095
327. Alcoholic beverages	1.035	1.009	1.044	1.009	1.012
328. Non alcoholic beverages	0.871	1.057	1.251	1.128	1.200
329. Other food products	0.869	0.981	1.038	0.993	1.052
<i>33. Textile and leather prod.</i>	<i>0.974</i>	<i>0.957</i>	<i>0.965</i>	<i>1.018</i>	<i>1.045</i>
331. Threads and fabrics	0.907	0.946	0.944	0.985	0.965
332. Clothing	1.026	0.955	0.970	1.047	1.090
333. Knitted or croch. fabrics	0.902	0.955	0.984	0.889	0.919
334. Footwear	1.024	0.965	0.946	1.051	1.110
335. Jute, hemp, rope prod.	0.884	1.017	0.961	0.981	1.146
336. Leather and furskin	0.954	1.162	0.931	1.022	0.959
337. Leather articles	0.910	0.961	1.004	0.991	1.035
338. Carpet	1.044	0.972	0.988	0.981	1.002
339. Other textiles	0.936	0.957	1.012	0.975	1.045

XI. Prices (continued)

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

compared to previous year

Product	2001/00	2002/01	2003/02	2004/03	2005/04
34. Non metallic mineral prod.	0.939	0.986	1.026	1.059	0.997
341. Stones and sand	0.975	0.916	0.956	1.039	1.006
342. Non metallic ores	0.933	1.073	1.068	1.140	1.000
343. Cement and lime	0.946	1.055	1.095	1.304	0.683
344. Cement products	0.948	0.911	1.018	1.037	1.001
345. Ceramic products	0.900	0.920	1.021	0.958	0.986
346. Glasses and glassware	0.963	0.973	1.005	1.007	0.995
35. Metals, machines, equip.	0.970	0.972	1.014	1.020	1.020
351. Metal ores	0.980	1.036	1.070	1.248	1.208
352. Metals	0.976	1.032	1.185	1.126	1.084
353. Metal products	0.935	0.953	1.003	1.020	1.024
354. Aluminium products	1.013	0.949	0.983	1.080	1.064
355. Machines & equipment	0.917	0.920	0.938	1.006	0.977
356. Electrical appliances	0.941	0.911	0.999	0.976	0.989
357. Means of transport	1.029	1.028	0.980	0.974	1.007
36. Wood, rubber, chemicals	0.962	0.989	1.077	1.049	1.058
362. Wood prod.exc.furniture	0.969	0.992	1.007	1.085	1.091
363. Paper and paper products	0.875	0.936	1.075	0.999	1.060
364. Basic chemical products	0.913	0.955	1.086	1.104	1.113
365. Various chemical products	1.011	1.033	1.101	1.039	1.027
366. Rubber	0.970	0.950	1.046	1.044	1.072
367. Plastics	1.021	0.930	0.982	1.014	1.052
37. Furniture	0.939	0.903	0.930	0.923	0.984
371. Metal pieces of furniture	0.965	0.942	0.954	0.953	1.027
372. Non metallic furniture	0.926	0.882	0.917	0.908	0.964
38. Other industrial products	0.979	0.912	1.001	0.978	0.976
381. Publishing products	0.934	0.999	1.178	0.883	1.068
382. Instruments of precision	0.979	0.925	0.995	0.977	0.942
383. Jewellery	1.089	0.822	0.901	1.027	0.997
384. Toys, music instruments	0.943	0.957	0.990	1.022	0.983
385. Other products	0.934	0.897	1.014	0.959	0.984
Grand total	0.944	0.971	1.056	1.070	1.095

XI. Prices (continued)

XI. 4. Index of exchange rates

compared to the previous year

Country	2001/00	2002/01	2003/02	2004/03	2005/04
Italy	0.970	1.056	1.196	1.098	0.999
France	0.970	1.056	1.196	1.098	0.999
China	0.999	1.000	1.000	1.000	1.014
Germany	0.970	1.056	1.196	1.098	0.999
United States of America	1.000	1.000	1.000	1.000	1.000
Russian Federation	...	...	...	1.064	1.019
Switzerland	1.001	1.087	1.153	1.083	0.996
Kingdom of Saudi Arabia	1.000	1.000	1.000	1.000	1.000
United Kingdom	0.951	1.044	1.087	1.121	0.991
Japan	0.887	0.972	1.079	1.070	0.981
Egypt	...	...	...	0.944	1.072
Turkey	0.399	1.031	1.008	0.953	1.046
Syria	...	...	...	0.954	0.998
Belgium	0.970	1.056	1.196	1.098	0.999
Romania	...	...	...	0.966	1.139
Spain	0.970	1.056	1.196	1.098	0.999
Brazil	...	...	...	1.031	1.213
Netherlands	0.970	1.056	1.196	1.098	0.999
India	...	...	...	1.027	1.033
United Arab Emirates	...	...	...	1.000	1.000
Ukraine	...	...	...	0.948	1.060
Greece	...	...	...	1.098	0.999
Taiwan	...	...	...	1.036	1.043
Sweden	0.887	1.061	1.159	1.101	0.979
Total	0.958	1.036	1.118	1.051	1.010

XI. 4. Index of exchange rates (continued)*weighting coefficients(%)*

Country	2001/00	2002/01	2003/02	2004/03	2005/04
Italy	10.9	9.7	10.8	9.4	9.9
France	8.5	8.4	8.0	8.1	7.8
China	4.6	5.6	6.7	7.4	7.6
Germany	8.3	8.5	9.0	8.1	14.1
United States of America	7.3	7.1	7.2	6.0	5.9
Russian Federation	3.5	5.6	3.8	4.5	5.8
Switzerland	6.9	4.6	4.1	3.0	4.2
Kingdom of Saudi Arabia	2.7	3.6	2.2	3.1	4.4
United Kingdom	3.9	3.9	3.9	4.4	4.1
Japan	3.4	3.2	3.4	3.8	3.7
Egypt	1.4	1.5	2.1	2.4	3.1
Turkey	2.2	3.3	4.0	3.3	2.7
Syria	4.5	4.5	3.2	3.6	2.6
Belgium	1.7	1.9	2.1	2.2	1.8
Romania	0.7	0.5	0.9	1.1	1.1
Spain	2.2	2.5	2.7	2.8	2.0
Brazil	0.9	0.8	0.8	0.9	1.0
Netherlands	2.0	1.8	2.3	3.2	1.8
India	...	...	1.1	1.2	1.2
United Arab Emirates	0.8	0.8	0.9	1.3	1.6
Ukraine	1.4	1.7	1.6	2.3	1.6
Greece	2.5	1.9	1.1	1.2	0.7
Taiwan	1.1	1.1	1.0	0.8	0.8
Sweden	0.8	0.7	0.5	0.6	0.6
Total	82.3	83.2	83.5	84.5	90.2

Appendix III

Analysis of VAT declarations filed by liable companies

Within the framework of the compilation of the national accounts for the period 2003-2005, the team in charge of the project has analyzed the quarterly declarations of companies liable to VAT from 2003 to 2005. The aim is to study the evolution of turnover figures and added values for various sectors of the economy that are liable to VAT during this period. This memorandum presents a brief description and an analysis of the declarations, in order to measure the evolution of the economy during this period

I. The content of the declarations file and the variables that were adopted

The declaration file of each establishment liable to VAT contains its sector of activity (ISIC2) as well as the declared amounts for each item of the VAT collection form. The items that were used in this analysis are as follows:

1. Total receipts: item 190(1) (turnover)
2. Purchase of goods and services (input) defined as the sum of the following items:
 - 200(1): purchases
 - 210(3)*10: part of the charges subject to VAT = VAT paid multiplied by 10
 - 220(1): taxable amounts
 - 240(1): purchases with tax paid at source
3. Purchase of capital goods (GFCF): item 230(1)
4. Paid taxes

The number of companies liable to VAT varies from one quarter to another. The companies chosen for the analysis are those that have filed declarations for each of the four quarters. Companies that declared a negative turnover or negative purchases were not included in the analysis. The table below shows the number of declarations during the three years under study as well as the number of companies that were selected for the analysis.

Status of declarations	2003	2004	2005
Companies that declared four quarters in the same year	8 855	14 436	16 593
- " that have an negative turnover (TO)	36	49	71
- " that have a negative input	92	130	192
+ " that have a negative input and TO	3	10	6
= Companies that were chosen for the analysis	8 730	14 267	16 336

Note: In addition to the 16 593 companies that declared the four quarters of 2005, 1 291 companies declared the fourth quarter of 2005 without declaring any of the previous quarters, which increases the total number of companies subject to VAT at the end of 2005 to 17 884 companies.

II. Results of the count

Two categories of tables were formulated. The results of the four adopted variables are detailed in the first category of tables. They are classified by economic activity to allow for the comparison of the structure of companies from one year to the other (tables 1 to 3). Please note that the variable “input” is replaced by the variable “added value (VA)” which is equal to turnover minus input. *This variable is not precisely the real added value. In order to obtain the real added value, change in inventory should also be taken into consideration and so far it is not included in the VAT declaration form.*

The second category of tables shows the yearly evolution of companies that filed correct data two years in a row. Companies that filed only one year from 2003 to 2004 were excluded from the analysis in order not to introduce variations that are due to the enlargement in the database (tables 4a and 4b).

Table n° 1

Number of companies, turnover (TO), Added value (AV), gross fixed capital formation (GFCF) and taxes paid, by sector of economic activity

a) 2003

LBP billion

Sector	Number	TO	AV	GFCF	Taxes
Agriculture	19	46	9	0	0
Energy and water	35	1 069	-7	22	3
Industry	1 453	4 805	1 297	247	73
Construction	600	1 420	403	42	46
Transport and communications	480	2 983	1 685	53	53
Trade	4 265	18 002	1 906	247	159
Services	1 710	4 372	2 560	287	112
Undetermined	168	447	289	14	13
Total	8 730	33 144	8 141	911	458

b) 2004

LBP billion

Sector	Number	TO	AV	GFCF	Taxes
Agriculture	44	65	12	0	0
Energy and water	47	1 083	-135	73	7
Industry	2 096	6 138	1 508	291	66
Construction	837	1 734	477	39	40
Transport and communications	667	3 363	1 848	76	24
Trade	7 141	22 589	2 159	260	159
Services	3 046	5 677	3 110	427	134
Undetermined	389	519	244	9	12
Total	14 267	41 169	9 222	1 177	443

Table n° 1 (continued)

c) 2005

LBP billion

Sector	Number	TO	AV	GFCF	Taxes
Agriculture	49	84	12	0	0
Energy and water	51	1 388	-257	53	5
Industry	2 265	6 555	1 618	454	60
Construction	935	2 012	772	38	41
Transport and communications	743	3 621	2 112	81	32
Trade	8 061	24 656	2 694	260	156
Services	3 800	6 594	3 527	493	118
Undetermined	432	536	273	17	13
Total	16 336	45 446	10 752	1 396	425

Table n° 2

Evolution of ratios AV/TO and Taxes/AV 2003-2005

Sector	AV/CA in %			Taxes/AV in %		
	2003	2004	2005	2003	2004	2005
Agriculture	18.4	19.0	14.2	4.3	3.1	3.6
Energy and water	-0.7	-12.4	-18.5	-40.7	-5.1	-1.8
Industry	27.0	24.6	24.7	5.6	4.4	3.7
Construction	28.4	27.5	38.4	11.3	8.4	5.4
Transport and communications	56.5	54.9	58.3	3.2	1.3	1.5
Trade	10.6	9.6	10.9	8.3	7.4	5.8
Services	58.6	54.8	53.5	4.4	4.3	3.3
Undetermined	64.7	46.9	50.9	4.4	4.7	4.8
All sectors	24.6	22.4	23.7	5.6	4.8	4.0

Table n° 3

Rate of increase in the number of companies, declared turnovers (TO), added values (AV), purchase of declared capital goods (GFCF), and paid taxes

a) 2003-2004

percent per year

Sector	Number	TO	AV	GFCF	Taxes
Agriculture	131.6	40.7	45.1	23.2	5.5
Energy and water	34.3	1.3	...	240.0	137.3
Industry	44.3	27.7	16.3	17.9	-9.4
Construction	39.5	22.1	18.4	-7.1	-11.6
Transport and communications	39.0	12.8	9.7	44.8	-54.1
Trade	67.4	25.5	13.3	5.2	0.1
Services	78.1	29.9	21.5	49.1	20.3
Undetermined	131.5	16.0	-15.8	-32.1	-9.9
All sectors	63.4	24.2	13.3	29.2	-3.4

Table n° 3 (continued)

b) 2004-2005

percent per year

Sector	Number	TO	AV	GFCF	Taxes
Agriculture	11.4	28.8	-3.8	32.5	9.9
Energy and water	8.5	28.2	...	-28.4	-31.5
Industry	8.1	6.8	7.3	56.2	-9.1
Construction	11.7	16.0	61.9	-4.1	2.8
Transport and communications	11.4	7.7	14.3	6.5	29.3
Trade	12.9	9.2	24.8	0.1	-1.9
Services	24.8	16.2	13.4	15.3	-12.4
Undetermined	11.1	3.3	12.1	86.3	14.6
All sectors	14.5	10.4	16.6	18.7	-4.0

Table n°4a

Number of companies that declared two years in a row, turnover (TO) and added value (AV), and the growth rate according to the economic activity

a1) 2003-2004

LBP billion

Sector	Number	TO		AV		Growth rate (%/yr.)	
		2003	2004	2003	2004	TO	AV
Agriculture	18	44	46	8	10	5.7	19.6
Energy and water	34	1 066	1 079	-9	-136	1.2	...
Industry	1 439	4 792	5 778	1 294	1 454	20.6	12.4
Construction	595	1 415	1 558	403	435	10.1	8.1
Transport and communications	474	2 832	3 202	1 562	1 825	13.1	16.8
Trade	4 216	17 941	20 495	1 890	2 045	14.2	8.2
Services	1 686	4 354	4 940	2 554	2 847	13.5	11.5
Undetermined	167	447	408	289	199	-8.8	-31.3
Total	8 462	32 890	37 506	7 992	8 678	14.0	8.6

a2) 2004-2005

LBP billion

Sector	Number	TO		AV		Growth rate (%/yr.)	
		2003	2004	2003	2004	TO	AV
Agriculture	41	64	68	13	10	5.4	-21.8
Energy and water	46	1 083	1 384	-135	-259	27.7	...
Industry	2 060	6 093	6 399	1 501	1 585	5.0	5.6
Construction	821	1 668	1 889	456	733	13.3	60.8
Transport and communications	660	3 349	3 348	1 846	2 035	0.0	10.3
Trade	7 047	22 448	23 193	2 136	2 277	3.3	6.6
Services	3 000	5 594	5 991	3 054	3 334	7.1	9.2
Undetermined	386	517	498	243	267	-3.6	9.9
Total	14 061	40 817	42 769	9 113	9 982	4.8	9.5

Tableau n° 4b

Number of companies that declared two years in a row, purchases of capital goods (GFCF), taxes paid and the rate of increase by sector of economic activity

b1) 2003-2004

LBP billion

Sector	Number	GFCF		Taxes		Growth rate (%/yr.)	
		2003	2004	2003	2004	GFCF	Tax
Agriculture	18	0	0	0	0	-59.0	-21.6
Energy and water	34	22	73	3	7	240.5	142.1
Industry	1 439	246	270	72	62	9.6	-14.0
Construction	595	42	33	45	36	-22.2	-20.1
Transport and communications	474	41	63	42	23	52.5	-45.1
Trade	4 216	247	225	158	147	-8.8	-6.6
Services	1 686	286	356	111	116	24.3	4.5
Undetermined	167	14	7	13	10	-51.7	-23.4
Total	8 462	898	1 026	445	402	14.3	-9.6

b2) 2004-2005

LBP billion

Sector	Number	GFCF		Taxes		Growth rate (%/yr.)	
		2004	2005	2004	2005	GFCF	Tax
Agriculture	41	0	0	0	0	6.9	0.8
Energy and water	46	73	52	7	5	-28.6	-31.7
Industry	2 060	290	431	66	59	48.8	-10.1
Construction	821	38	33	40	40	-14.7	-0.1
Transport and communications	660	76	71	24	23	-6.5	-6.6
Trade	7 047	259	243	157	148	-6.3	-5.6
Services	3 000	425	395	134	111	-6.9	-16.6
Sector	386	9	16	11	13	76.4	14.1
Total	14 061	1 171	1 242	439	399	6.1	-9.1

Conclusion

The data presented in the above tables shows that it is not possible at this stage and with the information available to the VAT department to have a clear idea of the economic activity in Lebanon. Nor it is possible to establish a relation between tax revenues and economic performance. Below are a few assumptions in this respect:

- 1) *The ratio added value / turnover seems too low.*

In the industrial sector in particular this ratio is at 25% whereas it is supposed to be above 40% according to various industrial censuses.

One of the reasons behind this low ratio is that changes in inventory are not taken into account. This is clearly shown by the disparity between the variation of the turnovers from one year to the other and the variation of the added values. As shown in table 4a, the growth of added values between 2003 and 2004 was lower than the growth of turnovers (8.6% as opposed to 14.0%) whereas between 2004 and 2005 it was the other way around; added values were increasing by 9.5% and turnovers only grew by 4.8%.

Another explanation could be due to an incorrect classification of the activity of the establishments. Trade companies that are included as industrial establishments would lower the TO/AV ratio.

The main reason of the weak AV/TO ratio is the tendency of companies to underestimate their receipts and overestimate their charges. In this respect, there is a significant difference between statistics taken from all declaration and the ones established from audited declarations as shown in the table below:

	Number	TO LBP billion	AV LBP billion	AV/TO ratio (%)
<i>2003 declarations</i>				
Audited	814	7 601	2 602	34.2
Unaudited	7 916	25 544	5 539	21.7
Total	8 730	33 144	8 141	24.6
<i>2004 declarations</i>				
Audited	612	6 216	2 174	35.0
Unaudited	13 655	34 953	7 049	20.0
Total	14 267	41 169	9 222	22.7
<i>2005 declarations</i>				
Audited	405	3 112	1 142	36.7
Unaudited	15 931	42 333	9 610	22.7
Total	16 336	45 446	10 752	23.7

Unfortunately the number of audited companies is not enough to have a comparison by sector of activity.

2) *The ratio of paid taxes / added value is oddly decreasing*

This ratio goes from 5.8% in 2003 to 4.8% in 2004 and 4% in 2005. The reasons behind this decrease should probably be explained by the way VAT is administered.

The discrepancies between the changes in consumer prices and the prices at the boarder could partly explain this increase.

Nevertheless it is premature, in view of the available data, to try to establish a relationship between VAT receipts and economic activity.

3) *There are differences between the amount of VAT filed in the year end closing of accounts, VAT collected by customs, and VAT paid by liable companies as shown in the table below.*

	<i>LBP billion</i>		
Source of data	2003	2004	2005
Customs: VAT on imports	922.0	1 203.7	1 222.7
VAT paid by liable companies	458.0	442.5	424.7
Total	1 380.0	1 646.2	1 647.4
Year end closing of accounts: receipts of VAT	1 322.4	1 688.2	1 560.8
Difference	+57.6	-42.0	+86.6

The differences could be due to the delay between the filling of the various sources.