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Economic Accounts of Lebanon
2008

Compiled and published under the direction of Robert Kasparian

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The Presidency of the Council of Ministers has the pleasure to present the Economic Accounts publication for the year 2008. This report was prepared during the year 2009 under the guidance of former President of the Council of Ministers Mr. Fuad Siniora and was completed in October 2009 under his mandate. Our thanks go to Mr. Siniora as well as the National Accounts Unit for this achievement.

Foreword

In 2002, H.E. Prime Minister Rafik Hariri and H.E. Minister of Economy and Trade Basil Fuleihan launched the Economic Accounts of Lebanon mission to develop and produce a report, documenting the Lebanese economy and its evolution. From its inception, this project has benefited from the technical support of the French Institute of Statistics and Economic Studies (INSEE), an indisputable authority in this discipline. Based on the availability of numerous statistical surveys in 1997, that year was selected and retained as the base year. The base year provided the springboard for the comprehensive calculation of the accounts for the year 1997¹, which were followed by a series of economic accounts for the period 1997-2007² in conformity with international standards, concerning the publication dates of national accounts.

As a result, I am pleased to celebrate today with every Lebanese citizen, and especially those who participated in the realization of this project, the publication of the Economic Accounts of Lebanon for year 2008.

This data availability allows us to better assess the economic activity of Lebanon in the Middle East. Indeed, the rise in crude oil prices in the year 2003 became the inflection point for the accelerated growth cycle witnessed across the region and as a reflection, Lebanon enjoyed strong GDP growth in 2004. However, the economic growth of our country was severely hampered and beset with substantial loss of life and property after a series of tragic events such as the slaying of Prime Minister Rafik Hariri, Minister Basil Fuleihan, and many others in 2005, the Israeli aggression in 2006, the terrorist attacks at Nahr el-Bared, and subsequent political disruptions.

However, given the regional climate of economic expansion, and through appropriate monetary policies and financial stimulants adopted by the government, Lebanon has been able to surmount the adverse effects of these events. These measures have helped revive the momentum of foreign demand and continued the cycle of private investment, accelerating both economic activity and household consumption. Similarly, other indicators suggest better control of public spending and the continued decline of the public deficit.

The significant growth recorded in 2007 was followed by an even stronger performance in 2008. The successes of these two preceding years have denoted Lebanon's strong economic recovery, a feat praised by many observers. These indicators lead us to anticipate even better results for year 2009, especially after the IMF forecast, which provides that Lebanon could well achieve the highest growth rate in the region.

The economic data available today in Lebanon has become an important element of our knowledge and a powerful tool that helps shape our policies. This data has formed

¹ Economic Accounts 1997 - Ministry of Economy and Trade - Republic of Lebanon - May 2003

² Economic Accounts 1997-2002 - Ministry of Economy and Trade - Republic of Lebanon - July 2005

Economic Accounts 2003 - Presidency of the Council of Ministers - Republic of Lebanon - May 2006

Economic Accounts 2004 - Presidency of the Council of Ministers - Republic of Lebanon - February 2007

Economic Accounts 2005 - Presidency of the Council of Ministers - Republic of Lebanon - October 2007

Economic Accounts 2006-2007 - Presidency of the Council of Ministers - Republic of Lebanon - December 2008

the basis of many economic analyses and forecasts for Lebanon by those who know our economy and its strengths and weaknesses.

I take this opportunity to extend my sincere thanks to Mr. Robert Kasparian and his colleagues, and to all the Lebanese and international organizations that have contributed to this venture. I also thank the French authorities for their continued support.

The President of the Council of Ministers



Fouad Siniora

Acknowledging the contribution of the team that worked on this project.

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Table of Contents

Introduction	page 9
PART ONE: The Goods and Services Account	11
Chapter 1. Production	13
Section I. Agriculture and livestock	14
Section II. Energy and water	15
Section III. Industry	17
Section IV. Construction	18
Section V. Transportation and communication	19
Section VI. Market services	19
Section VII. Trade	23
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. Investments	42
Section I. Gross fixed capital formation.	42
Section II. Changes 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 primary income account	56
Section III. Secondary distribution of income account	59
Section IV. Use of income accounts	62
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 of goods and services	68
Section II. Primary income and current transfers account	69
Section III. Capital transfers account	71
Section IV. Financial account	71
Conclusion	73
ANNEXES	
ANNEX I. Tables of basic accounts	83
ANNEX II. Statistical sources	105

List of Tables

Tables in the Report

1. Aggregate account of goods and services 2007-2008	11
2. Value added by sector 2007-2008	13
3. Agricultural output 2007-2008	14
4. Energy and water output 2007-2008	16
5. Industrial output 2007-2008	17
6. Construction and public works output 2007-2008	18
7. Transportation and communication services output 2007-2008	19
8. Market services output 2007-2008	20
9. Trade sector account 2007-2008	23
10. Computation of non-market services output 2007-2008	25
11. Import of goods by type of product 2007-2008	28
12. Territorial imports of goods classified according to use 2007-2008	29
13 (a-e) Breakdown of imported intermediate products by type and sector 07-08	30-32
14. Household consumption by type of product 2007-2008	33
15. Household consumption of food by type of product 2007-2008	34
16. Household consumption of energy and water 2007-2008	35
17. Purchase of capital goods by households 2007-2008	36
18. Consumption of manufactured goods by type 2007-2008	37
19. Domestic consumption of transportation and communication services 2007-2008	38
20. Consumption of social services by type 2007-2008	38
21. Consumption of individual services by type 2007-2008	39
22. Estimated cost of public education and health services 2004-2008	40
23. Gross fixed capital formation by type 2007-2008	42
24. Breakdown of GFCF in the private/public sector 2004-2008	43
25. Export of goods and services by type 2007-2008	44
26. Exports of gold ingots 2005-2008	45
27. Integrated accounts of the national economy (S.1) 2007-2008	50
28. Rest of the world accounts (S.2) 2007-2008	51
29. Evolution of the main aggregates 2004-2008	52
30. Indirect taxes by type 2004-2008	54
31. Taxation on consumption by type 2004-2008	54
32. Subsidies to public corporations 2004-2008	55
33. Breakdown of GDP by factors of production 2004-2008	56
34. Banking interests paid by corporations and public administrations 2004-2008	57
35. Evolution of national debt burden and interests 2004-2008	58
36. Composition of gross national income 2004-2008	58
37. Breakdown of direct taxes by type 2004-2008	59
38. Social security contributions paid by national agents 2004-2008	60
39. Breakdown of social security benefits received by type 2004-2008	60
40. Breakdown of current transfers received by type 2004-2008	61
41. Calculation of GNDI 2004-2008	61
42. Breakdown of net lending (+) or borrowing (-) by agent 2004-2008	63
43. Variation in the money supply and net foreign assets of the banking sector 2004-2008	64
44. Breakdown of Treasury Bills by subscriber 2004-2008	65
45. Variation in credits by type 2004-2008	66
46. Variation in credits to the private sector by economic sector 2004-2008	67

47. Evolution of the various balancing items in the balance of payments 2004-2008	68
48. Contribution of the various demand components to the demand growth, %/yr	73

Tables of Basic Accounts (Appendix I)

1. Uses-resources accounts tables for goods and services by product group in current price values and chain volume measures of the preceding year	
1.0. All products	83
1.1. Agricultural products	84
1.2. Livestock products	85
1.3. Energy and water	86
1.4. Food industry products	87
1.5. Textiles, leather and clothes	88
1.6. Non-metal ores	89
1.7. Metals, machines and equipment	90
1.8. Wood, rubber and chemicals	91
1.9. Furniture	92
1.10. Other industrial products	93
1.11. Construction	94
1.12. Transport and communication	94
1.13. Market services	95
1.15. Non-market services	95
2. Goods and services input-output tables in current prices and volumes at the prices of the previous year	96
3. Financial institutions accounts (Commercial banks accounts)	101
4. Public Administration accounts	
4.1. Central Administration accounts	102
4.2. Public administration consolidated accounts (estimates)	104

Tables of Statistical Sources (Appendix II)

I.1	Vital statistics (number of registered events)	105
II.1	Crop output	105
II.2	Animal output	106
III.1	Main imported oil products	107
III.2	Electricity consumption	107
IV.1	Manufactured Tobacco	108
IV.2	Imports of intermediary products intended for industry	108
V.1	Building permits registered at engineers' order	109
V.2	Local cement sales	109
V.3	Raw material imports for construction	109
VI.1	Movement of goods via Beirut port	109
VI.2	Number of passengers departing from Beirut airport	109
VI.3	Income of telephone and telecommunications General Directorate	109
VII.1	Education: number of registered pupils and students	110
VII.2	Health: public health expenditures	110
VII.3	Insurance services	110
VII.4	Passenger arrivals	110
VIII.1	Budgetary income, State expenditure and their classification	111
VIII.2	Treasury accounts	112
VIII.3	Public debt	112
VIII.4	Transfers from State budget to autonomous agencies	113

VIII.5. CDR Accounts 2003-2008	114
VIII.6. National Social Security Fund accounts	115
VIII.7. Computation of the public administration fixed capital depreciation	116
IX.1. Evolution of the monetary situation	117
IX.2. Supply of banking credits by sector	117
X.1. Evolution of imports by production branch	118
X.2. Imports by country of origin	120
X.3. Exports	121
X.4. Changes in re-exports and transit	121
XI.1. Consumer price index (official)	122
XI.2. Consumer price index compiled from CCIAB price surveys	123
XI.3. Index of unit values of imported goods by production branch	124
XI.4. Index of exchange rates	126

Introduction

The Economic Accounts of Lebanon for 2008 presented herein are established according to same accounting conventions and methodologies adopted in the compilation of the accounts from year 1997 to year 2007. Given the data gaps in the economy, a simplified model based on the system of national accounts recommended by the United Nations and the European Union was adopted. A methodological framework and an estimation method has been developed for the different national account aggregates from available data³.

However, given the availability of new data in some sectors pertaining to the national economy, previous estimates were progressively revised. In this context, we gained deeper insight into the industry and services sectors in 2003, following the results of a Saint-Joseph University (USJ) survey on the 900 leading companies. USJ's Socio-economic Reality Observatory performed the survey, which was financed by the ADETEF, a French body in charge of providing technical cooperation. Moreover, the compilation and analysis of industrial and trade establishments' tax returns from 2003 to 2007, and statistics drawn from VAT records from 2003 to 2008 have made it possible to highlight economic trends in particular economic sectors. Additionally, public administration accounts were estimated with greater precision after appraising the accounts of principal municipalities for the years 2004 and 2005.

After stagnating in 2006, economic growth resumed in 2007 and continued into 2008 with increasing momentum.

Imports registered a record growth in both value and volume, following a surge in demand, which was driven by a significant increase in transfers from abroad. Thus, despite the widening trade balance deficit, the balance of payments surplus has remained notable.

An analysis of the above is detailed in these accounts, which are presented in two parts:

Part one reviews the goods and services accounts and illustrates the evolution of the various aspects of the real economy. It comprises of five chapters devoted to the elements, which constitute the basic balance of these accounts, namely:

production + imports = consumption + gross fixed capital formation and changes in inventories + exports.

Part two comprises of two chapters, presenting the general balance of accounts by integrating the whole set of flows, which constitute broad-spectrum 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 transaction accounts, while the second chapter provides the rest of the world accounts and the balance of payments.

³ For more information concerning the account model and estimation methods used, kindly consult the two previous Ministry of Economy and Trade publications, namely: "Economic Accounts of Lebanon, 1997" (May 2003); and "Economic Accounts of Lebanon, 1997-2002" (July 2005).

The principal accounts are published in the Annex:

- 1) Within the framework of the goods and services account :
 - Uses-resources accounts tables for goods and services grouped into 15 economic categories
 - Input - output accounts tables for goods and services categorized into the seven main sectors of the economy.
- 2) Within the framework of institutional accounts :
 - Commercial banks accounts
 - Central Administration accounts
 - Whole of government estimated accounts

Information concerning other institutions is still lacking.

Upon the availability of new data, a revised version of the national economic accounts from 1997 to 2007 was published in a separate volume alongside the accounts for years 2006-2007. Thus, it becomes possible to evaluate the performance of the Lebanese economy during the various economic phases of this 12-year period.

PART ONE

The goods and services account

The aggregate account of goods and services describes the real economy. Table n° 1 below presents the 2008 results of this account against those of 2007. An estimate of these accounts at constant prices reveals the result of price change in the total variation; thus, generating real growth.

Table n° 1
Aggregate account of goods and services 2007-2008

	<i>Value (LBP billion)</i>		<i>Changes in % / year</i>		
	2007	2008	2008 at 2007 prices	Price	Volume
<i>Uses</i>					
Private consumption	31 311	37 842	34 301	10.3	9.5
Public consumption	5 509	6 646	5 981	11.1	8.6
Private GFCF, varying inventories	9 512	12 797	11 455	11.7	20.4
Public GFCF	951	1 012	895	13.1	-5.9
Total: national expenditure	47 283	58 298	52 665	10.7	11.4
Exports	8 694	11 080	9 888	12.1	13.7
Uses = resources	55 976	69 378	62 554	10.9	11.8
<i>Resources</i>					
GDP	37 774	45 124	41 275	9.3	9.3
Imports	18 203	24 254	21 279	14.0	16.9

Therefore, the growth of domestic economic activity measured by Gross Domestic Product of last year prices was 9.3% in 2008 against 7.5% in 2007; 0.8% on average in 2005 and 2006; 7.5% in 2004 and 2.5% on average during the period 1997-2003.

It is the National expenditure, more than the external demand that generated the 2008's growth. The 11.8% growth in total demand volume results from 5.4 percentage points in private consumption, 3.5 percentage points in private investment, and 0.8 percentage points in public spending under consumption and investment, totaling 9.5 percentage points in demand growth as a result of national expenditure. External demand only contributed 2.1 percentage points.

As can be seen, domestic production has not kept pace with rising external and domestic demand. As a result, growth in imports have radically exceeded growth in demand (+16.9% in real terms). The same phenomenon was observed in reverse, during the years when declining import rates were significantly higher than demand.

Inflation, which is measured by price changes at the private consumption level, was the highest since 1997: 10.3% in 2008 against 5% in 2007; 2.6% on average in 2005 and 2006; 2.9% in 2004, and 0.8% on average during the period 1997-2003. Unlike previous years when inflation was almost entirely imported, this inflation is also

caused by a price rise in the domestic factors of production, which produced the significant rise in consumer prices, although this increase remains lower than import prices (9.3% against 14%).

Changes in the aggregate account of goods and services during year 2008 are detailed and set forth in the following five chapters:

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

Chapter 1 Production

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

Table n°2 demonstrates GDP distribution of economic activity by various economic sector compositions and its evolution in year 2008 against year 2007.

Table n° 2
Value added by sector 2007-2008

Sector	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Agriculture and livestock	2 279	2 543	2 515	1.1	10.3
Energy and water	-608	-1 776	-902	...	...
Industry	3 325	3 952	3 314	19.3	-0.4
Construction	4 286	5 847	5 019	16.5	17.1
Transportation and communications	3 089	3 249	3 395	-4.3	9.9
Market services	13 208	15 102	13 924	8.5	5.4
Trade	8 532	12 000	10 246	17.1	20.1
Government	3 662	4 206	3 764	11.7	2.8
Total GDP	37 774	45 124	41 275	9.3	9.3

Economic activity and growth resonated across almost every sector, albeit in varying degrees. The trade sector witnessed significant growth due to the volume and value increase of imports. Construction also experienced strong growth due to a favorable environment for investment. Favored by good weather conditions, agricultural production also recorded a growth. Only the industrial sector did not experience real growth.

In a given sector, growth or decline in the value added is not only determined by the parameters of aggregate real activity, but also by output and input price variations. Remarkably, in the energy sector, low but real growth was recorded despite a substantial decline in the value added of this sector, which turned negative after the sharp increase in the prices of oil product used to produce electricity. This increase was not accompanied by an equivalent increase in the selling price of electrical energy.

Details of the value added across the economy's various sector components are set forth below in the following sections.

Section I. Agriculture and livestock

The value added of the agriculture and livestock sector is calculated by subtracting the estimated value of intermediate consumption from the output valued at farm gate prices as the table below demonstrates (Table n° 3).

Table n° 3
Agricultural output 2007-2008

Output sector	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Cereals	104	140	94	49.5	-9.7
Fruits	1 108	1 502	1 309	14.7	18.1
Industrial crops	113	105	103	1.9	-8.5
Vegetables and other field crops	830	754	926	-18.6	11.7
Agricultural products	2 155	2 501	2 433	2.8	12.9
Livestock	358	401	335	19.5	-6.3
Livestock products	327	383	341	12.1	4.4
Fisheries products	60	111	83	33.3	37.3
Livestock, Fisheries products	745	894	760	17.7	1.9
Grand Total	2 900	3 396	3 193	6.4	10.1
- Intermediate consumption	620	853	678	25.9	9.2
= Gross value added	2 279	2 543	2 515	1.1	10.3

Overall, value added in agriculture and livestock increased sharply in 2008 against 2007. This increase resulted from the double impact of rising prices and output volumes, and the negligible increase in input volumes used.

Evolution of agricultural output⁴

Crop output volume increased sharply in 2008; an increase entirely due to a high fruits crop yield.

The 18.1% increase in fruit crop yield is largely due to a sharp olive output increase in 2008, an increase that followed an output decline in 2007, resulting from the annual crop rotation method of harvesting olives. According to the Ministry of Agriculture estimates, olive output dropped from 167 300 tons in 2004 to 76 500 tons in 2005 and increased to 177 300 tons in 2006 before dropping to 76 200 tons in 2007. Pending the publication of statistics for year 2008, agricultural output is estimated at 2.4 times more than year 2007, or 182 800 tons. According to data retrieved from the Lebanese Center for Agricultural Resources & Studies, output volumes of all other fruits increased by 17.9%.

⁴ The Ministry of Agriculture has yet to determine the output statistics for 2008. Changes in output for major crops between 2007 and 2008 have been estimated through data retrieved from the Lebanese Center for Agricultural Resources & Studies.

Concerning the increased selling prices at farm gates, the percentage increase translates into 1.1% for olives and 18.9% for other fruits.

In terms of importance, vegetable output ranks second in the agricultural sector. This sector continued its notable growth but recorded a more modest volume increase in 2008 (+1.9%). The sector's sharp price fall at farm gate was due to the declining prices of potatoes (-52%).

Industrial crops mainly consist of tobacco whose output has stagnated.

Although cereal output declined, it benefited from increased prices caused by the rising international prices of these goods.

The livestock and fisheries sector also benefited from a rise in prices, but only the fisheries output recorded a substantial volume increase.

Intermediate consumption in agriculture and livestock

Contrary to output, which is subject to regular reviews by the Ministry of Agriculture, the data used to calculate the intermediate consumption of this sector is not derived from direct surveys of farmers. Thus, these values have been indirectly estimated by analyzing the output and import of products intended for use in agriculture and livestock, including, among others, seeds and seedlings, amount of irrigation provided, fertilizers, pesticides, and cattle feed. Generally, most of these products are imported, which also makes it possible to estimate volumes used and calculate approximate changes in selling prices to farmers.

Intermediate products used in agriculture recorded a volume increase in 2008 compared to 2007 but was slightly lower than output (+9.2% against 10.1%) and some very high prices (25.9%) were recorded due to the more than doubled price of phosphate fertilizer.

Section II. Energy and water sector

In addition to public companies, which control the production and distribution of electricity and water, many small private enterprises produce and sell electricity at the local level given the frequent power cuts on the public distribution network, while other private companies distribute water to households via water tankers. Using available indicators, approximates for 2008 are based on previous estimates.

Based on previous estimates, using available indicators, the evolution of the output account for this sector between 2007 and 2008 is as follows (Table n°4):

Table n° 4
Energy and water output 2007-2008

Output sector	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Solid fuels	11	12	12	0.0	5.0
Electricity	915	1 033	1 040	-0.7	13.7
Water	174	176	176	0.0	0.9
Total	1 100	1 221	1 228	-0.6	11.6
- Intermediate consumption	1 709	2 997	2 130	40.7	24.7
= Gross value added	-608	-1 776	-902	...	...

Evolution of electricity output

Changes in electrical energy output volume were estimated by using available statistics, concerning the distribution of electrical current on the network, which is actually an indicator of consumption and not output. From year 2007, the estimate takes into account the purchase of electrical energy from Syria. The volume of electrical energy distributed in 2008 increased by 6.7%, from 10 548 MkWh in 2007 to 11 274 MkWh in 2008, whereas the purchase of electrical energy from Syria has dropped from 980 MkWh to 563 MkWh, inferring a 13.7% volume rise in local production.

In the absence of data, regarding the distribution of water, the consumption of this natural resource is assumed to increase in direct proportion to population growth rates.

In theory, given that tariffs were not modified between 2007 and 2008, tariffs remained constant. However, given that electrical energy tariffs are progressive, in practice, the average KWh unit price largely depends on the consumption level across households. According to statistics retrieved from Electricité du Liban (EDL), the average unit cost for a KWh in year 2008 was slightly lower than year 2007 (-0.7%).

Evolution of value added and intermediate consumption in the energy sector

In this sector, intermediate consumption rose sharply in both value and volume: the volume of imported oil declined slightly between 2007 and 2008, from 1 259 tons to 1 214 tons for diesel, but imported fuels for EDL increased by 48.4%, rising from 849 to 1 260 tons. The prices of these fuels have also increased substantially: 47.7% for fuel oil and 38.9% for diesel.

Consequently, the value added in this sector, which represents a negligible share of the output value, declined further from LBP -608 billion in 2007 to LBP -1 776 billion in 2008. Note that the value added in this sector has been negative since 2005.

Section III. Industry

Table n°5 demonstrates the output evolution and intermediate consumption by type of goods and services used in the production process of various industry sectors.

Table n° 5
Industrial output 2007-2008

Output sector	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Output					
Food industry products	3 399	4 024	3 344	20.3	-1.6
Textiles	754	913	865	5.6	14.7
Non-metallic ores	1 318	1 635	1 372	19.2	4.1
Metals, machinery & equipment	1 855	2 286	2 073	10.3	11.7
Timber, rubber & chemicals	1 271	1 629	1 248	30.5	-1.8
Furniture	572	716	650	10.2	13.6
Other sectors	1 065	1 373	1 234	11.3	15.9
Total	10 234	12 576	10 786	16.6	5.4
Intermediate consumption					
Agricultural products	950	1 332	1 165	14.3	22.6
Livestock products	592	671	516	30.2	-12.9
Energy and water	750	1 057	794	33.1	5.9
Food industry products	309	330	301	9.5	-2.4
Textiles	299	372	367	1.4	22.8
Non-metallic ores	676	835	717	16.4	6.1
Metals, machinery & equipment	1 399	1 842	1 604	14.8	14.7
Timber, rubber & chemicals	1 333	1 551	1 408	10.2	5.6
Other manufactured goods	85	94	98	-4.3	15.0
Services	516	541	502	7.7	-2.3
Total	6 909	8 625	7 472	15.4	8.2
Gross value added	3 325	3 952	3 314	19.3	-0.4

Overall, the industrial production volume (output) in 2008 rose slightly but was less than the rise in 2007 (+5.4% against +6.8%). In industry, the inflow volume (input) was proportionally greater than production (+8.2%). This resulted in a slight negative change in the value added at constant prices (-0.4%).

In addition, manufacturers increased production prices in a slightly higher proportion than prices of consumed intermediate products (+16.6% instead of +15.4% for inputs), reflecting an increase in factors of production prices. Note that the State imposed a far-reaching minimum wage increase in May 2008.

Evolution of industrial output

All industrial sectors did not benefit equally from the increase in demand. After several years of stagnation, the textile and leather industries recorded a significant breakthrough with a moderate increase in prices. The other sectors that witnessed a substantial increase in output volume were those underpinning demand for capital goods by households and businesses.

Evolution of intermediate consumption in industry

Input compositions in industry vary, depending on the evolution of various production sectors. Substantial increases in raw materials prices have also created a distortion in the input structure.

Section IV. Construction

Using the same principle to discern industrial output, the real growth of the construction sector is derived from statistics on raw materials used in this sector, namely: domestic cement deliveries by local cement factories and imported products used in construction and public works. Table n°6 demonstrates the construction output variation in terms of value and volume, and intermediate products consumed in the construction process.

Table n° 6
Construction and public works output 2007-2008

	<i>Value (LBP billion)</i>		<i>Changes in % / year</i>		
	2007	2008	2008 at 2007 prices	Price	Volume
Output	7 222	9 609	8 439	13.9	16.8
Intermediate consumption					
Non-metallic ores	1 087	1 429	1 245	14.7	14.6
Metals, machinery & equipment	1 099	1 431	1 359	5.3	23.8
Timber, rubber & chemicals	277	357	324	10.2	16.8
Other products	43	65	51	28.0	16.8
Services	430	479	441	8.8	2.4
Total	2 936	3 761	3 420	10.0	16.5
Gross value added	4 286	5 847	5 019	16.5	17.1

Given that changes in construction prices were not directly observed, the variation is estimated as a function of the weighted average of changes in the wages of manual workers and prices of raw materials. Within this context, the price of labor increased by approximately 16.5%, and the price increase in construction was 13.9% against a 10% increase in the value of raw materials for construction.

The change in volume of consumed intermediate products was not consistent for all input types; the consumption of metal products in particular has altered significantly.

The prices of all the factors of production forming the added value (depreciation, salaries, and mixed income) demonstrate a 16.5% increase.

Section V. Transportation and communication

The transportation and communications sector continued to grow during year 2008 (+10.8% in volume) and at a faster rate than year 2007 in which growth peaked at 6.4%. This growth is primarily attributed to the development of telecommunications and air transportation.

Table n°7 demonstrates the significance of the telecommunications sector, which despite a negligible reduction in prices, recorded an output increase of 12%.

Table n° 7
Transportation and communication services output 2007-2008

Output sector	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Road transportation	855	1 038	892	16.4	4.4
Air transportation and others	599	751	670	12.0	11.8
Postal and telecom. services	3 898	4 275	4 366	-2.1	12.0
Total	5 352	6 064	5 929	2.3	10.8
-Intermediate consumption	2 263	2 815	2 534	11.1	12.0
=Gross value added	3 089	3 249	3 395	-4.3	9.9

However, it is important to note that given the lack of relevant data, the road transportation sector is underestimated because it does not take into account the road haulage of goods. This creates a falling share of transport in GDP to the benefit of other sectors, especially trade.

The declining prices of value added are due to higher input prices, including oil prices. Producer prices increased slightly; the increase in prices of the airline and road transportation was compensated by the decrease of telecommunications prices.

Section VI. Market services

Table n°8 below reproduces the market services sector output account, excluding transportation, communications, and trade. It also demonstrates how this sector has grown in almost equal proportion to that of year 2007. In real terms, the value added grew by 5.4% in 2008 against 5.6% in 2007.

Evolution of market services output

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

a) Business services

Business services include services such as technological , engineering , legal procedures, accounting, data processing, equipment rental, brokering, etc. The output of these services is not estimated from direct surveys of enterprises; rather, output value is equal to the sum of intermediate consumptions of the various sectors using these services, particularly the public administration and exports. Possible errors in estimating intermediate consumptions do not affect the estimate of GDP; however, it affects the distribution between the market services sector and other sectors. Nevertheless, an error in estimating the export of services does affect GDP.⁵ According to a recent survey, exports of such services represent the principal factor in their development.

Table n° 8
Market services output 2007-2008

Output sector	Value (LBP billion)		Changes in % /year		
	2007	2008	2008 at 2007 prices	Price	Volume
Trade related services	1 540	1 910	1 737	10.0	12.8
Maintenance and repairs	282	356	316	12.6	12.0
Housing	2 447	2 570	2 500	2.8	2.2
Hotels and restaurants	1 223	1 602	1 340	19.6	9.5
Various personal services	971	1 112	984	13.0	1.3
Health services	2 376	2 648	2 407	10.0	1.3
Educational services	3 509	3 837	3 660	4.8	4.3
Financial services	3 439	4 141	3 764	10.0	9.5
Total	15 787	18 176	16 708	8.8	5.8
-Intermediate consumption	2 579	3 073	2 784	10.4	8.0
=Gross value added	13 208	15 102	13 924	8.5	5.4

The prices of these services were not subject to evaluation and were maintained constant in accounts of previous years; however, a growth of 10% was retained for 2008, taking into account inflation and the minimum wage increase decreed by the State.

b) Maintenance and repair services

These services include only maintenance and repair services used by households and public administrations, which represent the only such services that are captured statistically. Maintenance services used by businesses were not estimated and were omitted. Consequently, the distribution of GDP between the services sector and other sectors is biased.

⁵ Following the survey results of large companies, the accounts for this sector were revised in 2003 to reflect the new data. Additionally, export of services in the 1997-2002 accounts were underestimated and subsequently discarded.

Household consumption in maintenance and repair services, which represent the principal components of this sector's output, is well known owing to the Household Budget Survey of 1997. Estimates for other years were carried out using indicators, including imports of spare parts for motor vehicle repair and household appliances, and the growing number of households or dwellings for maintenance. According to these indicators, consumption, and by extension, output of such services would have grown in volume by 12% in 2008. The price increase of these services is estimated to have reached 12.6%, according to the price survey records of the Chamber of Commerce, Industry, and Agriculture of Beirut (CCIAB).

c) Housing services

The housing services output takes into consideration rental fees paid by public administrations and rental values of properties occupied by households. However, rental fees paid by companies are unidentified and therefore belong to the value added of the various market sectors.

In the absence of statistics on housing growth, the number of occupied dwellings is assumed to equal the annual number of registered marriages net re-entries into existing dwellings. In 2008, the figure for occupied dwellings represented 2.2% of occupied dwellings in the previous year. The average rental value of an apartment has also increased by 2.8% according to a price survey conducted by CAS.

d) Hotel and restaurant services

For statistical expediency, the hotels and restaurants output is equal to sales turnover minus the purchase value of food and beverages used to serve customers. Based on 1997 estimates, the output of this sector for subsequent years was estimated by using simple growth rate averages of tourist arrivals and the resident population. Thus, in terms of increased tourist traffic, the growth rate of this sector was estimated at 9.5%: the arrival of foreign visitors grew by 18.1% in 2008 compared to 2007 (1.45 million arrivals in 2008 against 1.23 million in 2007).

Price changes of food services are derived from CCIAB price statistics. The price changes of hotel services are assumed equal to those of restaurant prices.

e) Various personal services

Owing to the Household Budget Survey of 1997, these recreational services are known and include leisure, personal care, and domestic care services. Estimates for subsequent years were arbitrarily extrapolated using data from 1997 to yield a real growth rate, ranging between 0% and 1.4% per annum between 1997 and 2007, and 1.3% for 2008. The quoted price change rate is calculated using CCIAB price data.

f) 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 by the Central Administration of Statistics (CAS 1997); the Lebanon National Health Accounts by the World Health Organization (WHO 1998); and the National Household Health Expenditure and Utilization Survey (CAS, WHO 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.

Based on these estimates, the health sector (commercial sector, excluding public health services) in 2008 witnessed a slight increase (+1.3%) after a period of accelerated growth: +15.1 % in 2007, +5.6% on average in 2005 and 2006, +5.5 in 2004, and 2.5% per year on average over the period 1997-2003.

Price changes (10% in 2008) were derived from prices collected by CAS.

g) Educational services

Educational services output under this heading concerns tuition fees and the value of ancillary income services received by schools and universities in the private sector. Public school services and the Lebanese University are accounted for in the non-market services of the public administration (see Chapter 3, section 2). Estimates based on data from 1997 were projected over subsequent years according to changes in number of pupil and student enrolments in private schools as well as tuition fees as per the CAS.

The result of these estimates demonstrated a real growth rate in this sector, namely 4.3% in 2008 against 2.8% in 2007, and an average of 2.4% per year during the period 1997-2006. Price surveys performed by the CAS reveal a fee increase of 4.8% in 2008.

h) Financial services

Financial services include banking and insurances services.

The output value of banking services is defined as being equal to interests and commissions received by banks minus the interests paid to depositors. The “profit and loss” account statements communicated to the Central Bank of Lebanon (BDL) provide the data for calculating the output of these services.

The value of the banking output (commercial banks, investment banks, and financial institutions) increased from LBP 2 990 billion in 2007 to LBP 3 621 billion in 2008, an increase of 21.1%, whereas it had only increased by 7.3% in 2007, making it clear that much of this growth is attributed to inflation. Therefore, given that the output “price” of banking services is difficult to determine, a growth rate value of 10%, which is equal to the rate of inflation, has been arbitrarily adopted to estimate the real growth of the banking sector and its output. In previous year accounts, this undetermined price was assumed to have remained constant due to the absence of a viable method to determine it.

Similarly, the output of insurance services is defined as being equal to the difference between premiums received and claims paid. Again, it is not intended to define a “price” for the service.

Given a set of recent statistics provided by the Ministry of Economy and Trade in 2005, the output value of insurance services has been revised accordingly. This sector experienced strong growth over the course of the last ten years, during the five-year period from 1997 to 2002, insurance output increased from LBP 182 billion to LBP

299 billion, or an average growth rate of 10% per annum. Growth was even more significant between 2003 and 2005: +16% in 2003, +21% in 2004, and +20% in 2005. From 2006, growth continued, albeit at a slower pace, rising from LBP 365 billion in 2005 to LBP 520 billion in 2008.

Section VII. Trade

Evolution of trade output

The output value of trade services is measured by broad-spectrum trade margins (difference between purchase price and selling price) and commissions received by intermediaries between end-users and producers of goods. These margins strictly include consumption taxes paid by retailers through the trade sector and merchants' trade margins. Table n°9 below recapitulates the basic variables concerning the calculations of the trade sector output.

Only import duties collected at the instance of goods entering the national territory have been identified, including customs duties, consumption tax, and since 2002, VAT levied on imported goods.

The margins of domestic trade are equal to the difference between the value, uses, and imports of goods and services, and local output minus taxes paid by importers. Thus calculated, the trade margins include domestic taxes such as internal VAT. The current statistics do not allow its distribution on different groups of products.

The calculation of trade margin prices at previous year returns translates into calculating trade margins for a given year by applying the trade margin coefficient of the previous year to the volume of goods exchanged for that year. This calculation is performed separately for taxation and domestic trade margins. Considering that definite estimates for prices of foreign trade services do not exist, values were assumed to have increased at the current rate of inflation, 10%.

Table n° 9
Trade sector account 2007-2008

	<i>Value (LBP billion)</i>		<i>Changes in % / year</i>		
	2007	2008	2008 at 2007 prices	Price	Volume
Trade output components					
Import duties	2 872	3 710	3 552	4.4	23.7
National trade margins	6 489	9 305	7 626	22.0	17.5
Foreign trade services	905	1 061	964	10.0	6.6
Total = output	10 266	14 076	12 143	15.9	18.3
-Intermediate consumption	1 734	2 075	1 897	9.4	9.3
=Gross value added	8 532	12 000	10 246	17.1	20.1

Table n°9 underscores the following information:

- Import duties totaled LBP 3 710 billion or a relative increase of 29.2% compared to 2007. Compared to the value growth rate of imports at current prices (+36.6%); this indicates a significant decrease in the import duties ratio, which fell from 16.1% in 2007 to 15.2% in 2008. Had the import prices and the ratio duties / import value remained constant, the value of import duties would have reached LBP 3 552 billion, a 23.7% increase over 2007, which varies from the real rate of change in imports (+17.3%). This discrepancy results from the differences between the import growth rate of taxed, tax-free, and negligibly taxed products.
- Domestic trade margins also increased sharply from LBP 6 489 billion in 2007 to LBP 9 304 billion in 2008 (43.4%). Calculated at constant prices and rates, trade margins are estimated to have achieved LBP 7 626 billion or up to 17.5%; therefore, the "price" of trade services is estimated to have increased by 22%.

Intermediate consumption and value added in the trade sector

Estimated in 1997, intermediate consumption 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, the prices of products consumed by the trade sector increased by 9.4% in 2008.

Given the "price" evolution of this sector's output, the value added at constant prices in 2008 increased by 20.1% against an increase of 11.9% in 2007.

Section VIII. Non-market services

The public administration, which includes the central administration, autonomous administrations, and municipalities, provides non-market services. As indicated by the term, these services are not sold on a market; therefore, these non-market services do not have a "price" in the ordinary sense of the term. 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 administration and 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 n°10 details the elements included in calculating the output of the public administration in 2008 compared to 2007.

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

Table n° 10
Computation of non-market services output 2007-2008

Cost components	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
<i>Intermediate consumption</i>					
Energy and water	49	62	47	33.1	-4.3
Manufactured goods	217	277	254	8.9	17.0
Transportation and communications	10	13	13	-2.0	29.9
Financial services	935	1 278	1 162	10.0	24.3
Other market services	636	810	740	9.5	16.3
Total : intermediate consumption	1 847	2 440	2 216	10.1	20.0
<i>Components of value added</i>					
Depreciation	780	883	803	10.0	2.9
Compensation	2 882	3 323	2 962	12.2	2.8
Total : Gross value added	3 662	4 206	3 764	11.7	2.8
Gross value of output	5 509	6 646	5 981	11.1	8.6

a) Intermediate consumption of market goods and services

More than half of market goods and services consumed by the public administration include the value of banking services integrated in the debt service. In fact, part of the interests paid by the State to banks that have subscribed to treasury bills constitute the payment of banking services whose value is measured by the difference between received interests and interests paid to depositors. The estimated value of financial services spent by the public administration increased from LBP 633 billion in 1997 to LBP 736 billion in 2002, and dropped to LBP 487 billion in 2004. From 2005, the value of these services rebounded, reaching LBP 935 billion in 2007 and LBP 1 278 billion in 2008. The 36.7% increase between these two years is partly due to subscriptions to larger treasury bills through the banking system and partly due to the rise in the received bank/ interest output ratio. In fact, interest received by banks on their subscriptions to treasury bills rose by 15.2%, from LBP 2 754 billion in 2007 to LBP 3 173 billion in 2008, accompanied by an increase in the bank interest received ratio margin, rising from 27.5% in 2007 to 32.8% in 2008.

b) Value added of the public administration

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

The depreciation value of public assets is, per convention, equal to one-thirtieth of their actualised value. This value was calculated by totaling the national expenditure of

gross fixed capital formation over the past 30 years, whereby the value of a past year is converted to current value through an appropriate price index. However, in the absence of such an index, the indicator of minimum wage is used instead (see annex for details of the calculations). Using this methodology, the depreciation value increased in 2008, mainly due to the price increase of fixed assets estimated at 10%.⁶

As for *the compensation of employees*, they increased by 15.3% of which 12.2% was the consequence of a broad-spectrum minimum wage increase decreed by the State effective from May 2008.

c) Volume change of non-market services

Strictly speaking, given that non-market services do not carry a value, the calculation of the volume of such services at a reference year value is performed by adding the components of cost evaluated at selected reference prices.

Thus, cost changes in non-market services for 2008, valued at 2007 prices, were +8.6% with value changes of +20.6%.

⁶ The calculation of depreciation has been revised for the previous years as well as the value of non-market services.

Chapter 2 Imports

Imports include the import of goods entering the national territory and consumer expenditure made abroad by residents in Lebanon. Imports of services have been excluded in these accounts given that these are deducted from exports of services. From 2007, the purchase of electrical energy from Syria is entered in imports.

Due to comprehensive customs statistics, the import of goods into Lebanon is well documented. The calculation of total value includes the rates of Cost, Insurance and Freight (CIF) to customs stations. However, these statistics have undergone two vital modifications: the import of gold ingots intended for national reserves or speculative purposes are not taken into account, only gold used for jewelry is included in imports. Also, the value and volume of imported oil products have been corrected according to statistics provided by the General Directorate of Oil.⁷

Table n°11 provides a comparative analysis in terms of value and volume of imports by product type between 2007 and 2008, according to the classification adopted for the compilation and development of these accounts.

In 2008, imports entering the national territory recorded the highest observed growth rate in value since 1997: more than 34%. Much of this growth was due to higher prices, which was estimated at 14.1%. The real volume growth is assumed to be 17.7%.

Increasing import prices were mainly influenced by a rise in the price of oil and its derivatives (+32.6%). Rising oil prices also combined with a significant increase in food prices especially prices of meat (37.7%), fats and oils (37.5%), cereals (33.1%) and dairy products (22.6%). The appreciation of the Euro (+7.4%) also partly contributed to these increases.

⁷ The table below establishes the corrections made to customs statistics.

	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	price	volume
Customs values	17 817	24 334	20 894	16.5	17.3
Oil Correction:	46	-119	284		
- customs values	-3 578	-5 639	-3 878	45.4	8.4
+ Directorate of Oil values	3 624	5 519	4 162	32.6	14.8
Excluded values	-292	-615	-503	22.2	72.3
Money and collection material	-8	-25	-25	1.0	224.2
gold ingots	-398	-760	-617	23.3	55.1
+ gold for jewelry	113	170	138	23.3	21.9
Total Corrections	-246	-735	-219		
Total Corrected	17 571	23 600	20 675	14.1	17.7

Table n° 11
Import of goods by type of product 2007-2008

Type of product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Agriculture	822	1 042	833	25.1	1.3
Livestock	313	348	274	27.0	-12.4
Oil and its derivatives	3 967	6 001	4 530	32.5	14.2
Food industry products	1 776	2 053	1 823	12.6	2.7
<i>Tobacco and alcohol</i>	264	326	339	-3.8	28.0
<i>Food products</i>	1 511	1 728	1 485	16.4	-1.8
Textiles	963	1 205	1 200	0.4	24.6
Non-metallic ores	695	1 125	929	21.1	33.6
Metals, machinery & equipment	5 284	7 379	7 026	5.0	33.0
Timber, rubber & chemicals	3 055	3 576	3 209	11.4	5.0
Furniture	109	157	148	6.2	35.0
Others	588	714	704	1.3	19.8
Total	17 571	23 600	20 675	14.1	17.7
Import of electrical energy	194	144	112	29.3	-42.5
Foreign expenditure	437	510	492	3.7	12.5
Total	18 203	24 254	21 279	14.0	16.9

In terms of import volume, tobacco and alcoholic beverages (+28%) were the two products that experienced significant increases in 2008. Other notable products include textiles (+24.6%), non-metallic ores (+33.6%), metals, machinery and equipment (+33%), and furniture (+35%).

These imports met the needs of companies and households for equipment goods. In fact, as Table n°12 (below) exemplifies, durable goods intended for households in 2008 increased in value to 59% while those for gross fixed capital formation also increased in value to reach 15.7%. It is worth highlighting the significant increase in materials imported for use in the construction sector (+29.8% in value) and industry sector (+35.5%). The growth in volume of these goods is difficult to determine and rely on approximate figures, because the changes in unit values do not reflect the real changes in prices.

Economic growth was observed in 2008 with particular emphasis on augmented reconstruction projects, resulting in a subsequent rise in the importation of intermediate goods. Tables n° 13a to 13e provide details on the evolution of imports of intermediate products used in various economic sectors in 2008 against 2007.

Table n° 12
Territorial imports of goods classified according to use 2007-2008

Type of use	Value (LBP billion)		Changes in % /year 2008 at 2007 prices		
	2007	2008		Price	Volume
Intermediate use in:					
<i>Agriculture and livestock</i>	399	590	421	40.2	5.4
<i>Energy and industry</i>	4 753	6 441	5 290	21.8	11.3
<i>Construction</i>	705	915	865	5.7	22.7
<i>Transportation and services</i>	1 315	1 810	1 508	20.0	14.7
<i>Other sectors</i>	788	1 244	963	29.2	22.2
Total for intermediate uses	7 960	11 000	9 047	21.6	13.6
Final Consumption					
<i>Durable goods</i>	2 241	3 563	3 494	2.0	55.9
<i>Non-durable goods</i>	5 537	6 917	6 052	14.3	9.3
Total for intermediate uses	7 778	10 480	9 545	9.8	22.7
Uses of GFCF in :					
<i>Agriculture and livestock</i>	124	150	139	8.2	12.0
<i>Industry</i>	563	723	718	0.8	27.6
<i>BTP</i>	82	127	120	5.9	46.6
<i>Transport and communications</i>	555	517	507	2.1	-8.7
<i>Trade and services</i>	482	567	568	-0.3	17.8
<i>Other sectors</i>	28	34	32	7.1	15.2
Total GFCF uses	1 833	2 119	2 083	1.7	13.6
Total	17 571	23 600	20 675	14.1	17.7

As observed in the *agriculture and livestock sector*, there was a sharp increase in fertilizer prices particularly fertilizers containing phosphate. This increase did not stop the increase of imported quantities (+16.7%). Following the increase in prices, only the import of pesticides decreased (refer to Table n° 13a).

Intermediate products imported for the *energy and industry sector* include oil products intended for use in the production of electrical energy. This is primarily fuel oil, which witnessed an increase in CIF from LBP 595 million/ ton in 2007 to LBP 824 million/ton in 2008. Other imported oil products for industrial use were not sufficiently detailed for accurate identification; therefore, these were classified under products not distributed by sector (refer to Table n° 13b).

Table n° 13a
Imports of intermediate products for agriculture and livestock 2007-2008

Type of intermediate product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Seeds and seedlings	71	84	78	7.7	9.8
Fertilizers	85	203	100	103.1	16.7
Pesticides	41	43	36	20.4	-12.5
Cattle feed	199	257	204	26.0	2.5
Other products	3	4	4	2.6	16.0
Total	399	590	421	40.2	5.4

Table n° 13b
Imports of intermediate products for energy and industry 2007-2008

Type of intermediate product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Agriculture	297	388	288	34.9	-3.3
Livestock	235	261	187	39.2	-20.4
Oil and its derivatives	1 150	1 772	1 273	39.1	10.7
Food industry products	143	148	136	8.6	-5.2
Textiles and leather	174	200	199	0.5	14.5
Non-metallic ores	368	579	502	15.3	36.4
Metals	1 348	1 711	1 467	16.7	8.8
Timber, rubber & chemicals	1 005	1 337	1 191	12.3	18.5
Other products	32	46	46	-0.7	45.7
Total	4 753	6 441	5 290	21.8	11.3
Excluding oil	3 602	4 670	4 016	16.3	11.5

The unit values of all non-oil products for industry increased by 16.3% in 2008 with an 11.5% increase in import volume. Notably, (Table n° 13b) there was a sharp fall in the imports of livestock products (-20.4%), particularly live animals intended for the production of meat, following a sharp rise in prices (+39.2%). Thus, cattle imported for slaughter dropped from 81 267 tons in 2007 to 62 147 tons in 2008. Similarly, sheep imports fell from 7 418 tons in 2007 to 6 315 tons in 2008. Notably, the import volumes of agricultural and food products primarily intended for use in the food industry decreased slightly. Also observed in decline are raw material imports intended for use in the manufacture of fats and oils such as sesame seeds, which witnessed a drop from 23 459 tons in 2007 to 16 030 tons in 2008. Non-metallic ore products imported for industry, and largely comprising of gemstones and semi-precious stones for use in jewelry, grew significantly in 2008 compared to 2007. CIF values increased from LBP 237.6 billion in 2007 to LBP 375.4 billion in 2008, an increase of 58%. The rising prices of these items were estimated at 13.6%; the volume of imports has increased by 39%.

Overall, the value of imported intermediate goods for *construction* sharply increased in 2008 (+29.7%) with a moderate increase in prices (+5.7%); volumes of these imported products also increased to reach 22.7%. Table n°13c provides data relating to import trends of various types of goods entering into the construction and public works production system.

Table n° 13c
Imports of intermediate products for construction 2007-2008

Type of intermediate product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Non-metallic ores	215	307	285	7.4	33.0
Metals, equipment	437	533	505	5.4	15.6
Timber, chemicals	53	75	74	1.4	38.9
Total	705	915	865	5.7	22.7

Regarding the importation of intermediate products intended for use in the *transportation and services sector*, the value of fuels imports for use in transportation grew sharply mainly due to increased demand and the rise in oil prices of (refer to Table n° 13d).

Finally, it should be noted that some products may be used interchangeably in more than one sector; thereby, hindering the establishment of a distribution key. This is particularly true of liquid fuels such as gas oil and several chemicals (refer to Table n° 13e).

Table n° 13d
Imports of intermediate products for transportation and services 2007-2008

Type of intermediate product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Oil and its derivatives	916	1 323	1 038	27.5	13.3
Non-oil products	399	487	471	3.5	17.9
Metals	187	243	242	0.2	29.3
Timber, rubber & chemicals	124	148	134	10.3	8.6
Other products	89	97	95	2.3	6.6
Total	1 315	1 810	1 508	20.0	14.7

Table n° 13e
Imports of intermediate products not categorized by sector 2007-2008

Type of intermediate product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008	Price	Volume
			at 2007 prices		
Oil and its derivatives	523	909	652	39.5	24.6
Non-oil products	265	335	311	7.7	17.4
<i>Timber, rubber & chemicals</i>	205	253	235	7.8	14.4
<i>Other products</i>	60	82	76	7.5	27.6
Total	788	1 244	963	29.2	22.2

Purchase of electrical energy from Syria, as appearing in EDL accounts, decreased by 42.5%, from 980 MKWh in 2007 to 563 MKWh in 2008 with a price increase of 29.3% (from LBP 198/ KWh to LBP 256/ KWh).

Within the context of **consumer expenditures made abroad by residents in Lebanon**, estimates are based upon the Household Budget Survey of 1997. In the absence of direct statistics for the period after 1997, this expenditure is assumed to grow in volume according to the activities of Lebanese citizens traveling abroad: +12.5% in 2008.

An indicator was used in calculating expenditure changes in terms of value, which considered the average exchange rates of the Euro and the United States dollar against the Lebanese pound. The U.S. dollar's rate of exchange is kept constant the Central Bank of Lebanon; however, the Euro appreciated against the Lebanese pound by 7.4% in 2008.

Chapter 3 Consumption

Final consumption represents the most significant portion of the final use of goods and services, accounting for 70-75% of available resources according to the years. It comprises both household consumption (private consumption) and public administration consumption (public consumption), each of which is reviewed in one of the two sections set forth in this chapter.

Section I. Household consumption

Household consumption data is obtained by estimating domestic private consumption (internal consumption in Lebanon), deducting from it the consumption of tourists, and adding the expenditures of Lebanese travellers abroad. This consumption was estimated during the elaboration of the 1997 accounts based on the results of the Household Budget Survey, with extrapolated estimates for subsequent years using adequate indicators.

Table n°14 demonstrates the evolution of household consumption by type of product and according to its various components. A compiled consumer price index has been specially formulated to demonstrate the real evolution of consumption. The sources of all data applied are published in the Annex.

Table n° 14
Household consumption by type of product 2007-2008

Type of product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volum e
Foods	7 936	9 267	7 832	18.3	-1.3
Tobacco and alcohol	703	961	936	2.7	33.2
Textiles, leather and clothing	1 931	2 564	2 380	7.7	23.3
Energy and water	1 782	2 058	1 861	10.6	4.4
Durable goods	3 495	5 953	5 464	8.9	56.3
Other manufactured goods	2 335	2 631	2 384	10.4	2.1
Transportation and communications	3 084	3 517	3 331	5.6	8.0
Housing services	2 321	2 435	2 369	2.8	2.1
Education and health	5 678	6 179	5 789	6.7	1.9
Other services	3 142	3 767	3 274	15.1	4.2
Domestic consumption	32 407	39 331	35 620	10.4	9.9
-Net expenditure of travelers	-1 096	-1 489	-1 319	12.9	20.3
Total	31 311	37 842	34 301	10.3	9.5

The growth rate of the components of domestic private consumption (households and tourists on the national territory) evolved erratically in 2008: significant increase in the

sales of durable goods and products which are not basic necessities—such as tobacco, alcoholic beverages and textiles—accompanied by a decrease in the volume of foods consumed.

a) Consumption of foods

In 2008, food consumption dropped by 1.3% in volume, following a sharp increase in prices (+18.3%). However, the Ministry of Agriculture has yet to estimate the agricultural output (see Chapter 1, Section 1), the data on food consumption used for these accounts are based on approximations. Table n°15 (below) demonstrates the evolution of spending patterns on different type of food categories, as they emerged from customs statistics, provisional estimates of agricultural output, and certain branches of the foods industry.

Table n° 15
Household consumption of food by type of product 2007-2008

Type of product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Agriculture:	1 987	2 361	2 053	15.0	3.3
<i>Cereals</i>	62	123	63	96.1	0.6
<i>Fruits</i>	839	1 059	884	19.8	5.3
<i>Vegetables</i>	1 036	1 122	1 056	6.2	1.9
<i>Others</i>	49	57	49	15.4	1.4
Livestock and fisheries	722	862	806	6.9	11.7
Foods industry	5 228	6 045	4 973	21.5	-4.9
<i>Fresh meats</i>	1 311	1 435	1 184	21.2	-9.6
<i>Grains and cereals</i>	1 038	1 310	1 060	23.6	2.1
<i>Dairy products</i>	886	1 019	818	24.7	-7.7
<i>Fats and oils</i>	509	669	490	36.4	-3.6
<i>Sugar, chocolate & sweets</i>	219	253	229	10.5	4.6
<i>Processed foods and others</i>	794	861	743	31.6	-12.8
<i>Non-alcoholic beverages</i>	471	498	448	10.9	-4.8
Total	7 936	9 267	7 832	18.3	-1.3

Take note of the exceedingly sharp rise in the consumer prices of cereals (+96.1%). This increase stemmed from the rising price of rice which has almost doubled in one year, increasing from an average of LPB 1 878/kg in 2007 to LPB 3 682/kg in 2008. However, the volume of rice consumed remained constant at around 43 000 tons in both 2007 and 2008.

b) Consumption of tobacco and alcoholic beverages

According to statistics provided by the State-owned tobacco monopoly, La Régie des Tabacs, the volume of tobacco purchased by residents and non-residents on the national territory grew significantly in 2008 (+36.4%) with stagnating prices. La Régie des Tabacs sales have indeed increased from LBP 583.5 billion in 2007 to LBP 690.3 billion in 2008. These sales are mainly from imported tobacco, the volumes of which reached 10 107 tons in 2008 against 7 594 tons in 2007. However, local tobacco production has continued to decline since 2005.

National territory sales of alcoholic beverages also increased sharply between 2007 and 2008, rising from LBP 142 billion to LBP 191 billion. However, a portion of this increase is due to higher retail prices which reached 11.3%; while the amount consumed also increased by 20.6%.

c) Private expenditure on textiles and clothing

Consumer expenditure on textiles and clothing have been estimated at LBP 2,564 billion in 2008, up 32.8% over 2007. Prices for these products increased by 7.7% and the amount consumed increased by 23.3%. We have little details on the consumption trends of each of the different components that comprise this group of products, which includes clothing, leather articles, household linen, and carpets. The increase in sales of these products appears largely to be the result of tourist purchases.

d) Private consumption of energy

Table n°16 provides energy and water consumption details, which includes expenditure on electricity, water, and oil products.

Table n° 16
Household consumption of energy and water 2007-2008

Type of product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Electricity	645	674	679	-0.7	5.2
Water	159	160	160	0.0	1.0
Oil and its derivatives	953	1 171	975	20.1	2.3
Solid fuels	25	53	48	...	...
Total	1 782	2 058	1 861	10.6	4.4

We note that electricity consumption grew by 5.2% with a modest change in price. (It is important to note that even at a constant tariff, the average price can change to reflect the configuration of consumption with progressive tariff).

In the absence of recent statistics, water consumption is based on estimations, assuming it increases at the same rate as the number of dwellings, prices having remained unchanged.

With an average price increase of 20.1%, consumption of oil and its derivatives increased by 2.3% in 2008. Households have two main uses for oil and its derivatives: transportation (as fuel for private motor vehicles) and domestic purposes such as central heating and cooking (gas oil and butane gas).

- The volume of gasoline consumed increased by 7.2% despite a 17% rise in consumer price, the average price of twenty liters of gasoline having increased from LBP 23 127 in 2007 to LBP 27 049 in 2008. However, this increase is lower than import prices, which reached 21% as the public administration has not modified its price stabilization policy at pump prices, the actual consumer share of taxes on gasoline consumer prices was 13.4% in 2008, decreasing from 55.5% in 2003 to 18.3% in 2007.
- The volume of gas oil consumed by households and businesses, excluding EDL consumption and diesel fuel, increased by 31% despite the sharp rise in the price of this fuel: 47.2% in 2008 compared to 2007. It is estimated that demand for diesel fuel stems mostly from businesses given that households have not significantly increased their consumption for domestic heating.
- The consumption volume of domestic gas increased by 1.6% in 2008 with a 21.6% rise in price: the average price of a 10-kilogram bottle increased from LBP 13 572 in 2007 to LBP 16 501 in 2008.

e) Purchase of capital goods by households

After two years of decline, namely 2005 and 2006, household expenditure directed at purchasing capital goods rebounded in 2007 and continued to rise at an accelerated rate: +21.2% in value in 2007 and +70.3% in 2008.

Table n° 17
Purchase of capital goods by households 2007-2008

Type of product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Motor vehicles	2 214	4 185	3 804	10.0	71.8
Machinery and equipment	504	631	623	1.2	23.7
Furniture	293	388	331	17.4	12.8
Various appliances	255	362	354	2.1	39.2
Jewelry	229	399	351	10.2	53.3
Total	3 495	5 965	5 464	8.9	56.3

The purchase of motor vehicles constituted the principal expenditure on capital goods (approximately 63% in 2007 and 70% in 2008). In terms of volume, the number of imported motor vehicles that declined between 2004 and 2006 from 45 443 units to 39 702 units, and increased to 51 937 units in 2007 then to 100 207 units in 2008, i.e. 93% more than 2007. It appears that a good portion of these imported cars in 2008 went to car rental companies to meet the growing demand of tourists and visitors. Taking into account the evolution of various motor vehicle categories, purchases of

private motor vehicles by households increased in volume to reach 71.8%, and given the increased prices (+10%), household expenditure on the purchase of motor vehicles increased by 89% in 2008 as compared to 2007.

The expenditure on purchases for machinery and appliances, and other equipment also increased, albeit more moderately. The sharp increase in expenditure on jewelry (+68.9%) is largely due to purchases by tourists.

f) Consumption of other manufactured goods

Under the heading, “other manufactured goods”, various products are grouped into the following categories: chemical and pharmaceutical products; products for personal and domestic care; printing works, and a variety of glass, pottery, or metal products. Table n°18 provides the consumption evolution of these products.

Table n° 18
Consumption of manufactured goods by type 2007-2008

Type of product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Chemicals and pharmaceuticals	1 769	1 972	1 751	12.6	-1.0
Printing works	425	461	461	0.0	10.0
Glass, metalwork	119	169	145	16.8	22.2
Other products	22	29	27	5.3	23.7
Total	2 335	2 631	2 384	10.4	2.1

- Chemicals and pharmaceuticals represent the most important goods of this category, making more than 5% of total domestic private consumption. The expenditure in this sector increased in value but decreased in volume, following a 12.6% increase in prices. It is important to take note of the evolution in volume of imported drugs intended for retail trade. The value of these imports increased from LBP 830.3 billion to LBP 943.8 billion between 2007 and 2008, while import volumes remained constant at 5 658 tons.
- Printing works products are the second most significant in this category and primarily consist of newspapers, magazines and books, including textbooks. Prices have remained stable in this sector and household expenditure in this area increased by 10% in 2008.

g) Private expenditure on transportation and communications

In 2008, expenditure on *air transportation* services progressed robustly: +25.4% in value, +11.9% in volume, with a 12 % rise in prices. It should be noted that domestic consumption of *air transportation* services is equal to the value of passenger tickets sold by travel agencies in the national territory. These sales figures are taken from the statistics provided by IATA.

Table n° 19

Domestic consumption of transportation and communications services 2007-2008					
Type of product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Road transportation	839	1 021	878	16.4	4.7
Air transportation and travel	595	746	666	12.0	11.9
Postal & telecommunications(PTT)	1 651	1 750	1 787	-2.1	8.3
Total	3 084	3 517	3 331	5.6	8.0

Alternatively, *road transportation* services grew moderately, increasing by 21.7% in 2008 against 2007. This rise is almost entirely due to price increases.

In the *postal services and telecommunications (PTT)* sector, household expenditure growth was modest in 2008 due to lower prices, with volume growth reaching 8.3%. However, these figures are subject to revision, given that the PTT administration have yet to publish their final accounts.

h) Rental value of housing

In the absence of verifiable statistics on the evolution of housing, the number of occupied dwellings was assumed to be equal to the annual number of registered marriages net re-entries into existing dwellings. This number accounts for 2.1% of dwellings occupied in the previous year. The average rental value of apartments has increased by 2.8%. Relying on data from the Survey of Living Conditions of Households which estimated that, the rental value of housing units was LBP 2 059 billion in 1997, this value reached LBP 2 435 billion in 2008.

i) Consumption of education and health services

The social services sector represents more than 16% of total private consumption. It includes private expenditure on education and health that have progressed at different rates as Table n°20 demonstrates.

Table n° 20
Consumption of social services by type 2007-2008

Type of service	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Education	3 509	3 837	3 660	4.8	4.3
Health	2 170	2 342	2 129	10.0	-1.9
Total	5 678	6 179	5 789	6.7	1.9

Tuition fees for primary and secondary education, and private universities amounted to LBP 3 509 billion in 2007, and LBP 3 837 billion in 2008, registering a growth rate of

9.3%. Considering the 4.8% increase in tuition fees, the real growth rate per annum is 4.3%. This growth can be largely attributed to the proliferation of private universities. In fact, the number of students enrolled in private universities increased from 87 403 in 2007 to 92 969 in 2008 representing an average growth rate of 6.4%, while the number of students enrolled in private schools increased from 529 378 in 2007 to 548 605 in 2008 (+ 3.6%). Overall, and as the expenditure on education increased less rapidly than total expenditure of households, the budgetary coefficient of these expenditures declined from 11.2% in 2007 to 10.1% in 2008.

The evolution of *health services* is worse documented. Assuming that a direct correlation exists between the volume of imported drugs and the volume of healthcare provided by private health services, the latter is estimated to have grown significantly in the two-year period between 2006 and 2007, and declined slightly in 2008. Surveys of healthcare prices have also demonstrated a 10% increase in 2008 against 2007. Thus, health services expenditure increased by 7.9% in 2008 and its burden on household consumption decreased from 6.9% in 2007 to 6.2% in 2008. Note that the public administration guarantees healthcare assistance by paying a percentage of hospital expenses, therefore accounts for this assistance are found under the public administration consumption heading (refer to next section).

j) Consumption of individual services

Individual services represent between 9% and 10% of total household and tourist expenditures on the national territory. These services include hotels and restaurants, maintenance and repair services, and miscellaneous services such as leisure, personal care, and domestic help.

Table n°21 illustrates the breakdown of these services and their evolution between 2007 and 2008.

Table n° 21
Consumption of individual services by type 2007-2008

Type of service	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Hotels and restaurants	1 223	1 602	1 340	19.6	9.5
Maintenance and repairs	271	343	304	12.6	12.3
Insurances and banks	677	710	646	10.0	-4.6
Other services	971	1 112	984	13.0	1.3
Total	3 142	3 767	3 274	15.1	4.2

The *hotel and restaurant sector* is partly dependent on the number of tourists and improvements in the living standards of the resident population. In 2008, the number partly on foreign arrivals increased by approximately 18% compared to 2007 (refer to Chapter 1, section VI, subsection d).

In the *maintenance and repair services* sector, consumption is derived from the estimated output of such services (refer to Chapter 1, section VI, subsection b).

Consumption of *financial services* comprises banking and insurance services. Consumption of banking services by households is equivalent to the net value of banking income imputed to households in proportion to bank loans. This proportion has decreased from LBP 362 to LBP 345 billion between 2007 and 2008. As for insurance services, whose value is equal to the sum of premiums paid by households less claims consumed by households, has increased from LBP 315 to LBP 365 billion. In total, financial services expenditure attributed to household consumption increased by 4.9%. However, given the general rise in prices (+10%), final consumption of financial services decreased in volume by 4.6%. (refer to Chapter 1, section VI, paragraph g for calculating financial services output).

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 accounted for in the chapter associated with production (refer to chapter 1, section VIII).

Public consumption includes, next to the value of collective services, production costs of individual services that are either free-of-charge with nominal fees, such as education and healthcare services dispensed through State-owned establishments or private establishments under contract. Normally, these services are subject to separate estimates. The current system of public accounts does not allow the establishment of a separate account for such social services provided by the public administration. However, we can infer the main variables that enter in the calculations of the value of these services. Table n°22 demonstrates the expenditure on education as they appear in the State's closure accounts vis-à-vis primary and secondary education, and in the accounts of the Lebanese University for higher education. The table also highlights the amounts disbursed by the Ministry of Health for the hospitalization of patients treated at the State's expense.

Table n° 22
Estimated cost of public education and health services 2004-2008

	<i>billion LBP</i>				
Type of service	2004	2005	2006	2007	2008p
Primary and secondary education					
<i>Wages and Salaries</i>	504	495	485	504	550
<i>Consumption of goods and services</i>	41	24	20	23	22
Total	545	519	505	527	572
Lebanese University					
<i>Wages and Salaries</i>	118	116	...	...	...
<i>Consumption of goods and services</i>	17	18	...	...	...
Total	135	134	157	146	173
Total Education	680	653	662	673	684
Hospital expenditure	227	222	180	210	309
Total social services	907	875	842	883	993

Note : this data for 2008 is provisional

In order to complete the cost estimates of such services, it is necessary to include an evaluation of the depreciation of the State's school and university buildings, and to deduct part of the bank debt burden born by the State to cover its deficit.

If measured by the yearly change in the number of students enrolled in public education, the growth in volume of public education services is different than the growth in costs especially of primary and secondary education:

- In *primary and secondary education*, the total number of students enrolled in both public and free private schools, increased from 450 784 during the 2006-2007 academic year to 427 761 in 2007-2008, recording a decrease of 5.1%. The rising cost of tuition fees (+8.5%) is attributed to the increase in the minimum wage decreed by the State, starting May 2008.

- At the *Lebanese University*, on the other hand, the cost of education varied according to the number of enrolled students, which increased by 1.7% from 72 961 in 2007 to 74 176 in 2008. The 18.5% increase in operating expenses at the Lebanese University is largely due to higher wages and salaries.

Chapter 4 Investments

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

Section I. Gross fixed capital formation

Overall, GFCF is calculated by adding the general value of capital goods purchased by enterprises and the public administration to the general value of the construction sector's output given the majority of such goods are imported, foreign trade statistics provide the necessary indicators for estimating their values. Table n°23 shows the breakdown of the GFCF and its progress in 2008 compared to 2007.

Table n° 23
Gross fixed capital formation by type 2007-2008

Type of fixed capital	Value (LBP billion)		Changes in % /year		
	2007	2008	2008 at 2007 prices	Price	Volume
Construction and public works	7 222	9 609	8 439	13.9	16.8
Machinery and equipment	1 044	1 440	1 407	2.4	34.8
Transportation equipment	970	1 206	1 156	4.3	19.2
Furniture	360	448	432	3.6	20.0
Other products	531	660	552	19.5	4.1
Total	10 127	13 363	11 987	11.5	18.4

After a year of significant growth, the urgent need to reconstruct infrastructure destroyed by the 2006 summer war boosted construction activity, and this upward trend continued into 2008: +33% in value and +16.8% in volume.

In 2008, a strong growth in capital goods investments in equipment is indicated with particular emphasis on machinery and equipment where values increased by 38% in 2008 and those of transport equipment (+24.4% in value). Price changes used for calculating variations in the volume of investment goods, are estimated as the import unit values of these goods plus taxes. Within this context, price variations could be partly attributed to changes in quality.

Breakdown of GFCF in both the private and public sectors

The gross fixed capital formation of enterprises is not known directly. Rather, it is measured by calculating the difference between the total value and the value represented by public investments; thus, the investments of all enterprises are not obtained, but rather those of the private sector. Indeed, public investments include, in addition to public administration GFCF, infrastructural expenditures towards electrical

energy, water distribution and telecommunications, which constitute a part of public companies' GFCF.

Table n° 24
Breakdown of GFCF in the private/ public sector 2004-2008

	<i>billion LBP</i>				
End-user sector	2004	2005	2006	2007	2008
Private sector	5 935	6 441	6 860	9 176	12 351
Public sector	950	872	908	951	1 012
Total	6 884	7 313	7 768	10 127	13 363

Public investments are estimated from the accounts of the State and of autonomous administrations, including CDR.⁸

The fiscal restraint policy adopted by the State to alleviate the public debt burden has resulted in weak public investment growth. Almost stationary from 2004 to 2007, public spending on infrastructure and equipment in 2008 increased by 6.4%. Nevertheless, given the rising cost of construction, public investment has actually decreased in volume by 5.9%.

Section II. Changes in inventories

Statistics are unavailable concerning inventories of enterprises. Changes in inventories appearing in these accounts are aimed at regularizing the use of resources in goods and services across successive years. In 2007, the significant increase in imports was partly due to the need for stock replenishments, which began in 2006 following the port embargo and the restriction of provisions during the six-week war period. In 2008, importers anticipating increased demand led to significant stock replenishment. The balancing of accounts resulted in a variation of stocks estimated at LBP +446 billion in 2008.

Prices used for calculating changes in inventories in volume were drawn from the unit values at import of the stocked goods.

⁸ Public investments have been revised following a detailed examination of municipalities' accounts and projects executed by the CDR.

Chapter 5

Exports

According to standard concepts, exports take account of the exports of goods and services in addition to foreign tourist expenditure on the national economic territory.

After the cessation of hostilities in 2006, exports recovered and resumed the rate of growth from previous years: 20.9% and 27.5% in value in 2007 and 2008 respectively against 2% in 2006. The sections set forth below review the export trends of the various sectors, which are highlighted in Table n° 25.

Table n° 25
Exports of goods and services by type 2007-2008

Type of product	Value (LBP billion)		Changes in % / year		
	2007	2008	2008 at 2007 prices	Price	Volume
Agricultural exports	442	472	486	-3.0	10.1
<i>Agriculture products</i>	402	427	439	-2.7	9.1
<i>Livestock products</i>	40	45	48	-5.6	20.0
Manufactured goods exports	4 875	6 165	5 344	15.4	9.6
<i>Food industry products</i>	468	577	515	11.9	10.2
<i>Textiles and leather</i>	579	656	634	3.4	9.5
<i>Non-metallic ores</i>	323	478	401	19.2	24.3
<i>Metals, machines & equipment</i>	1 957	2 296	2 128	7.9	8.8
<i>Timber, rubber & chemicals</i>	738	1 139	773	47.4	4.7
<i>Furniture</i>	101	133	124	6.6	22.7
<i>Other products</i>	708	887	768	15.5	8.4
Total goods exported	5 316	6 637	5 831	13.8	9.7
Exportation de services	1 844	2 444	2 247	8.8	21.9
<i>Telecommunications</i>	205	225	230	-2.1	12.0
<i>Business services</i>	430	516	469	10.0	9.1
<i>Financial services</i>	304	643	585	10.0	92.3
<i>Trade</i>	905	1 061	964	10.0	6.6
Exports abroad	7 160	9 081	8 078	12.4	12.8
Foreign tourist expenditures	1 533	1 999	1 811	10.4	18.1
Grand Total	8 694	11 080	9 888	12.1	13.7

The prices selected to appraise the variations in volume for exported goods are those that are deduced from customs statistics by dividing values by quantities. Moreover, the prices of services are assumed to have changed the same as the general price index, and the price index of foreign tourist expenditure on the national territory is assumed to be equal to the consumer price index.

a) Agricultural exports

Agricultural exports strongly recovered in 2007 but growth was more moderate in 2008: 10.1% in volume but 6.8% in value terms, export prices fell by 3%. It is important to note the value of agricultural exports in these accounts; the values are significantly higher than those entered in customs statistics. Consequently, coefficients of adjustment in the range of 1.5% to 3% are applied in order to balance the accounts of the agricultural products uses/resources.

In 2008, fruit exports, which account for more than half of all agricultural exports, were relatively stationary. By contrast, the volume of raw tobacco exports witnessed strong growth, increasing from 8 073 tons in 2007 to 10 509 tons in 2008; the Régie des Tabacs has significantly reduced the production of cigarettes due to a drop in demand.

b) Industrial exports

Comparable to agricultural exports, customs statistics regarding the exports of manufactured goods were corrected upward for some goods, albeit to significantly lesser degrees.

Growth of industrial exports resumed in 2007 and continued to rise in 2008: +26.5% in value. However, given the rise in export prices, export growth rate in terms of manufactured goods volume was only 9.6%.

It is important to note that exports and imports of gold ingots were excluded from these accounts, given that its inclusion would have distorted the real trends of industrial exports. Indeed, as illustrated in the table below, gold exports fluctuated erratically between 2005 and 2008: +270.3% in 2006, -29.4% in 2007 and +1.4% in 2008.

Table n° 26
Exports of gold ingots 2005-2008

	2005	2006	2007	2008	<i>Changes in % / year</i>		
					2006	2007	2008
Value (LBP billion)	181.3	671.4	474.2	481.0	270.3	-29.4	1.4
Quantity (kg)	9 878	26 994	16 254	12 254	173.3	-39.8	-24.6
Price(LBP million/kg)	18.4	24.9	29.2	39.3	35.5	17.3	34.6

- The foods industry as a whole witnessed an increase in the value of its exports increasing by approximately 23% while exported volume increased by 10.2% in 2008. This increase is largely due to higher prices (+11.9%).

Among the products exported, the most significant in this industry include:

Processed foods, representing 30% of exports in this category, witnessed exports increase by 30.6% in value and 10.7% in volume;

confectionery and chocolate: comprising 21% of foods industry exports, 19.2% growth in value and 9.1% in volume ;

Pastries: representing 9.4% of exports in this category; 46.5% growth in value and 37% in volume;

Fats and oils exports, accounting for 8.1% of foods industry exports, declined in volume by 6.5% but prices increased by 20.4%; thereby, increasing value by 12.6%.

- Exports of textiles, clothing, and leather products continued in the growth cycle recorded in the preceding year, albeit, at a slower rate in 2008: 13.3% in value against 16.2% in 2007. Due to increased prices, the growth in volume was lower in contrast to 2007 when the average price of exports fell.
- Non-metallic ore exports and derivatives containing these minerals continued to experience strong growth : +24.3% in volume and +48.0% in value. In 2008, nearly three-quarters of these products comprise of uncut diamonds and cement. Diamond export (or rather re-exportation) increased from 374 kg, valued at LBP 110 billion in 2007 to 508 kg, valued at LBP 185 billion. The volume growth in the export of cement increased from 903 thousand tons in 2007 to 1 257 thousand tons in 2008 (+39.2%); however, 10% increase in price affected the export value of this product, which increased by 53.6%, i.e. from LBP 112 billion in 2007 to LBP 172 billion in 2008.
- The metal, machines and equipment category occupies an important position in industrial exports (accounting for 37.2% of the total value of exported manufactured goods in 2008). It is classified under the following subcategories : metals, excluding gold (10.1%); metal works (6.7%); machinery and equipment (18.2%); transportation equipment (2.2%).
 - o Metal exports increased in 2008 by 5% in value. This increase stemmed from the export of scrap metal (waste), which increased from LBP 239 billion in 2007 to LBP 272 billion in 2008.
 - o Exports of metal works increased in value by 26.4%. Metal structures for use in construction projects are among the main products exported in this subcategory, and their export value increased from LBP 33.9 billion in 2007 to LBP 51.3 billion in 2008.
 - o The exports of machinery and equipment also increased to 22.6% in 2008 compared to 2007, and the export of transportation equipment increased by 14.1%.
- More than half of the subcategory "timber, rubber, chemicals" exports comprise of basic chemicals, which witnessed sharp price increases in 2008. The export price of phosphoric acid in particular increased 3.6 times: the export value of this product increased from LBP 58 billion in 2007 to LBP 147.5 billion in 2008 while the exported volume declined from of 137.8 thousand tons to 97.5 thousand tons. The other categories under this subcategory experienced regular export cycles : The exported value of woodwork (excluding furniture) increased from LBP 34.6 billion in 2007 to LBP 51.2 billion in 2008 with a 10% price increase; pulp and paper exports rose from LBP 174.4 billion to LBP 205.5 billion with a 6.6% price increase; exports of plastics increased from LBP 84.7 billion to LBP 102.3 billion with a 2.1% price increase.
- Although negligible, exports of furniture also increased in value : +30.7%.
- Other products in this category primarily includes print works, which witnessed an exports value increase of 15.7%, rising from LBP 267 billion in 2007 to LBP 309 billion in 2008. The export of jewelry in this category also recorded a 35.8% increase, rising from LBP 341 billion to LBP 463 billion.

c) Exports of services

Foreign exchanges of services are not yet well inventoried. At present, only the net receipts of public services for telecommunication are known on regular basis. The net exports of transportation services have been omitted. However, the net exports of business services have been estimated based on a survey of large enterprises, which was performed in 2004. Exports of financial services comprise the part of the net banking product imputed to interests received from abroad and net exports of reinsurance services, these being negative. It is important to note the triangular trade receipts retained in these accounts are extremely rough estimates.

The net receipts of the General Directorate of Telecommunications, resulting from overseas communications, resumed their rate of growth in 2007 (+3.7%) and 2008 (+9.8%)⁹ after two consecutive years of decline: -3.6% in 2005 and -4.7% in 2006.

According to the declarations made available by large companies in the above-mentioned survey of enterprises, the overseas turnover by Lebanese companies in business services, net of services payments to non-residents, increased from LBP 205 billion in 2002 to LBP 245 billion in 2003, representing a rise of 19.3%.¹⁰ A growth rate figure of 25% was retained after it was derived from the 2004 and 2005 values, taking into account offshore companies' tax returns to the Ministry of Finance. In the absence of current statistics, an average growth rate of 6% per annum was adopted for the 2006 and 2007 estimates, and 20% for 2008. Given the impossibility to define and monitor the prices of such services, the general growth rate of prices of 10% was adopted to estimate the growth rate in volume of these services.

The significantly strong financial services growth recorded in 2008 resulted from an increase in the interests received from their investment overseas and higher interest rate differential ratio. According to estimates from the Central Bank of Lebanon the interest received from abroad, increased from LBP 1 047 billion in 2007 to LBP 1 744 billion in 2008. The banking services/earned interests ratio was 27.5% in 2007 and 32.8% in 2008; the part of the interest considered as exports amounted to LBP 288 billion in 2007 and LBP 572 billion in 2008. In addition to the interest rate differential, bank charges must be added on net external transactions, translating into LBP 67 billion in 2007 and LBP 136 billion in 2008. Services of foreign reinsurances represented net imports of LBP 51 and LBP 54 billion respectively in 2007 and 2008. These amounts were deducted from the exports of services. These amounts were subtracted from exports of services. Thus, financial services from foreign transactions have increased of 111.5%. As such, 10% of this increase is most probably due to a general increase in prices.

The growth rate retained for the triangular trade estimate of net revenue is the one used for the changes in transit activities and re-export. Following a year of strong growth in 2004 (+32.4%) , net revenues from foreign trade activity was in constant decline: -3.5% in 2005, -17.8% in 2006 and -3.9% in 2007, but growth resumed in 2008 (+17.2%). As for financial services, a conventional 10% inflation rate was retained to measure the rising prices of this service.

⁹ Provisional figures.

¹⁰ The results of the large enterprises survey revealed that exports of services in the 1997-2002 accounts were grossly underestimated.

d) Expenditure of tourists

By convention, the growth rate in volume of tourist expenditure and other foreign travelers on the national territory is equal to the total growth rate of the annual number of foreign visitors (excluding Syrian nationals) returning to Lebanon: +18.1% in 2008. The consumer price index was selected to estimate the value of tourist expenditure.

PART TWO

Integrated economic accounts

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

The five economic agent categories of the national economy are:

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

At the current stage of development, the national statistics of Lebanon prohibit the establishment of a separate and accurate integrated economic accounts record for each of the five agents. Therefore, it is practically impossible to provide a distribution of output operations between non-financial corporations and households. In contrast, the main elements of the integrated economic accounts of domestic economic agents as a whole and those concerning the rest of the world can be approximated.

Tables n°27 and n°28 present both the integrated economic accounts of the national economy (S.1) and rest of the world (S.2). These account modules make it possible to measure the main flows that represented economic activity between 2007 and 2008.

Chapter 1 presents the integrated economic accounts of the national economy, which measure the main aggregates: production account, generation of income and primary distribution 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 balance of payments elements, which are divided into four accounts: exchange of goods and services account, account of income and current transfers, capital transfers account, and finally, the financial account.

The economic agent accounts which are possible to establish are the accounts of the central administration and commercial banks; these accounts are reproduced in the annex.

Table n° 27
Integrated accounts of the national economy (S.1) 2007 – 2008

Billion LBP

Accounts	Uses		Resources	
	2007	2008	2007	2008
I. Production account				
P11. Market output			47 100	57 913
P12. Non-market output			5 509	6 646
D2-D3. Taxes - subsidies/products			5 761	7 203
P2. Intermediate consumption	20 597	26 638		
<i>B1. Gross value-added (GDP)</i>	<i>37 774</i>	<i>45 124</i>		
Total	58 370	71 762	58 370	71 762
II.I. Generation and allocation of primary income account				
B1. GDP			37 774	45 124
D2-D3. Taxes(-)subsidies/products	5 761	7 203	5 761	7 203
D41. Interests	8 024	6 090	8 100	5 959
<i>private sector</i>	<i>3 631</i>	<i>2 740</i>		
<i>public sector</i>	<i>4 393</i>	<i>3 350</i>		
D1+D4. Compensation, other income	25 108	30 658	25 668	31 195
<i>B5. Balance of primary income (GNI)</i>	<i>38 410</i>	<i>45 530</i>		
Total	77 303	89 480	77 303	89 480
II.2 Secondary distribution of income account				
B5. GNI			38 410	45 530
D5. Direct taxes	1 944	2 754	1 944	2 754
D61. Social security contributions	1 128	1 084	1 128	1 084
D62. Social security benefits	1 848	1 833	1 872	1 858
D79. Other current transfers	527	560	6 894	11 919
<i>B6. Bal. of sec. income (GNDI)</i>	<i>44 801</i>	<i>56 914</i>		
Total	50 248	63 145	50 248	63 145
II.4. Use of income account				
P2. Consumption	36 820	44 488		
<i>B8. Gross saving</i>	<i>7 981</i>	<i>12 426</i>		
Total : GNDI	44 801	56 914	44 801	56 914
III. 1 Capital account				
B8. Gross saving			7 981	12 426
P51. Gross fixed capital formation	10 462	13 809		
D9. Capital transfers	105	100	2 230	3 892
<i>B9. Balance: net lending/borrowing</i>	<i>-357</i>	<i>2 409</i>		
Total	10 211	16 318	10 211	16 318
III. 2 Financial Account				
B9. Net lending/borrowing			-357	2 409
F2. Currency and deposits	12 624	18 608	9 554	13 390
F3. Securities other than loans	2 757	5 875	3 007	6 322
F4. Loans	2 199	4 369	2 831	4 566
F5. Shares/other equities	107	-1 069	2 652	1 097
Total	17 687	27 783	17 687	27 783

Table n° 28
Rest of the world accounts (S.2) 2007 – 2008

Billion LBP

Accounts	Uses		Resources	
	2007	2008	2007	2008
I. Transactions of goods and services				
Imports			18 203	24 254
Exports	8 694	11 080		
<i>B11. Trade balance</i>	<i>9 509</i>	<i>13 174</i>		
Total	18 203	24 254	18 203	24 254
II. Primary income and current transfers account				
B11. Trade balance			9 509	13 173
D1. Compensation of employees	755	1 421	1 201	1 577
D41. Interests	2 317	1 863	2 241	1 993
D4... Other income (net)	1 427	1 190	421	498
D62. Social benefits	24	25		
D79. Other current transfers (net)	6 367	11 359		
<i>B12. Current balance</i>	<i>2 481</i>	<i>1 384</i>		
Total	13 372	17 241	13 372	17 241
III. 1 Capital account				
B12. Current balance			2 481	1 384
D9. Capital transfers (net)	2 125	3 792		
<i>B9. Balance: Net lending/borrowing</i>	<i>357</i>	<i>-2 409</i>		
Total	2 481	1 384	2 481	1 384
III. 2 Financial Account				
B9. Net lending/borrowing			357	-2 409
F2. Currency and deposits (net)			3 070	5 218
F3. Securities other than loans	250	447		
F4. Loans	632	196		
F5. Shares / other equities	2 544	2 167		
Total	3 427	2 810	3 427	2 810

Chapter 1

Integrated accounts of the national economy

The various transactions carried out between economic agents, or flows, arising from economic activity, are divided into the following six categories or sub-categories of these accounts (the Roman numerals used are the international classification codes of these accounts):

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

These accounts make it possible to measure the main aggregates that represent economic activity. These aggregates are summarized in Table n° 29 below.

Table n° 29
Evolution of the main aggregates 2004 – 2008

	<i>Billion LBP</i>				
Type of aggregate	2004	2005	2006	2007	2008
GDP	32 867	32 923	33 826	37 774	45 124
+Net income factors	-531	787	567	636	406
= GNI	32 336	33 710	34 393	38 410	45 530
+ Net current transfers	4 451	3 851	6 159	6 391	11 384
= GNDI	36 787	37 561	40 553	44 801	56 914
- Final consumption	-32 718	-32 702	-33 159	-36 820	-44 488
= Gross national saving	4 069	4 859	7 394	7 981	12 426
+ Net capital transfers	1 904	1 279	4 096	2 125	3 792
= Gross disposable saving	5 973	6 138	11 490	10 106	16 218
- GFCF	7 284	7 222	7 733	10 462	13 809
= Net lending (+)/borrowing (-)	-1 312	-1 084	3 757	-357	2 409
+Foreign financing	1 567	2 210	456	3 427	2 810
= Balance of payments	255	1 126	4 213	3 070	5 218

Note: The figures from 2004 to 2007 have been revised

Thus :

- Gross domestic product (GDP) is the balancing item in the production account of all economic agents
- Gross national income (GNI) is derived from the allocation of primary income account
- Gross national disposable income (GNDI) is the balancing item of the secondary distribution of income account
- Gross national saving is the balancing item in the use of income account

- Gross disposable saving and net lending/borrowing are deduced from the capital account
- The balancing item in the balance of payments appears in the financial account under the heading, “Changes of cash and deposits”

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

Section I. Production account

In resources, the production account records the production value received by various economic agents, and it uses the value of intermediate consumption. The balance of this account is equal to gross domestic product or GDP.

The production value is sub-divided into: market output (P.11), non-market output (P.12), and taxes minus product subsidies (D.2 – D.3).

a) Market output (P.11)

Market output is equal to the sum of receipts, excluding taxes, of all production units resulting from the sale of goods and services. However, given the estimation methods adopted in the absence of adequate statistics, the market output value described herein also includes the production value of own final consumption.

The production value is equal to the sum of the output values of all market sectors calculated at market prices minus indirect taxes plus operational 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 an estimate of public administration output. Thus, it excludes the output value of self-consumed households and that of non-profit institutions serving households.

The estimation method used for this output is described in part one, chapter one of this report.

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

In principle, only specific net taxes on products less subsidies should appear in this account. However, given the data lack in this area, all indirect taxes featuring in the generation of income account were retained. These include the following: customs duties, taxes on the consumption of specific products, including VAT, as of year 2002, and taxes on the profits of public corporations, municipal taxes, and other taxes.

Municipality taxes were revised after an examination and analysis of the accounts of all large municipalities and of a sample of medium and small municipalities for years 2004 and 2005. Taxes for other years were estimated using indicators from the treasury accounts, which collects specific taxes on behalf of the municipalities. These are part of a necessary adjustment to balance the public sector accounts. Other tax data were taken from the public administration's closure account. Table n°30 demonstrates the evolution of various indirect taxes types from 2004 to 2008.

Table 30
Indirect taxes by type 2004 – 2008

	<i>Billion LBP</i>				
Type of taxation	2004	2005	2006	2007	2008p
Customs duties	529	481	461	556	686
Taxation on consumption	2 874	2 440	2 349	2 580	3 598
Profits of public companies	1 453	1 663	1 428	2 011	2 028
Stamps and other duties	274	261	259	292	345
Municipal taxes and adjustment	424	422	497	343	594
- <i>subsidies</i>	-61	-19	-26	-22	-48
Total	5 493	5 247	4 970	5 761	7 203

Note: The figures from 2007 have been revised.

p: provisional figures

Customs duties declined from 2001 to 2003, following a policy by the public administration to replace these duties progressively with VAT. However, custom duties rose again in 2004, albeit at a lower growth rate than imports. The real ratio of duties / customs value of imports dropped from 4.3% in 2003 to 3.1% in 2007 and 2.8% in 2008.

As Table n°31 demonstrates, *consumption taxes* mainly consist of VAT, which was introduced in year 2002.

Table n° 31
Taxation on consumption by type 2004 – 2008

	<i>Billion LBP</i>				
Type of Taxation	2004	2005	2006	2007	2008p
- on value-added	1 688.2	1 560.8	1 660.2	1 803.0	2 581.0
- on tobacco	196.5	190.8	162.0	211.2	246.1
- airport embarkations	84.2	83.8	64.4	84.1	106.9
- on fuels	644.7	362.2	230.3	184.7	112.3
- on motor vehicles	242.2	230.5	216.5	286.6	538.8
- Others	18.1	11.9	16.0	10.6	12.6
Total	2 873.9	2 440.0	2 349.3	2 580.2	3 597.7

p: provisional figures

Between 2004 and 2007, the growth rate of VAT averaged 5.9% per annum. In 2008, it averaged 43.2%. In fact, in the absence of year-end closing of accounts, the data for 2008 are preliminary; the real growth rate of VAT in 2008, according to reports from the Ministry of Finance would be 29%. Regularly recorded since 2004, lower tax on fuels is attributed to the public administration's policy to stabilize gasoline prices.

Profits of public corporations are entered as product taxes given that prices of goods and services produced by these corporations are set by the public administration. Among the profits of public corporations, public telecommunication operators, which are the most significant, displayed the most noteworthy growth in recent years: the sector's value soared from LBP 141 billion in 1997 to LBP 1 310 billion in 2004 and reached LBP 1 456 billion in 2005. Estimations measure the value of these public telecommunication operators at LBP 1 298 billion in 2006, LBP 1 660 billion in 2007, and LBP 1 734 billion in 2008.

Subsidies to public corporations, which appear in the accounts of the public administration, are presented below: (Table n°32).

Table n° 32
Subsidies to public corporations 2004 – 2008

	<i>Billion LBP</i>				
Enterprise	2004	2005	2006	2007	2008p
Wheat and beet	15.0	-	5.0	-	30.7
Water	1.6	-	-	-	-
Public transport	14.0	15.0	13.0	15.9	10.0
Lebanese television	28.2	4.0	4.0	4.0	4.0
Others	2.1	0.3	4.0	2.0	3.0
Total	60.9	19.3	26.0	21.9	47.7

p: provisional figures

Subsidies granted to Electricité du Liban (EDL) are not entered in the budgetary expenditure of the public administration. Rather, these are treated as financial transactions and entered in Treasury accounts as advances to state-owned institutions. EDL debts to the Treasury increased from LBP 81 billion in 2003 and LBP 511 billion in 2004 to LBP 734 billion in 2005. Detailed Treasury accounts for subsequent years are currently unavailable. However, periodic Ministry of Finance reports confirm that Treasury expenditure on behalf of EDL was LBP 1 371 billion, LBP 1 497 and LBP 2 430 billion for the years 2006, 2007 and 2008 respectively. It is important to note that indirect subsidies granted to tobacco farmers and whose values are unknown are deduced from taxes on manufactured tobacco.

d) Intermediate uses

Intermediate uses are equal to purchases by the production units of consumable goods and services minus changes in inventories. These are valued at market prices, in other words, inclusive of applicable taxes.

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

Section II. Generation and allocation of primary income account

Primary income is defined as revenue accruing from the factors of production and other components classified under the value of GDP. The generation and allocation of primary income account records GDP and all primary income received by domestic economic agents in resources. It records the total of primary incomes payable to domestic economic agents in uses. The balance of this account yields the second significant aggregate; namely, gross national income (GNI). Compiled only for production units, the generation and allocation of primary income account provides the breakdown of GDP using the income approach.

a) Income approach of GDP

Table n°33 below demonstrates the breakdown of GDP according to the factors of production costs and other components included in its value such as wages and salaries; taxes, net of subsidies, on products; interests; other income, and depreciation.

Table n° 33
Breakdown of GDP by factors of production 2004 – 2008

	<i>Billion LBP</i>				
GDP components	2004	2005	2006	2007	2008
Taxes – subsidies/products	5 493	5 247	4 970	5 761	7 203
Interests	3 085	3 180	2 925	3 631	2 740
Compensation and other income	21 360	21 484	22 803	25 108	30 658
Depreciation (balance)	2 929	3 011	3 128	3 273	4 524
Total = GDP	32 867	32 923	33 826	37 774	45 124

Wages and salaries represent all labor charges borne by the public and private sectors. Wages and salaries paid by the public administration are drawn from public sector accounts. The evolution of these accounts is reported in Table n°10 (refer to part one, chapter 1, section VIII). Surveys undertaken during the establishment of the 1997 accounts detailed wages, salaries, payroll taxes, and other labor charges paid by businesses. The share of wages and salaries in GDP was on average of 35.5%; namely, 83.2% in the public sector and 29.1% in the private sector.

Unfortunately, due to a lack of adequate data for the period 1998-2008, the evolution of this GDP share remains imprecise. The survey of large corporations undertaken in 2004, which included 240 industrial plants, 270 service-oriented establishments (other than telecommunications, financial, and educational services) and 96 trade firms, provided the approximate wage cost/gross value added ratio of labor in 2002 and 2003 as follows:

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

In contrast, the *share of indirect taxes less subsidies* in GDP grew significantly between 1997 and 2004, increasing from 10.5% in 1997 to 16.7% in 2004. This evolution is due to the introduction of VAT in February 2002, which expanded its base over the two years that followed. In 2005 and 2006, the decline in consumption resulted in less indirect taxes, resulting in a lower GDP share; thus, yielding a decline from 15.9% to 14.7%. With the recovery of consumption in 2007 and 2008, the share of indirect taxes in GDP rose back to 15.7% and 16% respectively.

Interests represent the returns of financial capital paid by corporations to owners of this capital, and exclude interests paid by the public administration. By convention, these interests are not entered in the estimate of non-market output and are consequently excluded from GDP.

To estimate interest charges borne by corporations, the accounts presented herein retained bank deposits income of commercial and investment banks. Interests paid by banks were distributed among debtor agents in proportion to their bank debts. It is important to note that part of the interests received by banks represent the remuneration of their financial intermediation services.

Table n° 34
Banking interests paid by corporations and public administrations 2004 – 2008
Billion LBP

Bank data	2004	2005	2006	2007	2008
Interests received					
on Treasury bills	2 083	1 978	2 502	2 754	3 173
from non-residents	279	279	1 047	1 047	1 744
from other debtors	4 171	4 429	4 173	5 009	4 074
Total	6 533	6 686	7 722	8 810	8 992
Interests paid to depositors	4 832	4 801	5 413	6 386	6 046
<i>Ratio interests paid/received</i>	<i>0.740</i>	<i>0.718</i>	<i>0.701</i>	<i>0.725</i>	<i>0.672</i>
Estimates of interests paid to depositors in charge of :					
administrations	1 541	1 420	1 754	1 996	2 134
non-residents	206	200	734	759	1 173
corporations	3 085	3 180	2 925	3 631	2 740
Total	4 832	4 801	5 413	6 386	6 046

Thus, interests paid by the private sector (mainly corporations) to deposit owners through commercial banks were estimated at LBP 3 085 billion in 2004, LBP 3 631 billion in 2007, and LBP 2 740 billion in 2008, representing 9.4%, 9.6% and 6.1% of GDP respectively. In 1997, this share amounted to only 5.3%.

Interests paid by the public sector are not classified under the value of GDP, but are still entered in the primary distribution account in accordance with relevant international conventions. These values are drawn from public administration accounts after deducting the value of banking services. These banking services are estimated by applying the ratio of banking services / interest in Table n°34 to interests received by banks on Treasury bonds. The following table describes the evolution of the national debt burden, its interest, and banking services distribution.

Table n° 35
Evolution of national debt burden and interests 2004 – 2008

	<i>Billion LBP</i>				
Breakdown of charges	2004	2005	2006	2007	2008
Debt servicing	4 219	3 724	4 375	5 328	4 628
- value of banking services	675	693	903	935	1 278
= interests paid	3 544	3 031	3 472	4 393	3 350

Other income consists of dividends paid to owners of capital invested in the production and mixed income of sole proprietors. These incomes were subject to a comprehensive estimate in 1997; however, shareholders remuneration figures are still unknown. As for wages and salaries, only year 1997 produced a verifiable estimate for these incomes, revealing a relative share in GDP of 42.3%.

Given a data lack, wages, salaries, and other income, excluding interests, have been grouped into one aggregate since 1998.

Depreciation is the balancing item of corporations' operational accounts, plus the estimated depreciation value of the public administration's fixed assets. This last component is set forth in Table n°10 and demonstrates the computation of non-market output value.

b) Calculation of gross national income (GNI)

GNI is equal to the balancing item of the generation and allocation of primary income account of all domestic economic agents. It is, thus, equal to GDP plus primary income balance (resources-uses), which in turn is equal to the net income factor received from the rest of the world. The latter are drawn from the accounts of the rest of the world, S.2 (refer to Table n°28), which are presented in the following chapter.

The balance for the three types of primary incomes (compensation, interests, and other incomes) is detailed in Table n°36.

Table n° 36
Composition of gross national income 2004 – 2008

	<i>Billion LBP</i>				
Components of GNI	2004	2005	2006	2007	2008
GDP	32 867	32 923	33 826	37 774	45 124
Net foreign interests	-867	143	277	76	-131
Other net foreign income	336	644	290	560	536
Total = GNI	32 336	33 710	34 393	38 410	45 530

After four years of decline in net foreign income, resulting in a GNI growth rate lower than GDP, the years 2006 and 2007 witnessed a resumption of such income. There was a modest decline in the employment of foreign labor and a significant increase in the income of Lebanese labor abroad, according to Central Bank of Lebanon (BDL) estimates. Moreover, interests paid to non-residents, which tended to exceed those received by Lebanese nationals on their investments abroad, reversed from 2005 to 2007. Thus, in nominal terms, GNI grew slightly but still less than GDP (18.5% for GNI against 19.5% for GDP).

Section III. Secondary distribution of income account

The secondary distribution of income account records GNI and resources of domestic economic agents from various types of transfers, including: direct taxes, social security contributions, social security benefits, and current transfers. Payments of such transfers by domestic economic agents are posted in uses. The balance of this account is, therefore, equal to GNI plus net current transfers from abroad. This yields the third aggregate, to analyze the progression of a national economy; namely, “gross national disposable income” (GNDI).

a) Direct taxes

Direct taxes are compulsory public administration levy on the resources of domestic economic agents. These are entered in private sector uses and public administration resources.

There are two types of direct taxes: income tax and property tax. Taxation on privately owned motor vehicles is similar to that of property tax and was included with direct taxes as opposed to administrative classification, which includes it in consumption taxes. Table n°37 presents the various tax revenues collected by the central administration as appearing in the State’s closure account.

Table n° 37
Breakdown of direct taxes by type 2004 – 2008

Type of tax	2004	2005	2006	2007	<i>Billion LBP</i>
					2008 p
Income tax	801	907	1 184	1 142	1 585
Property tax	396	409	579	526	784
Private motor vehicle tax	238	237	265	276	385
Total	1 435	1 554	2 029	1 944	2 754

p: provisional figures

b) Social security contributions

Within the context of these accounts, social security contributions are associated with contributions received by the National Fund of Social Security (NSSF), and levies collected by the public administration from the wages and salaries of civil servants to contribute to the pension fund. Compulsory 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 the NSSF, are supposed to be paid by employees, given that such disbursements are calculated in compensation of labor. These are entered as public administration's resources.

In these accounts, public administration payments to NSSF are classified as transfers rather than contributions due from employers having contracted employees. These are not covered by civil servants status, and thus, are subject to labor law. Typically, such payments are sporadic (LBP 60 billion in 2000, LBP 80 billion in 2004, LBP 340 billion in 2005, LBP 220 billion in 2006, and LBP 100 billion in 2008). These payments were excluded from both labor compensation and social security contributions.

Table n° 38
Social security contributions paid by national economic agents 2004 – 2008

<i>Billion LBP</i>					
Type of contribution	2004	2005	2006	2007	2008
Contribution to NSSF	759	946	865	1 049	999
Contribution of civil servants	86	85	85	79	85
Total	845	1 031	951	1 128	1 084

c) Social security benefits

Social security benefits, which appear in the account as resources II.2, are higher than those recorded in uses, given that households receive, in addition to local services, retirement pensions paid by non-resident bodies. According to data from the Survey of Living Conditions of Households, these pensions were estimated at LBP 23 billion in 1997. This figure has been kept constant for subsequent years due to lack of information.

Table n° 39
Breakdown of social security benefits received by type 2004 – 2008

<i>Billion LBP</i>					
Social security benefit	2004	2005	2006	2007	2008
Social security benefits from NSSF	812	801	829	939	878
<i>Health allowances</i>	<i>444</i>	<i>439</i>	<i>451</i>	<i>536</i>	<i>492</i>
<i>Family benefits</i>	<i>217</i>	<i>221</i>	<i>231</i>	<i>224</i>	<i>235</i>
<i>Severance payments</i>	<i>150</i>	<i>141</i>	<i>147</i>	<i>179</i>	<i>151</i>
Retirement pensions paid					
by the State	821	874	935	909	955
by the rest of the world	23	23	23	24	25
Total	1 656	1 698	1 787	1 872	1 858

Social security benefits provided by domestic economic agents (recorded in uses) are limited to benefits and allowances paid by NSSF, and to retirement pensions paid by the public administration. The former spending increased from LBP 407

billion in 1997 and LBP 812 billion in 2004 to LBP 939 billion in 2007, and LBP 878 billion in 2008 whereas the latter's spending increased from LBP 528 billion and LBP 821 billion to LBP 909 billion and LBP 955 during the same period. As for contributions, benefits provided by other social security funds have been omitted in these accounts.

d) Current transfers and calculation of GNDI

Grouping three types of capital flows, the section, "current transfers," represents: non-tax receipts of the public administration; public administration assistance to individuals, associations, and other resident or non-resident private sector organizations, and finally, current transfers received by resident institutional units from other non-resident institutional units.

The first two sections are drawn from the State's closure account with an adjustment regarding financial aid provided by other administrations.

Net foreign transfers, resulting from the methods adopted for estimating the various sections of the balance of payments, are described in the following chapter.

Table n° 40
Breakdown of current transfers received by type 2004 – 2008

	<i>Billion LBP</i>				
Type of transfer	2004	2005	2006	2007	2008
Non-tax receipts	303	283	298	327	327
Aid	160	124	175	199	233
Net foreign transfers	4 428	3 828	6 136	6 367	11 359
Total	4 891	4 235	6 609	6 894	11 919

The balance of the secondary distribution of income account is equal to GNI plus net foreign payments on secondary distribution, as demonstrated in Table n°41 below.

Table n° 41
Calculation of GNDI 2004 – 2008

	<i>Billion LBP</i>				
	2004	2005	2006	2007	2008
GNI	32 336	33 710	34 393	38 410	45 530
Foreign Allowances	23	23	23	24	25
Net foreign transfers	4 442	3 838	6 143	6 374	11 377
Less contrib. to int'l instit.	-13	-11	-7	-7	-17
Total = GNDI	36 787	37 561	40 553	44 801	56 914

From 1997 to 2002, net foreign transfers tended to decline. Thus, GNDI growth during that period was lower than GDP. In 2003, balance of payments results showed a significant influx of transfers to Lebanon (refer to the next chapter) in which GNDI growth was higher than GDP in terms of current value (12.8% for GNDI against 5.5% for GDP). The level of net foreign transfers, which reached 18.3% of GDP in 1997, fell to 11.6% of GDP in 2005 to rise significantly in 2006,

2007, and 2008. During these years, the balance of payments recorded strong surpluses. These transfers represent 16.9% of GDP in 2007 and 25.2% in 2008.

Section IV. Use of income account

The use of income account records domestic consumption in uses, and the available GNI in resources. The balance of this account is equal to national savings.

After recording growth in 1998, national savings went into constant decline, especially from years 2000 to 2002. Thus, the rate of total national savings, estimated at 13.4% in 1997, fell to 7.7% in 2002. This downward progression could be attributed to the significant decline in foreign transfers over that period as indicated by the balance of payments. Similarly, with the recovery of such transfers in 2003, the national savings rate grew to 12.4%. In 2004, it declined to 11.1%; and increased to 12.9% in 2005. Between years 2006 and 2008, growth in disposable income was higher than consumption, resulting in a rate of 17.8% in 2007 and 21.8% in 2008.

Section V. Capital account

The capital account records in uses GFCF, changes in inventories, and capital transfers paid by domestic economic agents. It records gross savings and capital transfers received in resources.

Capital transfers recorded in uses represent grants for reconstruction works by the public administration for those displaced by war and grants for rebuilding Southern Lebanon. Initially, these transfers were substantial (LBP 481 billion in 1997); however, the transfers gradually declined to become negligible from 2002 to 2003. There was a moderate resumption of these grants from 2004. They were estimated at LBP 105 billion in 2007 and LBP 100 billion in 2008.

In addition to transfers recorded in uses, capital transfers recorded in resources include net foreign transfers received. The latter also gradually declined from LBP 1 999 billion in 1997 to LBP 375 billion in 2002; however, these recovered in subsequent years to reach LBP 1 279 billion in 2005, LBP 4 096 billion in 2006, LBP 2 125 billion in 2007, and LBP 3 792 billion in 2008. However, these figures remain a rudimentary approximation, resulting from the estimates of the balance of payments. These estimates are described in the subsequent chapter.

The capital account balance, depending on whether positive or negative, is the capacity or need for financing and is equally referred to as net lending or borrowing. Overall, the Lebanese economy has always exhibited a need for foreign financing as Table n°42 demonstrates; however, with the exception of 2006 and 2008 in which the economy realized a surplus. The net lending of households was inadequate to cover the financing needs of corporations and public administrations.

Table n° 42
Breakdown of net lending (+) or borrowing (-) by agent 2004-2008

	<i>Billion LBP</i>				
Economic agent	2004	2005	2006	2007	2008
Public administrations	-2 529	-1 961	-2 576	-2 631	-867
Corporations	-4 194	-4 067	-4 447	-7 185	-9 157
Households	5 411	4 945	10 779	9 460	12 432
Total	-1 311	-1 083	3 757	-357	2 409

In effect, within the framework of this accounting system, net lending to households is equal to their savings plus the undistributed income of corporations and net capital transfers received from abroad. These are supposed to be entirely paid to households¹¹. Thus defined, the financing capacity of households is dependant on foreign transfers and capital flows. Thus, in 2008, the important transfers led to a record level increase in net lending (more than LBP 12 thousand billion), largely exceeding the financing needs of corporations and public administrations in that year.

The net borrowing of corporations is equal to GFCF of the market sector and changes in inventories minus the figures deducted as capital depreciation. In evolutionary terms, the net borrowing of corporations emulated that of investments in the private sector, which were regressing in 2005 but showed strong growth in 2007 and 2008.

The net borrowing of the public administration is equal to the deficit of the public sector. While this deficit by far exceeds the value of public investments, there is a progressive and gradual decrease. It represented 15.7% of GDP and 14.5% of GNDI in 2002. In 2007, these ratios fell to 7.7% and 6.5%. In 2008, the deficit represents only 1.9% of GDP and 1.5% of GNDI. However, note that this budget deficit does not take into account the Treasury operations deficit outside the budget. The figure would have been greater had Treasury advances to EDL been recorded as subsidies instead of advances.

Section VI. Financial account

The financial account records changes in credits and claims in uses, and changes in net incurrence of the debt of domestic economic agents in resources. The balance of the financial account is equal to the capacity or need for borrowing. This equality results from the principle of the general balance of accounts. The estimation methods in compiling this account are largely based on this balancing principle. Thus, the net lending of households results in an equivalent increase in credits and claims held; the need for financing corporations is covered by drawing participations and obtaining credits, and finally, the public administration deficit results in an equivalent increase in the national debt.

¹¹ Kindly note that individual corporations are grouped with other corporations and not with households.

Classified according to international nomenclature, claims and liabilities are included in the current account under four headings: currency and deposits (F2), securities other than shares (F3), loans (F4), shares or other equities (F5).

a) Changes in currency and deposits (F2)

The currency and deposits identified herein include only banknotes in Lebanese pounds (LBP) issued by the Central Bank of Lebanon (BDL), bank deposits held by residents, and net foreign assets of Lebanese banks. By this definition, the entries exclude banknotes in United States dollars or other currencies, and deposits held by residents (excluding banks) in foreign banks. Currency and deposits held by the public sector are also excluded. The retained figures regarding money supply are derived from BDL data.

Changes in money supply for the banking system are recorded in resources and for the non-banking private sector in uses. These are mainly deposits held by households; the changes in currencies and bank accounts of non financial institutions can be considered negligible. Thus, changes in money supply, which increased from LBP 5 090 billion in 2006 to LBP 9 554 billion in 2007 and LBP 13 390 billion in 2008, is partly a reflection of changes in the net lending of households (see above).

Table n° 43

Variation in the money supply and net foreign assets of the banking sector 2004–2008

	<i>Billion LBP</i>				
Type of currency	2004	2005	2006	2007	2008
Currency in LBP	-98	-1 513	-987	1 353	12 494
Foreign currency deposits	7 000	5 573	6 077	8 200	895
Total = resources	6 902	4 060	5 090	9 554	13 390
Net foreign assets of banks	255	1 126	4 213	3 070	5 218
Total = uses	7 157	5 186	9 303	12 624	18 608

Note: The variation of deposits in currency is calculated at fixed rates of exchange

The significant fluctuations observed in the currency composition between the Lebanese pound and foreign currencies resulted in cyclical confidence in the national currency and interest differentials. It is important to note that changes in foreign currency deposits were calculated at constant rates of exchange.

In terms of uses, the amount of currency deposits held by residents is added to the increase in net foreign currency assets held by resident banks. This is equal to deposits of Lebanese banks abroad minus the deposits of non-residents. It is calculated at constant rates of exchange. By definition, this variation represents the balancing item in the balance of payments.

b) Changes in securities other than shares (F3)

Only Lebanese Treasury bonds were retained in these accounts; private and foreign sector securities were omitted. Table n° 44 below provides the distribution of Treasury bonds by subscriber.¹²

The variation of Treasury bonds held by banks and other residents is registered in uses. Bonds held by autonomous administrations are excluded from consolidation. In addition to bonds subscribed by residents, public administrations also have as resources bonds subscribed by non-residents. However, it should be noted, the distribution of Treasury bonds between residents and non-residents are not precisely known. Treasury bonds in Lebanese pounds are supposed to be held by residents, whereas those circulating in foreign currencies outside banks are supposed to be held by non-residents.

Table n° 44
Breakdown of Treasury bills by subscriber 2004 – 2008

<i>Billion LBP</i>					
Subscriber	2004	2005	2006	2007	2008
<i>Treasury bills in LBP</i>					
Public administrations	-361	250	860	1 475	253
Banks *	1 571	2 791	344	2 626	6 715
Other and adjustment	-1 896	-672	366	-148	-106
Total	-687	2 370	1 570	3 954	6 863
<i>Treasury bills in foreign currencies</i>					
Banks *	3 448	695	3 296	209	-952
Financial Institutions	24	-33	9	69	218
Other	374	533	-1 864	250	447
Total	3 846	1 196	1 442	528	-288
<i>All treasury bills excluding public administration</i>					
Banks *	5 019	3 486	3 640	2 836	5 763
Private sector residents	-1 872	-704	375	-79	112
Non-residents	374	533	-1 864	250	447
Consolidated Total	3 521	3 315	2 152	3 007	6 322

*BDL and commercial banks

In 2004, Treasury bonds issuances in foreign currencies were inclined to replace those issued in Lebanese pounds. In fact, banks subscribed to a significant portion of these bills. In 2005, issuance of Treasury bonds net of refund in currency were notably lower (LBP +1 196 billion at constant rates of exchange of which LBP 662 billion was subscribed to by banks against LBP 3 472 billion from a net total issuance of LBP 3 846 billion in 2004). In 2007, assets in the balance sheet of BDL recorded a decrease in the Treasury bonds portfolio (-LBP 2 500 Billion),

¹² Treasury bonds subscribed to by banks are drawn from their balance sheets as published by the Central Bank of Lebanon (BDL). Treasury bonds subscribed to by the public and public administration are estimated on statistics provided by BDL. Changes in foreign currency bills are calculated at constant rates of exchange. Between the accounts of the Treasury and BDL statistics, more or less significant differences appear. The figures adopted in these accounts are the result of arbitration.

compensated by a liability decrease in the entry, “exchange rates difference” in accordance with article 115 of the Money and Credit Code. This accounting entry was not taken into consideration in the calculation of issuance net of refund. In 2008, a significant increase was observed in bonds issued in local currency; the increase of issuances net of refund was 73.6%.

c) Changes in loans (F4)

The amounts entered in uses represent changes in bank loans as published by monetary situation statistics and an estimation of Treasury advances to public corporations. In the absence of a consolidated balance sheet of all financial institutions sector, loans to non-financial institutions given by establishments outside the monetary system were not recorded in the accounting system adopted. In resources, these loans also include net foreign loans received by the public administration.

Table n° 45
Variation in credits by type 2004 – 2008

	<i>Billion LBP</i>				
Type of credit	2004	2005	2006	2007	2008
Bank credits					
to the private sector	1 464	678	1 163	914	5 746
to the public sector (net)	-1 190	-1 223	1 137	-118	-3 807
<i>Credits</i>	<i>151</i>	<i>8</i>	<i>-9</i>	<i>-35</i>	<i>-8</i>
<i>- deposits of public sector</i>	<i>-1 341</i>	<i>-1 231</i>	<i>1 146</i>	<i>-83</i>	<i>-3 799</i>
Total bank credits	274	-545	2 300	796	1 939
Advances from the Treasury	511	734	1 370	1 403	2 430
Total in uses	785	188	3 670	2 199	4 369
Foreign loans	307	140	112	632	196
Total: resources	1 092	329	3 783	2 831	4 566

Bank loans to the private sector recovered in 2004 after experiencing a sharp slowdown during the period 1997-2003. This recovery slowed down in 2005, but resumed its progressive growth in the two subsequent years, albeit without attaining its former 2004 level. Net of refunds, loans rose to LBP 914 billion in 2007 against LBP 1 464 billion in 2004. In 2008, on the other hand, dramatic growth in bank loans was recorded due to excess liquidity. Table n°46 below demonstrates the evolution of the breakdown of credits by sector as published by BDL.

These loans differ from those reported in the monetary situation, because these include loans granted by credit institutions outside the monetary system. However, it remains possible to analyze the evolution and changes in the breakdown of credits by sector. For example, loans in the construction sector demonstrated the highest growth in 2008.

Table n° 46
Variation in credits to the private sector by economic sector 2004-2008

	<i>Billion LBP</i>				
Sector	2004	2005	2006	2007	2008
Agriculture	-54	52	-16	34	64
Industry	385	191	31	592	753
Construction	293	-414	111	440	1 745
Trade	404	-410	67	891	1 014
Services	139	80	782	1 675	1 301
Financial institutions	86	197	254	485	1 235
Other bodies	54	189	15	190	306
Individuals	582	398	885	1 157	937
Total	1 889	283	2 130	5 462	7 355

The Banking system's liability is net of public sector deposits. Strictly speaking, the change reflects more loans than deposits; however, these are negligible given that banks finance the public sector through Treasury bonds subscriptions. In 2008, it appeared that significant subscriptions by BDL and commercial banks (+LBP 5 763 billion) were largely translated into an increase in Treasury deposits at BDL (+LBP 3 799 billion).

Treasury advances to public corporations such as Electricité du Liban (EDL) are not accurately known. The current system of public accounts does not disclose distribution of advances by recipient. The figures entered are approximations and allow for balancing public administration accounts.

CDR and other public bodies as listed by BDL evaluate the *external public debt* recorded. The public administration's recourse to external funding is largely accomplished through the issuance of euro bonds.

d) Changes in shares and other equity (F5)

Currently, there exists a data lack on the balance sheets of corporations. The figures indicated in uses represent changes in the property rights of households on enterprises whether these are corporations or sole proprietorships. These figures also include amounts paid by households to purchase new homes and were estimated at LBP 1 328 billion in 1997 according to 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 corporations can only be estimated by residue.

In resources, resident contributions and non-resident direct investments are estimated within the framework of the balance of payments (refer to following chapter).

Chapter 2

Rest of the world accounts and balance of payments

Transactions carried out with the rest of the world are recorded in four accounts, which release the main balancing items of the balance of payments:

- I. Good 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 shown in Table n° 47.

Table n° 47
Evolution of the various balancing items in the balance of payments 2004 -2008
Billion LBP

Balancing item	2004	2005	2006	2007	2008
Trade balance	7 135	7 001	7 066	9 509	13 174
+ incomes and net transfers	-3 920	-4 638	-6 727	-7 028	-11 790
= Current balance	3 215	2 363	339	2 481	1 384
+ Net transfers of capital	-1 904	-1 279	-4 096	-2 125	-3 792
= Net lending/borrowing	1 311	1 083	-3 757	357	-2 409
+ Net financing	-1 567	-2 210	-456	-3 427	-2 810
<i>Credits</i>	-374	-534	1 864	-250	-447
<i>Treasury bills</i>	-307	-140	-112	-632	-196
<i>Net direct investments</i>	-886	-1 536	-2 208	-2 544	-2 167
= Balance of payments	-255	-1 126	-4 213	-3 070	-5 218

Note: A positive balance in the external account represents a deficit for the country, while a negative balance represents a surplus. Thus, the balance of payments was in surplus from 2004 to 2008.

Section I. External accounts of goods and services

The external account of goods and services with the rest of the world transactions records imports in resources and exports in uses. These aggregates were reviewed in Part I, chapter 2 and chapter 5. The balance of this account, referred to as trade balance, has a broader meaning than its definition given that these exchanges are not limited to goods but also include net exports of services.

In Lebanon, the trade balance has constantly been in deficit. Between 1997 and 2002, the foreign exchange deficit of goods and services fell from LBP 8 009 billion to LBP 5 440 billion due to a stagnation in imports and a significant growth in exports. In 2003 and 2004, following an import growth that was greater than exports, the deficit increased from LBP 6 242 billion to LBP 7 135 billion. In 2005 and 2006, this deficit remained almost unchanged. In 2007 and 2008, it reached record highs of LBP 9 509 billion and LBP 13 174 billion respectively, following a significant growth in imports. In 1997, this deficit accounted for 33% of GDP and 24.8% of national expenditure; in 2002, it represented only 18.8% of GDP and 15.9% of national expenditure. These ratios rose respectively from 21.3% and 17.5% in 2005 to 20.9% and 17.3% in 2006 to 25.2% and 20.1% in 2007, and in 2008, were closer to the 1997 yardstick: 29.2% and 22.7%.

Kindly note that these trade balance estimates have been revised downward, following the upward revision of net exports of services.

Section II. Primary income and current transfers account

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

The balance of this account is equal to the current balance of payments. Similar to the trade balance, this balance has been positive for the rest of the world, indicating a deficit for Lebanon. From 1997 to 2002, the current balance dropped following a trade balance improvement in favour of Lebanon, and in 2003, dropped significantly following the resumption of transfer transactions. In 2004, the surge in imports and sluggish progress in current transfers resulted in bringing the current account balance level to that of 1997. In 2005, this balance was again in decline. The stagnation in imports and significant growth of transfers to Lebanon in 2006 resulted in diminishing the current account balance to its lowest level in 10 years. In 2007, the deficit of Lebanon in external current transactions increased to its level of 2005, only to decline again in 2008, following a significant increase in transfers.

The evolution of the components recorded in this account is set forth below.

a) *Primary income*

Also referred to as income factors, primary income includes wages, 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, using the frequency of Lebanese residents traveling abroad as an indicator. Within the context of compensation paid to non-residents, these were projected proportionately to the value added in agriculture and construction sectors. However, following recent analyses by BDL on the balance of

payments, new indicators on the evolution of these incomes were adopted. However, these have not produced more reliable data (refer to Table n°28).

Interests received by Lebanese residents on foreign investments and interests paid to non-residents are estimated by BDL within the framework of its reviews on the balance of payments. These estimates show a clear decline in interests received, which fell from LBP 1 297 billion in 1997 to LBP 549 billion in 2003, while interests paid to non-resident investors increased considerably from LBP 951 billion in 1997 to LBP 1 652 billion in 2003, after peaking at LBP 1 747 billion in 2002. In 2004, while there was an increase in interests for both recipients, the balance remained in favor of non-residents (LBP 1 813 - LBP 946 billion). By contrast, starting 2005, interests received by Lebanese residents exceeded those paid to non-residents; thereby, yielding a positive surplus of LBP 143 billion in 2005, LBP 277 billion in 2006, and LBP 76 billion in 2007. In 2008, the trend reversed again with residents receiving LBP 130 billion less on foreign investments than what was paid to non-residents.

Given that interests constitute the most significant share of primary income exchange, net income of factors coming from the rest of the world has deteriorated considerably since 2001. After an increase between 1997 and 2000 when foreign contributions to national income rose from LBP 472 billion to LBP 739 billion, net primary income declined to LBP 177 billion in 2001 and became negative in 2002 (LBP -388 billion), 2003 (LBP -683 billion), and 2004 (LBP -531 billion). As from 2005, it became positive in favor of Lebanon (LBP +787 billion, LBP +567 billion, LBP +636 billion, and LBP +406 respectively in 2005, 2006, 2007, and 2008). (Refer to Table n°29).

b) Net current transfers

Historically, Lebanon has constantly benefited from a flow of external transfers. However, there are no reliable statistics on the types and amounts of such transfers. The methodology adopted herein for estimating current transfers records all the remainder of the balance of payments as transfers, i.e. under the heading “error and omission”, these are broken down between current transfers and capital transfers, using a key distribution dependent upon the general economic situation, particularly concerning investments. The distribution keys, resulting between current transfers and capital transfers were, except for an adjustment, the following : 0.7/0.3 in 1997, 1998, and 2004; 0.8/0.2 in 1999; 0.85/0.15 in 2000 and 2002; 0.9/0.1 in 2001; two-thirds /one-third in 2003; three-quarters/one-quarter in 2005, 2007 and 2008, and finally, 0.6/0.4 in 2006.

The general trend of net external transfers declined between 1997 and 2002. Given the downward trend of investment in Lebanon, it is natural to assume that this decline affected capital transfers to a greater degree than current transfers. In 2003, the strong surplus in the balance of payments was a precursor to a substantial inflow of transfers to Lebanon due to increasing oil revenues. Investment in the private sector began to rise, increasing capital transfers, which was considered more important than current transfers. This trend continued in 2004 and 2005, albeit at a lower level. From 2006, record levels of transfers were recorded (more than LBP 10 trillion, more than LBP 8 trillion in 2007, and more than LBP 15 trillion in 2008).

Net current transfers should include payments concerning retirement pensions and other social contributions and 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 until 2006 and then raised to LBP 24 billion and LBP 25 billion in 2007 and 2008.

Section III. Capital transfers account

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

Net capital transfers were estimated by the same methods adopted for estimating current transfers: see preceding section. This estimation method resulted in recording a decline in net external capital transfers between 1997 and 2002: LBP 1 895 billion in 1997 to LBP 474 billion in 2002. From 2003, these transfers became larger and more significant, varying between LBP 2 trillion and LBP 4 trillion between 2006 and 2008.

Given the general balance of accounts, the balance of this account is strictly equal in absolute value to net lending/borrowing of the national economy. With the exception of 2003, 2006, and 2008, this balance was positive (in favour of the rest of the world; hence, bad for the domestic economy) during the period 1997-2008.

Section IV. Financial account

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

Uses recorded the following:

a) Securities other than shares

These record the changes in the portfolio of Lebanese Treasury bonds held by non-residents. These amounts are estimated by BDL (see preceding chapter, section VI, sub-section b).

b) Credits

These exclusively record foreign loans taken by CDR and other public bodies.

c) Shares and other equity

The property rights of non-residents in domestic corporations primarily include real estate. From an initial estimate established within the framework of year 1997 accounts, these changes in property rights were projected over subsequent years in proportion to direct investments retained by BDL in estimating the balance of payments components.

Resources recorded, in financing to capacity, net change in foreign assets of the Lebanese banking sector under the heading “currency and deposits.” By definition, this change represents the final balancing item of the balance of payments.

As portrayed in this analysis, the balance of payments was significantly in deficit in 2001 and in surplus in 2002 because of contributions made by foreign bodies in financing the Lebanese Treasury, pursuant to pledges made during the Paris II Conference. In 2003, the balance of payments recorded surpluses that were even more significant under the dual effect of continued purchases of Treasury bonds and transactions of capital transfers and current transfers. In 2004, despite substantial volume of transfers, the balance of payments surplus was moderate given a sharp rise in imports and modest subscriptions to euro bonds. From 2005, the balance of payments surplus resulted from direct investments, particularly in real estate.

Conclusion

The economic accounts projection for years 2003 to 2008 were made possible by applying the methods developed during the compilation of the 1997-2002 accounts. These methods served not only to assess the macro-economic developments, but also to identify changes in the characteristics of Lebanon's economy and finance and measure the impact of major political events that have shaped economic activity in recent years. The following summarizes some of the most salient observations that have emerged:

- a) Lebanon's productive system is characterized by a particular rigidity in meeting changes in demand that greatly influence imports*

The cycle of economic growth that began in 2004 and interrupted in 2005 and 2006 resumed in 2007 and strongly continued in 2008. However, growth in Gross Domestic Product (GDP) has been consistently lower than demand: 7.5% in 2007 and 9.3% in 2008 against an increase in demand at constant prices of 10.4% and 11.8% respectively. Conversely, a decline in demand does not necessarily signify a decrease in domestic activity. In 2005 and 2006, while overall demand shrank in real terms by 1% and 0.5%, the rate of economic growth remained positive (+1% in 2005 and +0.6% in 2006).

On the contrary, any change in demand leads to greater import variations in the same direction: thus, the real growth rate of imports was 17.2% in 2007 and 16.9% in 2008. During years 2005 and 2006, when overall demand was declining, the volume of imported goods fell by 5.7% and 3.2% respectively.

- b) Depending on economic circumstances, the important role of private consumption in demand variations is either decreased or increased by the flows of investment and external demand*

Table n° 48

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

Components of demand	2004	2005	2006	2007	2008
Private consumption	3.1	-1.1	-1.2	3.8	5.4
Public consumption	-0.4	0.0	0.3	0.5	0.8
GFCF and change in inventories	3.1	-0.6	0.5	4.0	3.5
Exports	3.3	0.7	-0.1	2.1	2.1
Total demand	9.1	-1.0	-0.5	10.4	11.8

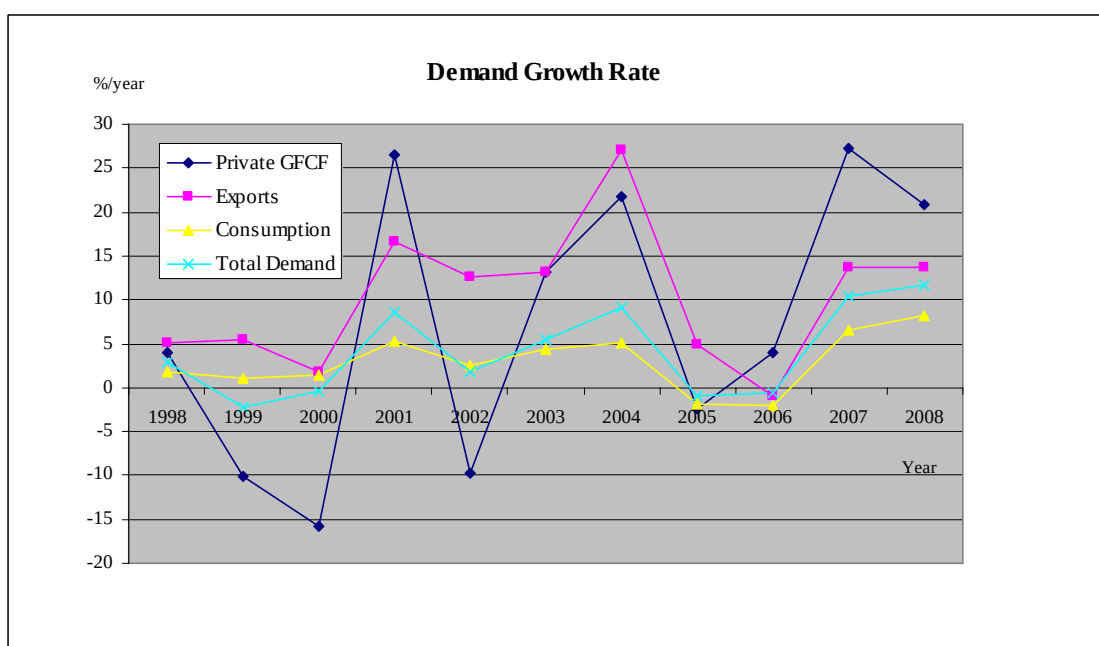
Note: The contribution to the growth of demand is calculated by multiplying the growth of the component by the ratio given by component value/total demand value.

In 2004, household demand, investment, and external demand contributed almost equally to the increase in aggregate demand. In 2007, the second year of strong growth, contribution of exports was less significant; it was investment, equaling or

slightly exceeding consumption, which drove growth upward. In 2008, household demand assumed the leading role in demand growth. (Refer to Table n°48).

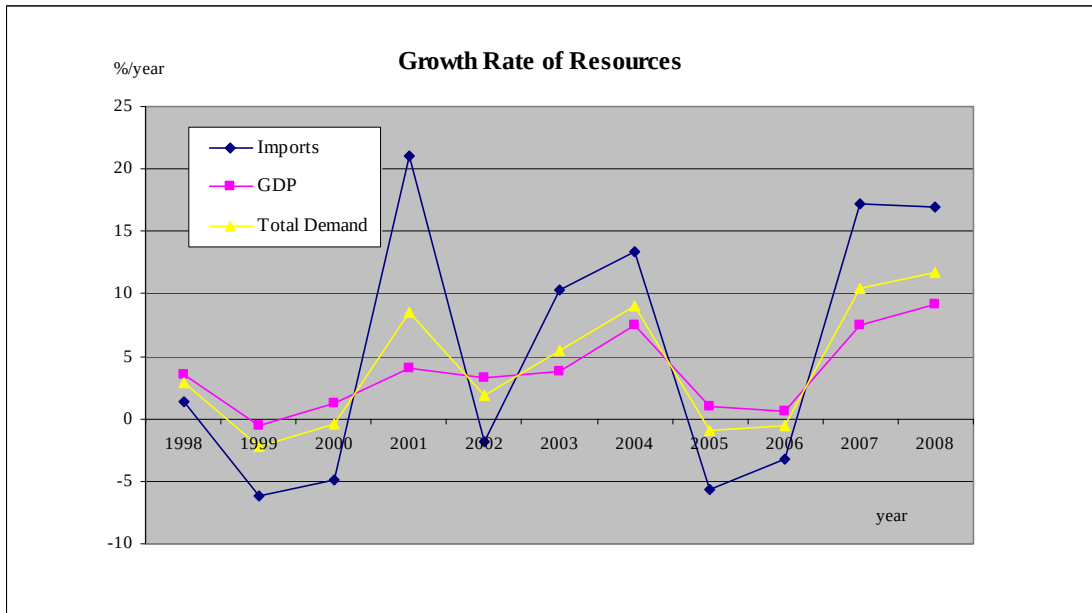
c) Continuance of private investment

After a period of decline, investment significantly recovered in 2003 (11.9% in value) and continued to grow in 2004 (+23.4%) but stagnated in 2005 (+0.1%). This stagnation was due to a decline in public investment and diminished inventories, whereas gross fixed capital formation of private corporation continued to grow (+9.5% in value, 5.6% in volume) due to external capital inflows seeking investment. In 2006, despite the hostilities, both private and public investment increased in real terms by 3.5%, and in 2007, they demonstrated a record growth rate of 25% (21% excluding the increase in inventories). Private investment growth remained high in 2008: 34.5% in value and 20.4% at constant prices.

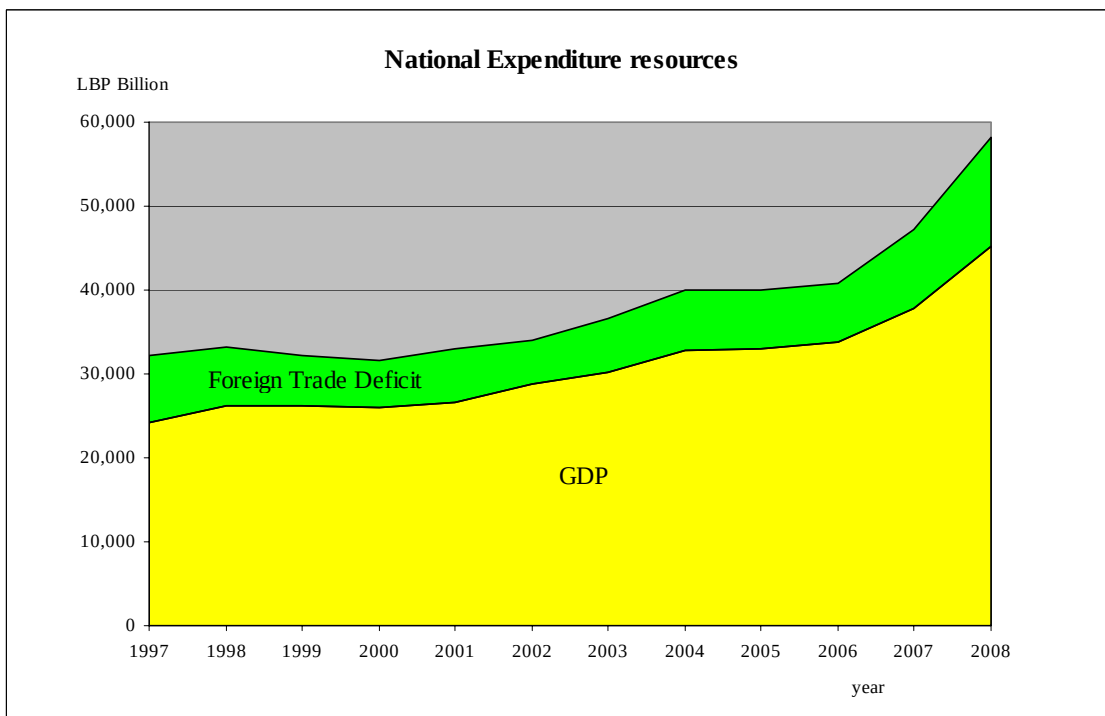


d) Moderate increase in the structural gap between national expenditure and domestic output in recent years

After altering the years 1997-2002, which led to a reduction of the gap in relative value between national expenditure and GDP, the gap fell from 33.0% of GDP in 1997 to 18.5% in 2002. Subsequently, this value recovered to fluctuate between 21% and 22% from 2003 to 2006, and reached 25% in 2007 and 29% in 2008. This development is the result of the evolution of different economic sectors, and between import and production prices.



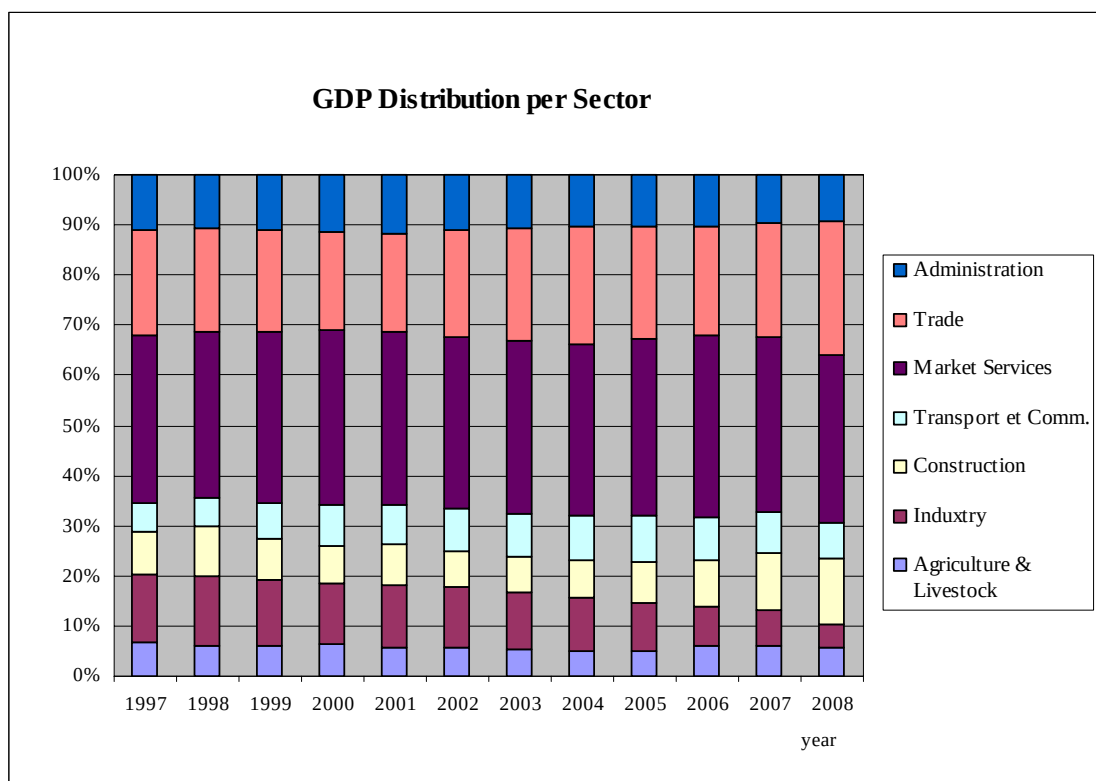
Meanwhile, the trade deficit in goods and services, which initially comprised 24.8% of national expenditure in 1997, declined to 15.6% of this expenditure in 2002. This ratio fluctuated between 17% and 18% between 2003 and 2006, rising to 20.1% in 2007 and 22.7% in 2008.



e) Continued limitations in goods-producing sectors

The share of agriculture in GDP was in constant decline from 1997 to 2005, dropping from 6.7% to 5.2%, and increasing slightly above 6% in 2006 and 2007, and declining again to 5.7% in 2008. Conversely, the share of industry and energy

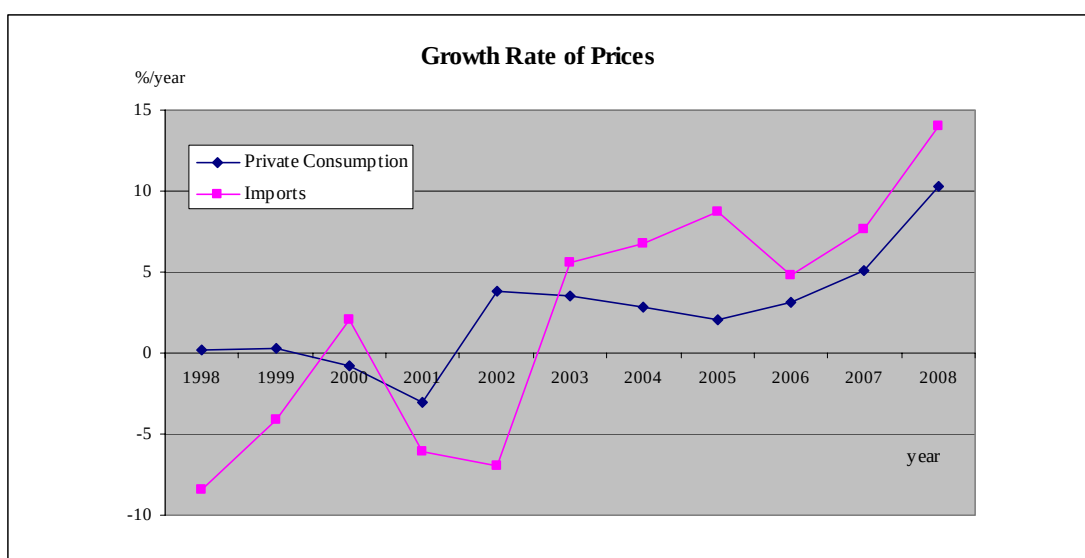
has continued to decline, falling from 13.7% in 1997 and 7.2% in 2007 to 4.8% in 2008. The significant drain of the value added in the energy sector is largely responsible for this regression. The share of industry in GDP alone remains around 8.8%. Note that the growth of industry would have been greater had the prices of its production factors not dropped or stagnated, and had, instead, followed the same trend as the prices of the total value added.



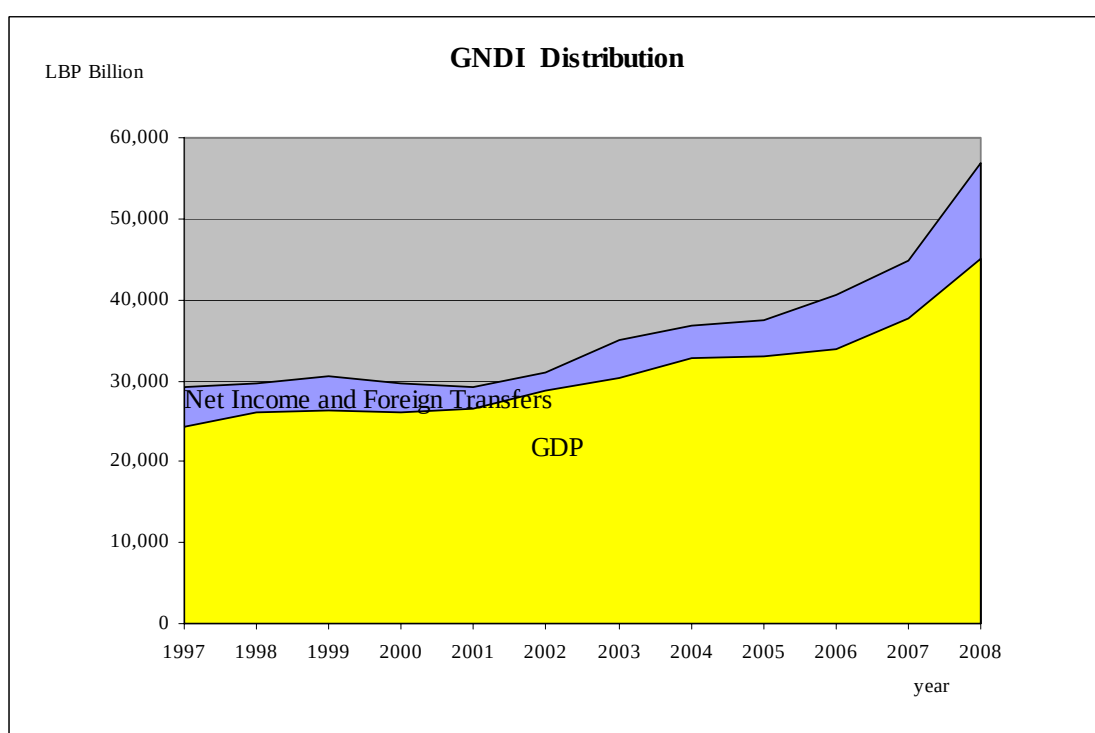
Furthermore, year 2008 was characterized by strong growth in the trade sector due to a high demand by households for durable goods, mainly imported.

f) Higher import prices moderately contribute to consumer prices

On average, unit price of imports fell by 4.1% during the period 1997-2002, largely due to the appreciation of the Lebanese pound against other major foreign currencies and lower raw materials prices. In 2003, the Lebanese pound, pegged to the United States dollar, began to depreciate, while raw materials prices resumed the upward trend. Consequently, import prices increased on average by 5.6%. Domestic prices assumed the same trend resulting in consumer prices rising by only 3.6%. The same trend was observed in subsequent years: from 2004 to 2007, the unit value of imported goods increased on average by 7% per annum whereas consumer prices increased by only 3.3% per annum. Year 2008 was marked by contrast, high inflation (+10.3%) was recorded and due to the dual effect of higher import prices and factors of production prices. These have increased by 9.2% while import prices increased by 14%.



g) An increased and significant dependency on foreign transfers

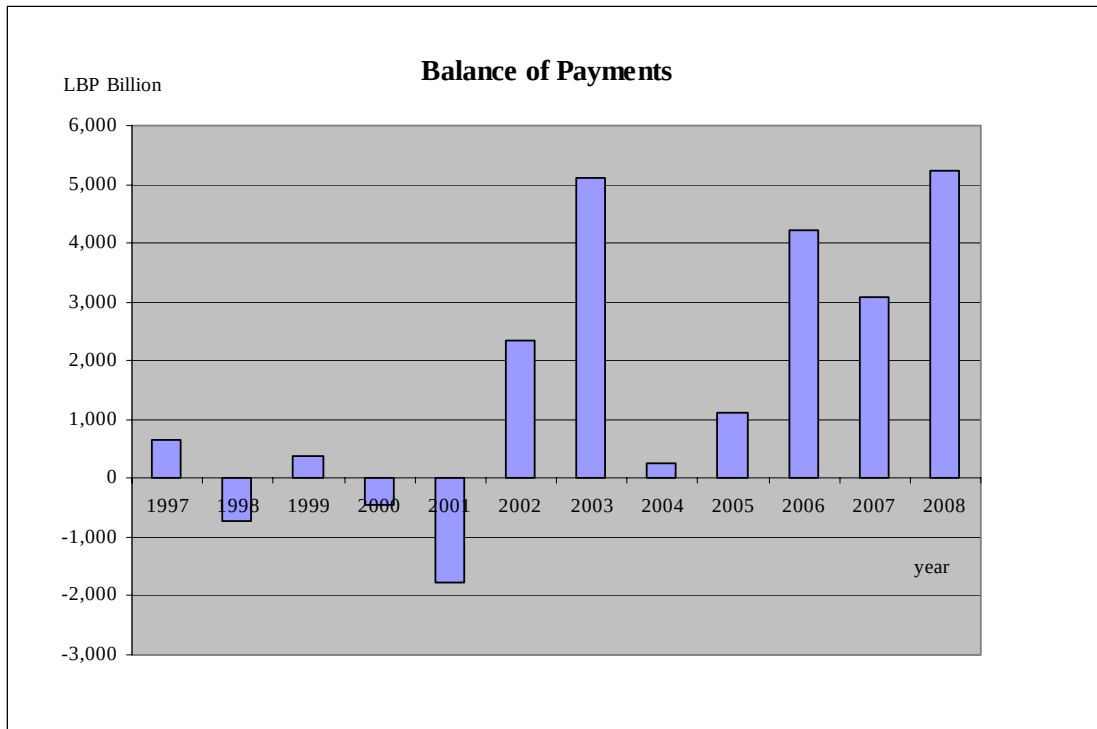


The trade deficit of the foreign exchange of goods and services has continually been covered by incomes and transfers from abroad, which have either directly or indirectly contributed toward financing the national economy by contributing to the configuration of household savings.

Estimated transfers, excluding direct investment, significantly rebounded from year 2003 after a previous period of decline. The share of foreign income and current transfers in GNDI fell from 18.6% in 1997 to 7.5% in 2002 and rose from 13.6% in 2003 to 15.7% in 2007 and 20.8% in 2008.

h) Balance of payments constantly positive

The significance of current or capital transfers, often accompanied by direct investment or subscription to Treasury bonds, have largely offset the trade balance deficit, resulting in a balance of payments surplus. In 2005 and 2006, the decline in imports, resulting from a decline in demand, further increased the surplus - a surplus that was more significant in 2006 due to increased transfers. In 2007 and 2008, transfers created a surplus despite the significant increase in imports and trade balance deficit.



i) An increase in national savings

Gross national savings declined sharply between 1999 and 2002 after peaking at LBP 4 476 billion in 1998. With the resumption of economic activity, but mainly due to a balance of payments surplus, gross national savings grew significantly in 2003, and moderately declined in 2004 due to increased consumer spending. Political events of 2005 and 2006 encouraged households to save rather than spend. In 2007 and 2008, disposable income growth was higher than consumption and savings attained a record levels of LBP 7 981 and LBP 12 426 respectively, representing 17.9% and 21.9% of GNDI.

j) The participation of banks in financing private sector investment grows in importance

The participation of the banking sector in financing private sector investment began declining in 1997 to become negative in 2003. Bank surpluses were invested in Treasury bonds, abroad, or blocked at the Central Bank of Lebanon. In 2004, bank loans to the private sector recovered to indicate positive figures, estimated at 20% of investment in this sector. However, since 2005, these loans again went into decline,

compared to private sector investment (GFCF + changes in inventories): in 2007, these loans contributed only to 10% (approximately) of investment. In 2008, the savings surplus, which supplies bank deposits, and the relative decline in interest rates, led commercial banks to finance the private sector as the public sector. Thus, the change in private sector loans accounts for approximately 44% of private business investment.

k) The public administration budget deficit continues to steadily decline

Reducing the public deficit began in 2003 continued in 2005. The deficit to GDP ratio, which fluctuated between 15% and 20% during the 1997-2002 period, fell to 12.1% in 2003 and 6% in 2005. In 2006 and 2007, it rose to approximately 7%. In 2008, the deficit fell significantly, following the strong growth in consumption taxes and represented only 1.9% of GDP.

However, the budget deficit does not include Treasury subsidies to EDL. Had these subsidies been included in the budget as subsidies to public corporations, the deficit would have exceeded 10% of GDP in 2007 and 7% in 2008.

l) The debt burden remains significant despite a noteworthy reduction in 2008

Despite a significant decline, the significance of pure interest (bank margins excluded) on the public debt in the secondary distribution sector remains predominant: these represented 141% of compulsory income levies in direct taxes and social security contributions in 1997. This ratio increased to 175% in 2002 and 174% in 2003, and fell to 137% in 2004 and 106% in 2005 and 2006. It rose back to 125% in 2007 and fell to 80% in 2008 due to lower interest rates and higher direct taxes. Regarding the ratio of public debt net of deposits at BDL to GDP it began to decline starting 2007: from 167% ending 2006, it fell to 156% in 2007 and 139% in 2008.

APPENDICES

Appendix I

Tables of Basic Accounts

N.B:

- The accounts from 2004 till 2007 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

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	16 641	17 781	18 131	20 597	26 638
Final consumption	33 790	33 824	34 325	37 916	45 978
GFCF	6 884	7 313	7 768	10 127	13 363
Exports	5 018	5 514	5 733	7 160	9 081
Changes in inventories/Adjustment	400	-91	-35	335	446
Total uses= resources	62 734	64 341	65 921	76 136	95 506
Output except Trade	40 351	41 710	43 038	48 104	57 687
Imports	13 225	13 637	13 964	17 765	23 744
Taxes/imports	2 963	2 643	2 450	2 872	3 710
Trade output*	6 195	6 352	6 469	7 394	10 365

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	15 749	16 786	17 303	19 378	23 131
Final consumption	32 968	33 214	33 404	36 342	41 600
GFCF	6 682	7 120	7 516	9 350	11 987
Exports	4 908	5 415	5 572	6 904	8 078
Changes in inventories/Adjustment	395	-92	-42	317	397
Total uses= resources	60 702	62 443	63 753	72 291	85 193
Output except Trade	39 508	41 118	41 887	45 680	52 263
Imports	12 385	12 508	13 309	16 508	20 787
Taxes/imports	2 939	2 836	2 559	2 918	3 552
Trade output*	5 870	5 981	5 998	7 184	8 591

*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

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	986	917	1 136	1 205	1 662
Final consumption	1 589	1 642	1 799	1 987	2 361
GFCF	0	0	0	0	0
Exports	310	323	309	402	427
Changes in inventories/Adjustment	0	-40	0	32	45
Total uses= resources	2 884	2 842	3 245	3 627	4 494
Output	1 620	1 625	2 003	2 155	2 501
Imports	657	562	537	822	1 042
Taxes/imports	89	97	105	86	92
Trade Margin	519	557	600	565	859

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	913	937	967	1 003	1 454
Final consumption	1 615	1 556	1 562	1 831	2 053
GFCF	0	0	0	0	0
Exports	310	306	314	376	439
Changes in inventories/Adjustment	0	-45	0	22	34
Total uses = resources	2 839	2 754	2 842	3 231	3 979
Output	1 621	1 604	1 663	1 858	2 433
Imports	578	568	515	678	833
Taxes/imports	72	80	99	135	84
Trade Margin	567	501	564	562	630

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

1.2. Livestock products

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	580	526	525	592	672
Final consumption	550	552	506	722	862
GFCF	19	20	18	20	22
Exports	24	21	27	40	45
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	1 174	1 119	1 076	1 374	1 601
Output	558	581	547	745	894
Imports	349	288	303	313	348
Taxes/imports	4	4	4	6	6
Trade Margin	263	245	222	310	353

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	556	515	511	523	516
Final consumption	524	568	468	567	806
GFCF	18	19	16	16	22
Exports	29	21	26	43	48
Changes in inventories/Adjustment	0	0	0	0	0
Total uses = resources	1 127	1 123	1 021	1 149	1 392
Output	545	591	498	612	760
Imports	332	264	306	280	274
Taxes/imports	4	4	5	5	6
Trade Margin	246	265	213	251	352

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

1.3. Energy and water

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	3 245	3 935	4 038	4 376	6 740
Final consumption	1 870	1 778	1 714	1 782	2 058
GFCF	0	0	0	0	0
Exports	7	10	10	9	18
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	5 122	5 724	5 763	6 167	8 816
Output	1 339	1 332	1 298	1 100	1 221
Imports	2 424	3 209	3 457	4 161	6 145
Taxes/imports	1 012	729	609	599	739
Trade Margin	347	453	399	307	711

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	2 993	3 247	3 663	4 035	5 064
Final consumption	1 783	1 764	1 685	1 738	1 861
GFCF	0	0	0	0	0
Exports	6	9	9	9	10
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	4 782	5 020	5 357	5 782	6 935
Output	1 319	1 352	1 294	1 096	1 228
Imports	1 914	2 351	2 969	3 715	4 642
Taxes/imports	1 074	982	675	619	688
Trade Margin	475	335	420	351	378

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

1.4. Food industry products

a) Current value *billion LBP*

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	412	421	431	494	546
Final consumption	5 325	5 135	5 149	5 930	7 006
GFCF	0	0	0	0	0
Exports	289	352	366	468	577
Changes in inventories/Adjustment	70	-70	70	30	71
Total uses= resources	6 096	5 838	6 016	6 922	8 200
Output	3 364	3 130	3 201	3 399	4 024
Imports	1 250	1 291	1 324	1 776	2 053
Taxes/imports	412	434	397	495	519
Trade Margin	1 071	983	1 093	1 251	1 604

b) Volume at previous year prices *billion LBP*

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	383	384	403	458	498
Final consumption	5 103	4 945	4 907	5 434	5 909
GFCF	0	0	0	0	0
Exports	280	358	347	444	515
Changes in inventories/Adjustment	65	-68	65	35	56
Total uses= resources	5 831	5 619	5 722	6 372	6 979
Output	3 184	3 024	3 083	3 128	3 344
Imports	1 190	1 236	1 291	1 620	1 823
Taxes/imports	402	397	403	501	575
Trade Margin	1 055	962	945	1 123	1 237

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

1.5. Textiles, leather and clothes

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	310	298	279	317	393
Final consumption	1 884	1 952	2 013	1 931	2 564
GFCF	3	3	4	5	5
Exports	460	485	498	579	656
Changes in inventories/Adjustment	80	-20	-50	50	60
Total uses= resources	2 738	2 719	2 745	2 883	3 678
Output	703	749	697	754	913
Imports	943	890	863	963	1 205
Taxes/imports	201	178	180	182	225
Trade Margin	890	902	1 005	984	1 335

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	305	313	277	317	388
Final consumption	1 857	1 837	1 904	2 016	2 380
GFCF	4	3	4	6	5
Exports	443	467	515	586	634
Changes in inventories/Adjustment	79	-19	-53	48	60
Total uses= resources	2 687	2 601	2 647	2 973	3 467
Output	685	713	689	775	865
Imports	926	851	907	915	1 200
Taxes/imports	202	181	182	191	227
Trade Margin	873	855	870	1 092	1 176

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

1.6. Non-metal ores

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	1 548	1 614	1 600	1 997	2 650
Final consumption	93	69	58	65	95
GFCF	26	25	24	29	33
Exports	273	286	225	323	478
Changes in inventories/Adjustment	0	22	-35	25	60
Total uses= resources	1 941	2 016	1 872	2 439	3 317
Output	1 093	1 143	1 083	1 318	1 635
Imports	559	515	468	695	1 125
Taxes/imports	71	65	63	91	98
Trade Margin	218	292	257	336	458

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	1 483	1 548	1 585	1 876	2 224
Final consumption	51	71	60	65	83
GFCF	26	26	23	31	32
Exports	237	253	215	314	401
Changes in inventories/Adjustment	0	22	-35	23	49
Total uses= resources	1 798	1 921	1 848	2 309	2 789
Output	1 008	1 118	1 054	1 258	1 372
Imports	528	517	466	656	929
Taxes/imports	73	66	59	88	121
Trade Margin	189	220	269	307	366

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

1.7. Metals, machines and equipment

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	2 137	2 304	2 351	2 937	3 793
Final consumption	2 414	2 315	2 256	2 772	4 890
GFCF	1 479	1 545	1 510	2 014	2 647
Exports	1 164	1 361	1 416	1 957	2 296
Changes in inventories/Adjustment	180	57	-20	98	210
Total uses= resources	7 373	7 581	7 513	9 778	13 835
Output	1 404	1 648	1 495	1 855	2 286
Imports	4 030	3 966	4 025	5 284	7 379
Taxes/imports	836	807	765	1 004	1 566
Trade Margin	1 103	1 161	1 228	1 634	2 604

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	2 039	2 214	2 227	2 707	3 434
Final consumption	2 180	2 280	2 208	2 650	4 490
GFCF	1 470	1 554	1 548	2 096	2 563
Exports	1 136	1 324	1 348	1 863	2 128
Changes in inventories/Adjustment	184	56	-20	95	198
Total uses= resources	7 010	7 427	7 311	9 413	12 814
Output	1 355	1 600	1 465	1 744	2 073
Imports	3 988	3 914	3 898	5 096	7 026
Taxes/imports	777	809	800	993	1 403
Trade Margin	889	1 105	1 147	1 579	2 312

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

1.8. Wood, rubber and chemicals

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	2 035	2 093	2 037	2 439	2 933
Final consumption	1 487	1 427	1 516	1 769	1 972
GFCF	175	203	210	279	333
Exports	451	515	539	738	1 139
Changes in inventories/Adjustment	70	-40	0	100	0
Total uses= resources	4 217	4 197	4 302	5 325	6 378
Output	1 182	1 161	1 157	1 271	1 629
Imports	2 305	2 282	2 355	3 055	3 576
Taxes/imports	242	237	239	311	345
Trade Margin	489	517	552	688	827

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	1 827	1 933	1 984	2 249	2 663
Final consumption	1 398	1 380	1 492	1 680	1 751
GFCF	171	189	198	263	301
Exports	425	486	518	669	773
Changes in inventories/Adjustment	67	-38	0	94	0
Total uses= resources	3 888	3 950	4 192	4 954	5 487
Output	1 124	1 109	1 125	1 172	1 248
Imports	2 197	2 157	2 313	2 871	3 209
Taxes/imports	227	226	241	291	327
Trade Margin	339	458	513	619	703

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

1.9. Furniture

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	29	31	31	35	41
Final consumption	253	264	263	293	388
GFCF	342	330	324	360	448
Exports	52	64	84	101	133
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	676	689	702	790	1 010
Output	477	500	501	572	716
Imports	100	101	99	109	157
Taxes/imports	36	38	38	41	53
Trade Margin	63	50	64	67	84

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	32	33	33	35	37
Final consumption	243	268	269	294	331
GFCF	332	325	321	357	432
Exports	49	57	89	102	124
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	656	683	713	788	924
Output	458	480	513	566	650
Imports	108	102	109	107	148
Taxes/imports	44	37	41	41	55
Trade Margin	45	64	50	73	71

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

1.10. Other industrial products

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	215	190	201	230	250
Final consumption	1 062	907	794	930	1 238
GFCF	179	157	206	197	266
Exports	497	535	574	699	869
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	1 953	1 790	1 775	2 056	2 623
Output	968	931	896	1 065	1 373
Imports	609	531	534	588	714
Taxes/imports	60	53	50	56	68
Trade Margin	315	275	295	347	468

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	216	209	191	211	263
Final consumption	1 082	908	725	863	1 193
GFCF	182	170	223	194	192
Exports	501	572	511	655	758
Changes in inventories/Adjustment	0	0	0	0	0
Total uses= resources	1 981	1 859	1 650	1 923	2 406
Output	1 021	959	808	978	1 234
Imports	623	547	534	570	704
Taxes/imports	62	55	54	55	67
Trade Margin	275	299	255	321	402

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

1.11. Construction

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses					
Final consumption					
GFCF	4 660	5 030	5 472	7 222	9 609
Exports					
Total uses= resources	4 660	5 030	5 472	7 222	9 609
Output	4 660	5 030	5 472	7 222	9 609

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses					
Final consumption					
GFCF	4 478	4 833	5 183	6 388	8 439
Exports					
Total uses= resources	4 478	4 833	5 183	6 388	8 439
Output	4 478	4 833	5 183	6 388	8 439

1.12. Transport and communication

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	1 793	1 959	1 974	2 063	2 322
Final consumption	2 589	2 907	2 789	3 084	3 517
GFCF					
Exports	211	203	198	205	225
Total uses= resources	4 592	5 069	4 961	5 352	6 064
Output	4 592	5 069	4 961	5 352	6 064

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	1 793	1 959	1 933	2 060	2 368
Final consumption	2 585	2 844	2 728	2 931	3 331
GFCF	0	0	0	0	0
Exports	211	203	194	205	230
Total uses= resources	4 588	5 006	4 855	5 196	5 929
Output	4 588	5 006	4 855	5 196	5 929

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

1.13. Market services

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	3 351	3 494	3 527	3 912	4 636
Final consumption	9 651	9 851	10 266	11 142	12 380
GFCF	0	0	0	0	0
Exports	364	441	733	734	1 159
Total uses= resources	13 366	13 786	14 526	15 787	18 176
Output	13 366	13 786	14 526	15 787	18 176

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses	3 209	3 495	3 528	3 903	4 223
Final consumption	9 598	9 793	10 213	10 786	11 431
GFCF	0	0	0	0	0
Exports	364	441	733	734	1 054
Total uses= resources	13 170	13 729	14 474	15 423	16 708
Output	13 170	13 729	14 474	15 423	16 708

1.15. Non- market services

a) Current value

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses					
Final consumption	5 024	5 024	5 201	5 509	6 646
GFCF					
Exports					
Total uses= resources	5 024	5 024	5 201	5 509	6 646
Output	5 024	5 024	5 201	5 509	6 646

b) Volume at previous year prices

billion LBP

Nature of flow	2004	2005	2006	2007	2008
Intermediate uses					
Final consumption	4 950	5 001	5 184	5 486	5 981
GFCF					
Exports					
Total uses= resources	4 950	5 001	5 184	5 486	5 981
Output	4 950	5 001	5 184	5 486	5 981

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 2004 current value

billion LBP

	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	168	0	1 390	3	0	5	0	0	1 566	2 138	19	335	0	4 058
2. Energy & water	19	1 167	536	20	914	371	163	56	3 245	1 870	0	7	0	5 122
3. Manufacturing	241	116	3 404	1 752	19	692	323	140	6 687	12 517	2 205	3 185	400	24 994
4. Construction	0	0	0	0	0	0	0	0	0	0	4 660	0	0	4 660
5. Transp. & commun.	5	8	87	25	611	690	340	25	1 793	2 589	0	211	0	4 592
6. Other services	53	24	361	339	177	320	667	1 410	3 351	9 651	0	364	0	13 366
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	5 024	0	0	0	4 968
Total uses	485	1 315	5 778	2 139	1 722	2 078	1 493	1 631	16 641	33 790	6 884	5 018	400	62 678
Value added	1 692	24	3 413	2 522	2 870	11 287	7 665	3 393	32 867					
Output	2 178	1 339	9 191	4 660	4 592	13 366	9 158	5 024	49 509					
Imports	1 005	2 424	9 796	0	0	0	0	0	13 225					
Taxes on imports	93	1 012	1 858	0	0	0	-2 963	0	0					
Trade margins	782	347	4 149	0	0	0	-5 278	0	0					
Total resources	4 058	5 122	24 994	4 660	4 592	13 366	917	5 024	62 734					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports	13 225		465	13 691
Exports	5 018	1 538		6 555
Consumption	33 790	-1 538	465	32 718

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

2.2. a) Year 2005 current value

billion LBP

	Intermediate uses									Final uses				Total	
	1. Agric. Livest.	2. Energy 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	179	0	1 257	3	0	5	0	0	1 443	2 194	20	344	-40	3 961	
2. Energy & water	22	1 428	615	25	1 149	426	182	88	3 935	1 778	0	10	0	5 724	
3. Manufacturing	259	126	3 540	1 851	22	694	311	148	6 950	12 069	2 263	3 599	-51	24 830	
4. Construction	0	0	0	0	0	0	0	0	0	0	5 030	0	0	5 030	
5. Transp. & commun.	5	9	84	26	703	752	357	23	1 959	2 907	0	203	0	5 069	
6. Other services	55	29	399	370	207	343	723	1 371	3 494	9 851	0	441	0	13 786	
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	5 024	0	0	0	5 024	
Total uses	520	1 591	5 895	2 275	2 080	2 218	1 572	1 630	17 781	33 824	7 313	5 514	-91	64 341	
Value added	1 686	-259	3 366	2 756	2 989	11 568	7 422	3 394	32 922						
Output	2 206	1 332	9 262	5 030	5 069	13 786	8 994	5 024	50 704						
Imports	851	3 209	9 577	0	0	0	0	0	13 637						
Taxes on imports	101	729	1 812	0	0	0	-2 643	0	0						
Trade margins	803	453	4 179	0	0	0	-5 435	0	0						
Total resources	3 961	5 724	24 830	5 030	5 069	13 786	917	5 024	64 341						

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports	13 637		401	14 038
Exports	5 514	1 524		7 038
Consumption	33 824	-1 524	401	32 702

2.2. b) Year 2005 at 2004 prices

billion LBP

Activity	Intermediate uses									Final uses				Total
	1. Agric. Livest.	2. Energy water	3. Manuf. industr	4. Con- struction	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	182	0	1 262	3	0	5	0	0	1 452	2 124	19	328	-45	3 877
2. Energy & water	18	1 178	507	21	948	351	150	73	3 247	1 764	0	9	0	5 020
3. Manufacturing	239	117	3 379	1 770	21	673	296	139	6 634	11 688	2 267	3 517	-46	24 060
4. Construction	0	0	0	0	0	0	0	0	0	0	4 833	0	0	4 833
5. Transp. & commun.	5	9	84	26	702	752	357	23	1 959	2 844	0	203	0	5 006
6. Other services	55	29	399	370	207	343	723	1 371	3 495	9 793	0	441	0	13 729
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	5 001	0	0	0	5 001
Total uses	500	1 332	5 631	2 190	1 878	2 123	1 526	1 607	16 786	33 214	7 120	5 415	-92	62 443
Value added	1 695	20	3 371	2 644	3 128	11 606	7 291	3 394	33 148					
Output	2 195	1 352	9 002	4 833	5 006	13 729	8 817	5 001	49 935					
Imports	832	2 351	9 325	0	0	0	0	0	12 508					
Taxes on imports	84	982	1 770	0	0	0	-2 836	0	0					
Trade margins	766	335	3 962	0	0	0	-5 064	0	0					
Total resources	3 877	5 020	24 060	4 833	5 006	13 729	917	5 001	62 443					

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

2.3. a) Year 2006 current value

billion LBP

	Intermediate uses									Final uses				Total	
	1. Agric. Livest.	2. Ener. 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	192	0	1 461	3	0	6	0	0	1 662	2 305	18	336	0	4 321	
2. Energy & water	25	1 529	634	29	1 093	438	168	123	4 038	1 714	0	10	0	5 763	
3. Manufacturing	252	124	3 398	1 940	22	749	307	138	6 930	12 050	2 278	3 702	-35	24 925	
4. Construction	0	0	0	0	0	0	0	0	0	0	5 472	0	0	5 472	
5. Transp. & commun.	5	8	81	27	687	789	347	29	1 974	2 789	0	198	0	4 961	
6. Other services	59	29	383	352	220	352	684	1 448	3 527	10 266	0	733	0	14 526	
7. Trade	0	0	0	0	0	0	0	0	0	0	0	753	0	753	
8 Administration	0	0	0	0	0	0	0	0	0	5 201	0	0	0	5 201	
Total uses	533	1 690	5 957	2 352	2 022	2 333	1 506	1 738	18 131	34 325	7 768	5 733	-35	65 921	
Value added	2 016	-393	3 074	3 120	2 939	12 193	7 413	3 462	33 825						
Output	2 550	1 298	9 031	5 472	4 961	14 526	8 919	5 201	51 957						
Imports	840	3 457	9 668	0	0	0	0	0	13 964						
Taxes on imports	109	609	1 732	0	0	0	-2 450	0	0						
Trade margins	822	399	4 494	0	0	0	-5 716	0	0						
Total resources	4 321	5 763	24 925	5 472	4 961	14 526	753	5 201	65 921						

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports	13 964		290	14 255
Exports	5 733	1 456		7 189
Consumption	34 325	-1 456	290	33 159

2.3. b) Year 2006 at 2005 prices

billion LBP

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	163	0	1 307	3	0	5	0	0	1 477	2 030	16	340	0	3 863
2. Energy & water	23	1 387	575	26	991	397	152	111	3 663	1 685	0	9	0	5 357
3. Manufacturing	242	121	3 248	1 904	21	734	298	133	6 701	11 565	2 318	3 543	-42	24 085
4. Construction	0	0	0	0	0	0	0	0	0	0	5 183	0	0	5 183
5. Transp. & commun.	5	8	80	27	673	773	340	29	1 933	2 728	0	194	0	4 855
6. Other services	59	29	383	353	220	352	684	1 448	3 528	10 213	0	733	0	14 474
7. Trade	0	0	0	0	0	0	0	0	0	0	0	753	0	753
8 Administration	0	0	0	0	0	0	0	0	0	5 184	0	0	0	5 098
Total uses	492	1 545	5 592	2 312	1 905	2 261	1 474	1 721	17 303	33 404	7 516	5 572	-42	63 668
Value added	1 669	-251	3 145	2 870	2 950	12 213	7 083	3 462	33 141					
Output	2 161	1 294	8 737	5 183	4 855	14 474	8 557	5 184	50 444					
Imports	821	2 969	9 520	0	0	0	0	0	13 309					
Taxes on imports	104	675	1 780	0	0	0	-2 559	0	0					
Trade margins	777	420	4 048	0	0	0	-5 245	0	0					
Total resources	3 863	5 357	24 085	5 183	4 855	14 474	753	5 184	63 753					

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

2.4. a) Year 2007 current value

billion LBP

	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	250	0	1 542	2	0	4	0	0	1 798	2 709	20	442	32	5 000
2. Energy & water	25	1 553	750	36	1 251	505	206	49	4 376	1 782	0	9	0	6 167
3. Manufacturing	274	119	4 101	2 468	25	848	397	217	8 449	13 691	2 885	4 865	303	30 192
4. Construction	0	0	0	0	0	0	0	0	0	0	7 222	0	0	7 222
5. Transp. & commun.	5	7	86	32	710	827	385	10	2 063	3 084	0	205	0	5 352
6. Other services	66	29	428	398	276	395	747	1 571	3 912	11 142	0	734	0	15 787
7. Trade	0	0	0	0	0	0	0	0	0	0	0	905	0	905
8 Administration	0	0	0	0	0	0	0	0	0	5 509	0	0	0	5 509
Total uses	620	1 709	6 907	2 936	2 262	2 579	1 736	1 848	20 597	37 916	10 127	7 160	335	76 136
Value added	2 279	-608	3 326	4 286	3 090	13 208	8 530	3 662	37 774					
Output	2 900	1 100	10 234	7 222	5 352	15 787	10 266	5 509	58 370					
Imports	1 135	4 161	12 470	0	0	0	0	0	17 765					
Taxes on imports	91	599	2 181	0	0	0	-2 872	0	0					
Trade margins	875	307	5 308	0	0	0	-6 489	0	0					
Total resources	5 000	6 167	30 192	7 222	5 352	15 787	905	5 509	76 136					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports	17 765		437	18 203
Exports	7 160	1 533		8 694
Consumption	37 916	-1 533	437	36 820

2.4. b) Year 2007 at 2006 prices

billion LBP

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	208	0	1 313	2	0	3	0	0	1 525	2 398	16	419	22	4 380
2. Energy & water	23	1 432	692	34	1 153	465	190	45	4 035	1 738	0	9	0	5 782
3. Manufacturing	254	110	3 795	2 294	23	811	366	201	7 854	13 003	2 946	4 633	295	28 731
4. Construction	0	0	0	0	0	0	0	0	0	0	6 388	0	0	6 388
5. Transp. & commun.	5	7	86	32	710	827	385	10	2 060	2 931	0	205	0	5 196
6. Other services	66	29	427	397	276	394	746	1 568	3 903	10 786	0	734	0	15 423
7. Trade	0	0	0	0	0	0	0	0	0	0	0	905	0	905
8 Administration	0	0	0	0	0	0	0	0	0	5 486	0	0	0	5 486
Total uses	557	1 578	6 312	2 758	2 162	2 500	1 687	1 824	19 378	36 342	9 350	6 904	317	72 291
Value added	1 914	-482	3 309	3 630	3 034	12 923	8 416	3 662	36 405					
Output	2 470	1 096	9 621	6 388	5 196	15 423	10 103	5 486	55 783					
Imports	958	3 715	11 835	0	0	0	0	0	16 508					
Taxes on imports	140	619	2 159	0	0	0	-2 918	0	0					
Trade margins	813	351	5 115	0	0	0	-6 279	0	0					
Total resources	4 380	5 782	28 731	6 388	5 196	15 423	905	5 486	72 291					

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

2.5. a) Year 2008 current value

billion LBP

	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	323	0	2 003	3	0	5	0	0	2 334	3 222	22	472	45	6 095
2. Energy & water	38	2 815	1 057	57	1 675	711	325	62	6 740	2 058	0	18	0	8 816
3. Manufacturing	415	146	5 023	3 222	30	984	508	277	10 606	18 153	3 732	6 147	401	39 040
4. Construction	0	0	0	0	0	0	0	0	0	0	9 609	0	0	9 609
5. Transp. & commun.	5	8	87	37	804	893	476	13	2 322	3 517	0	225	0	6 064
6. Other services	72	27	453	443	306	481	766	2 088	4 636	12 380	0	1 159	0	18 176
7. Trade	0	0	0	0	0	0	0	0	0	0	0	1 061	0	1 061
8 Administration	0	0	0	0	0	0	0	0	0	6 646	0	0	0	6 646
Total uses	853	2 996	8 625	3 761	2 815	3 073	2 075	2 441	26 638	45 978	13 363	9 081	446	95 506
Value added	2 543	-1 776	3 952	5 847	3 249	15 102	12 000	4 206	45 124					
Output	3 396	1 221	12 576	9 609	6 064	18 176	14 076	6 646	71 762					
Imports	1 390	6 145	16 209	0	0	0	0	0	23 744					
Taxes on imports	98	739	2 873	0	0	0	-3 710	0	0					
Trade margins	1 212	711	7 382	0	0	0	-9 305	0	0					
Total resources	6 095	8 816	39 040	9 609	6 064	18 176	1 061	6 646	95 506					

Table of territorial corrections

	Territorial concept	Expenses of tourists in Lebanon	Expenses of Lebanese abroad	National concept
Imports	23 744		510	24 254
Exports	9 081	1 999		11 080
Consumption	45 978	-1 999	510	44 488

2.5. b) Year 2008 at 2007 prices

billion LBP

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	283	0	1 681	3	0	4	0	0	1 970	2 859	22	486	0	5 371
2. Energy & water	29	1 965	794	43	1 408	534	244	47	5 064	1 861	0	10	0	6 935
3. Manufacturing	296	133	4 495	2 934	28	898	469	254	9 507	16 137	3 526	5 334	363	34 867
4. Construction	0	0	0	0	0	0	0	0	0	0	8 439	0	0	8 439
5. Transp. & commun.	5	8	89	37	820	911	485	13	2 368	3 331	0	230	0	5 929
6. Other services	66	25	413	403	278	438	698	1 902	4 223	11 431	0	1 054	0	16 708
7. Trade	0	0	0	0	0	0	0	0	0	0	0	964	0	964
8 Administration	0	0	0	0	0	0	0	0	0	5 981	0	0	0	5 981
Total uses	678	2 130	7 472	3 420	2 534	2 784	1 897	2 216	23 131	41 600	11 987	8 078	363	85 193
Value added	2 515	-902	3 314	5 019	3 395	13 924	10 246	3 764	41 275					
Output	3 193	1 228	10 786	8 439	5 929	16 708	12 143	5 981	64 406					
Imports	1 107	4 642	15 039	0	0	0	0	0	20 787					
Taxes on imports	90	688	2 775	0	0	0	-3 552	0	0					
Trade margins	982	378	6 266	0	0	0	-7 626	0	0					
Total resources	5 371	6 935	34 867	8 439	5 929	16 708	964	5 981	85 193					

3. Financial institutions accounts

Commercial banks accounts

billion LBP

Account	2004	2005	2006	2007	2008
I. Production account					
<i>Uses</i>					
P2. Intermediate consumption	538	561	604	675	772
<i>B1. Gross value added</i>	<i>1 440</i>	<i>1 636</i>	<i>1 996</i>	<i>2 131</i>	<i>2 631</i>
Total uses = resources	1 978	2 198	2 600	2 806	3 403
<i>Resources = Net banking product (P1.):</i>					
Interest income	6 147	6 286	7 272	8 385	8 524
-Interest payments	-4 552	-4 488	-5 089	-6 086	-5 715
Commissions	382	399	416	507	594
II.1. Allocation of primary income account					
<i>Uses</i>					
D1. Compensation of employees	735	731	819	886	1 061
D41. Interests on loans	30	28	24	19	38
D42. Distributed Profit	...	...	...	...	...
<i>B5.Bal. of primary income acc.</i>	<i>818</i>	<i>1 164</i>	<i>1 454</i>	<i>1 631</i>	<i>2 078</i>
Total uses = resources	1 584	1 923	2 297	2 536	3 177
<i>Resources</i>					
B1. Gross value added	1 440	1 636	1 996	2 131	2 631
D4. Net income off work	144	286	301	405	546
II.2. Secondary distribution of income account					
<i>Uses</i>					
D5. Income tax	115	137	192	210	263
<i>B6. Balance: disposable income</i>	<i>703</i>	<i>1 027</i>	<i>1 262</i>	<i>1 421</i>	<i>1 815</i>
Total uses = resources	818	1 164	1 454	1 631	2 078
<i>Resources</i>					
B5.Bal.of primary income acc.	818	1 164	1 454	1 631	2 078
III.1. Capital account					
P51.Gross fixed capital format.	391	525	-29	82	373
<i>B9. Balance= net lending</i>	<i>312</i>	<i>502</i>	<i>1 291</i>	<i>1 340</i>	<i>1 442</i>
Total uses = resources	703	1 027	1 262	1 421	1 815
<i>Resources</i>					
B6. Disposable income	703	1 027	1 262	1 421	1 815
III.2. Financial account					
<i>Uses</i>					
F2. Cash and deposits in BDL	1 546	1 039	-1 579	514	9 262
F2. External assets	5 494	-439	4 754	6 474	-2 386
F3. Securities (Treasury bills)	3 146	2 532	4 496	1 226	5 855
F4. Credits	1 189	-2 212	1 293	3 676	5 024
F9. Other debtors	-10	-112	-103	65	-38
Total uses = resources	11 364	807	8 860	11 954	17 718
<i>Resources</i>					
B9. Net lending	312	502	1 291	1 340	1 442
F2. Deposits of residents	6 632	3 589	5 608	9 199	13 095
F2. Deposits of non-residents	4 174	-698	826	2 198	3 272
F5. Shares	-109	-290	1 241	-547	-390
F9. Other creditors	356	-2 297	-106	-236	299

4. Public administration accounts

4.1. Central administration accounts

Uses

billion LBP

Account, operations	2004	2005	2006	2007	2008
I. Production account					
P2. Intermediate Consumption	1 258	1 300	1 441	1 555	2 060
<i>B1. Gross value added</i>	2 829	2 874	2 999	3 201	3 643
Total	4 087	4 175	4 439	4 755	5 703
II.1. Allocation of primary income account					
D1. Compensation of employees	2 118	2 146	2 249	2 421	2 760
K.1. Depreciation	711	729	750	780	883
<i>B5. Primary income balance</i>	5 069	4 826	4 472	5 418	6 609
Total	7 898	7 700	7 471	8 618	10 252
II.2. Secondary distribution of income account					
D41. Interests*	3 466	2 966	3 382	4 288	3 245
D62. Social benefits	821	874	935	909	955
Current transfers to administrations	391	680	520	399	429
International co-operation	13	11	7	7	17
D79. Other current transfers	147	113	168	192	216
<i>B6. Balance: disposable income</i>	2 034	2 086	1 851	1 958	4 887
Total uses = resources	6 872	6 730	6 862	7 754	9 749
II.4. Use of income account					
P2. Consumption	4 087	4 175	4 439	4 755	5 703
<i>B8n. Balance: Net saving</i>	-2 053	-2 089	-2 589	-2 797	-816
Total uses = resources	2 034	2 086	1 851	1 958	4 887
III. 1 Capital account					
P51. Gross fixed capital formation	275	176	197	221	149
D92. Help to investment					
D93. Capital transfers to administ.	633	403	275	246	222
Total uses = resources	908	578	472	468	371
III.2 Financial account					
B9. Net borrowing	2 251	1 939	2 311	2 485	304
F21. Cash	-11	-20	-15	31	...
F22. Deposits in the BDL	890	955	-2 097	428	...
F41. Advances of Treasury	858	897	462	285	...
F79. Other debtors	-62	320	1 508	2 131	...
Total uses = resources	3 925	4 091	2 169	5 360	...

* 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

billion LBP

Account, operations	2004	2005	2006	2007	2008
I. Production account					
P12. Non-market output	4 087	4 175	4 439	4 755	5 703
Total	4 087	4 175	4 439	4 755	5 703
II.1. Allocation of primary income account					
B1. Gross domestic product	2 829	2 874	2 999	3 201	3 643
D2. Taxes on products	5 122	4 839	4 493	5 434	6 650
D3.- subsidies on products	-61	-19	-26	-22	-48
D41. Interests	8	5	5	6	7
Total	7 898	7 700	7 471	8 618	10 252
II.2. Secondary distribution of income account					
B5. Primary income	5 069	4 826	4 472	5 418	6 609
D51. Income taxes	801	907	1 184	1 142	1 585
D59. Other direct taxes	634	646	844	803	1 170
D61. Social contributions	86	85	85	79	85
D79. Non-tax receipts	282	266	276	312	301
Total uses= resources	6 872	6 730	6 862	7 754	9 749
II.4. Use of income account					
B6. Disposable income	2 034	2 086	1 851	2 034	4 887
Total uses= resources	2 034	2 086	1 851	2 034	4 887
III. 1 Capital account					
K1. Depreciation	711	729	750	780	883
B8n. Net saving	-2 053	-2 089	-2 589	-2 797	-816
B9. Net borrowing	2 251	1 939	2 311	2 485	304
Total uses= resources	908	578	472	468	371
III.2. Financial account					
F29. Deposits	196	200	-1 222	170	...
F3. Treasury bills	3 364	3 113	2 130	2 300	...
F4. Loans	517	756	0	2 531	...
F79. Other creditors	-77	24	1 515	426	...
F00. Transactions not classified	-74	-1	-253	-66	...
Total uses= resources	3 925	4 091	2 169	5 360	...

4. Public administration accounts

4.2. Public administration consolidated accounts (estimates)

billion LBP

Accounts	2004	2005	2006	2007	2008
I. Production account			<i>Uses</i>		
P2. Intermediate Consumption	1 631	1 630	1 738	1 848	2 441
B1. Gross value added	3 316	3 394	3 463	3 662	4 206
Total =P12. Production	4 947	5 024	5 201	5 509	6 646
II.1. Allocation of primary income account:			<i>Uses</i>		
D1. Compensation of employees	2 605	2 665	2 712	2 882	3 323
K.1. Depreciation	711	729	750	780	883
B5n. Balance: Net primary income	5 515	5 266	4 991	5 778	7 229
Total uses = resources	8 831	8 660	8 454	9 440	11 435
			<i>Resources</i>		
B1. Gross value added	3 316	3 394	3 463	3 662	4 206
D2-D3. Indirect taxes - subsidies	5 515	5 266	4 991	5 783	7 229
II.2. Secondary distribution of income account:			<i>Uses</i>		
D41. Interests*	3 544	3 031	3 472	4 393	3 350
D62. Social benefits	1 633	1 675	1 764	1 848	1 833
D79. Current transfers	160	124	175	199	233
B6. Balance: Disposable income	2 761	3 303	2 858	2 738	5 978
Total uses = resources	8 098	8 133	8 268	9 179	11 394
			<i>Resources</i>		
B5n. Net primary income	5 515	5 266	4 991	5 778	7 229
D5. Direct taxes	1 435	1 554	2 029	1 944	2 754
D61. Social contributions	845	1 031	951	1 128	1 084
D79. Non-tax receipts	303	283	298	327	327
II.4. Use of income account:			<i>Uses</i>		
P2. Consumption	4 947	5 024	5 201	5 509	6 646
B8n. Balance: Net saving	-2 186	-1 721	-2 343	-2 771	-668
Total = Disposable income	2 761	3 303	2 858	2 738	5 978
III.1. Capital account			<i>Uses</i>		
P51. Gross fixed capital formation	950	872	908	951	1 012
D92. Investment grants	129	121	88	105	100
Total uses = resources	1 079	993	996	1 056	1 112
			<i>Resources</i>		
B8n. Net saving	-2 186	-1 721	-2 343	-2 771	-668
K.1. Depreciation	711	729	750	780	883
D92. Investment grants	25	25	14	127	30
B9. Balance: Net Borrowing	2 529	1 961	2 575	2 920	867
III.2. Financial account			<i>Uses</i>		
B9. Borrowing	2 529	1 961	2 575	2 920	867
F2. Cash and deposits	1 341	1 231	-1 146	83	3 799
F41. Treasury Advances	511	734	1 370	1 403	2 430
Total uses = resources	4 381	3 925	2 799	4 407	7 096
			<i>Resources</i>		
F3. Treasury bills	3 520	3 316	2 152	3 007	6 322
F4. Loans	307	140	112	632	196
F9. Other creditors	555	469	536	768	578

*view remark at the bottom of table 4.1

Appendix II Statistical sources

I. Population

Table I.1. Vital statistics (number of registered events)

Demographic events	2003	2004	2005	2006	2007	2008
Marriages	30 636	30 014	29 705	29 078	35 796	37 593
Divorces	4 328	4 372	4 746	4 388	6 342	5 389
Births	71 465	73 900	73 770	72 790	80 896	84 823
Deaths	17 187	17 774	18 012	18 787	21 092	21 048

Source: CAS monthly bulletins

II. Agriculture and livestock

Table II.1. Crop output

a) Planted surface area - thousand hectares

Nature of crop product	2003	2004	2005	2006	2007	2008
Cereals	60.7	60.0	65.2	70.0	69.6	...
Leguminous vegetables	8.1	7.5	7.1	7.2	7.0	...
Vegetables	42.4	42.3	42.1	42.3	41.7	...
Plants for manufacturing	9.7	11.1	10.8	9.9	9.6	...
Fruits	84.3	83.5	82.5	83.9	84.3	...
Olives	57.6	58.5	58.8	59.1	58.6	...
Other Plants	4.9	5.4	6.5	6.6	6.3	...
Total	267.7	268.3	273.0	279.1	277.2	...

b) Output - thousand of tons

Nature of crop product	2003	2004	2005	2006	2007	2008
Cereals	326.8	396.3	394.3	429.6	391.5	...
Leguminous vegetables	50.0	40.2	35.5	30.1	37.5	...
Vegetables	1 163.1	1 295.9	1 284.3	1 160.6	1 300.6	...
Plants for manufacturing	12.0	97.1	90.0	45.5	42.1	...
Fruits	983.2	987.0	960.4	942.4	985.5	...
Olives	83.2	167.3	76.5	177.3	76.2	...
Other Plants	...	...	...	...	...	...
Total	2 618.3	2 983.8	2 841.0	2 785.5	2 833.4	...

Source: Ministry of Agriculture

II. Agriculture and livestock (continued)

Table II.1. Crop output (continued)

c) Output value

billion LBP

Nature of crop product	2003	2004	2005	2006	2007	2008
Cereals	65.1	89.9	93.0	116.5	104.0	...
Leguminous vegetables	28.9	27.0	22.4	27.4	38.3	...
Vegetables	372.7	402.5	422.0	591.9	770.7	...
Plants for manufacturing	100.8	116.9	103.3	102.7	112.6	...
Fruits	646.5	644.1	630.7	759.4	918.7	...
Olives	110.3	212.3	113.2	283.7	144.7	...
Other	41.9	51.5	56.5	61.3	65.9	...
Total	1 366.2	1 544.1	1 441.1	1 942.9	2 155.0	...

Source: Ministry of Agriculture

Table II.2. Animal output

a) Livestock: number of heads - thousands

Nature of livestock	2003	2004	2005	2006	2007	2008
<i>Intended for slaughter-house</i>						
Cow	45.0	43.5	44.4	40.6	40.1	...
Sheep	140.0	138.0	128.6	81.4	153.5	...
Goat	146.0	174.5	181.8	144.4	227.7	...
Pig	14.0	12.5	11.0	10.0	9.0	...
<i>Intended to milk production</i>						
Cow	47.5	43.9	43.8	43.9	45.3	...
Sheep	175.6	179.4	182.7	202.4	218.6	...
Goat	240.4	234.5	246.7	206.6	234.7	...

b) Output - thousand of tons (or units)

Nature of product	2003	2004	2005	2006	2007	2008
Beef	16.4	16.2	16.5	15.1	14.9	...
Sheep	5.9	5.8	5.4	3.5	6.6	...
Goat	5.3	5.9	6.6	5.2	8.2	...
Pork	1.3	1.2	1.1	1.0	0.9	...
Chicken	127.3	137.3	130.6	140.2	143.7	...
Eggs (million units)	775.0	755.0	758.0	670.0	762.0	...
Cow's milk	194.6	186.3	189.8	166.8	183.6	...
Sheep's milk	23.3	21.6	22.8	19.7	24.7	...
Goat's milk	36.5	36.1	39.3	26.0	34.0	...
Honey	0.9	1.1	1.1	0.8	1.0	...

Source: Ministry of Agriculture

II. Agriculture and livestock (continued)

Table II.2. Animal output (continued)

c) Output value *billion LBP*

Nature of product	2003	2004	2005	2006	2007	2008
Beef	41.7	44.3	48.3	49.4	52.5	...
Sheep	18.2	20.7	18.6	13.0	28.9	...
Goat	14.8	17.4	18.3	19.1	32.8	...
Pork	2.7	2.6	2.4	2.5	2.6	...
Chicken	188.5	204.9	185.5	230.7	271.8	...
Eggs	55.8	61.9	56.9	77.1	125.7	...
Cow's milk	101.8	96.9	99.1	118.4	145.0	...
Sheep's milk	12.9	11.9	13.9	13.4	20.0	...
Goat's milk	23.0	21.5	25.6	19.3	27.7	...
Honey	20.0	21.9	25.0	18.0	22.0	...
Total	556.8	504.0	493.6	560.9	729.0	...

Source: Ministry of Agriculture

III. Energy

Table III.1. Main imported oil products

thousands of tons

Product	2003	2004	2005	2006	2007	2008
Gasoline	1 260.4	1 263.2	1 273.1	1 224.6	1 306.8	1 401.2
Gas oil	1 829.2	1 746.8	1 587.7	1 596.3	1 363.2	1 802.7
Fuel oil	1 284.9	1 382.6	1 360.2	1 039.7	1 258.7	1 213.5
Kerosene	124.5	126.7	146.6	103.4	139.7	166.7
Gas butane	205.1	220.2	166.1	161.1	160.7	163.2

Source: General Directorate of oil

Table III.2. Electricity consumption

KWH million

	2003	2004	2005	2006	2007	2008
(network EOL)	10 538	10 308	10 581	10 215	10 590	11 142

Source: Central Administration of Statistics, Monthly bulletins

IV. Industry

Table IV.1. Manufactured Tobacco

	2003	2004	2005	2006	2007	2008
Production (tons)	2 024	1 803	655	744	577	703
Local Tobacco sales (tons)	1 982	1 671	795	675	698	739
Value of sales (million LBP)	44 587	49 446	16 355	14 942	15 409	12 478

Source: Lebanese Régie for Tabacs and Tombacs

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

User branch	2003	2004	2005	2006	2007	2008
	<i>values LBP billion</i>					
Not specified	456	581	708	725	788	1 244
Agro-food industries	666	722	612	598	760	883
Textiles, leather & clothing	147	183	176	164	186	220
Non-metal ores & products	54	58	61	58	86	103
Metals, machines & equipment	552	742	805	862	1 239	1 737
Wood, rubber & chemicals	358	494	485	484	678	869
Furniture	65	79	83	83	111	139
Other industries	291	352	330	314	492	666
Total	2 606	3 262	3 260	3 288	4 340	5 861
	<i>Index of unit values compared to the previous year</i>					
Not specified	1.156	1.211	1.278	1.100	1.090	1.292
Agro-food industries	1.166	1.102	1.041	1.051	1.165	1.284
Textiles, leather & clothing	0.947	0.975	0.949	1.015	1.018	1.008
Non-metal ores & products	1.048	1.064	1.095	1.058	1.116	1.102
Metals, machines & equipment	1.086	1.111	1.040	1.056	1.147	1.185
Wood, rubber & chemicals	1.080	1.106	1.099	1.040	1.125	1.134
Furniture	0.978	1.040	1.056	1.017	1.073	1.041
Other industries	1.035	1.094	1.024	1.010	1.050	1.125
Total	1.098	1.111	1.087	1.054	1.116	1.167
	<i>Index of volumes compared to the previous year</i>					
Not specified	1.049	1.054	0.954	0.930	0.997	1.222
Agro-food industries	1.028	0.983	0.814	0.930	1.099	0.905
Textiles, leather & clothing	1.035	1.284	1.013	0.919	1.111	1.176
Non-metal ores & products	1.028	1.007	0.953	0.895	1.338	1.083
Metals, machines & equipment	1.181	1.210	1.042	1.014	1.254	1.183
Wood, rubber & chemicals	0.981	1.251	0.893	0.959	1.245	1.131
Furniture	1.197	1.161	0.993	0.985	1.251	1.203
Other industries	1.210	1.106	0.914	0.944	1.491	1.203
Total	1.078	1.117	0.933	0.957	1.185	1.114

V. Construction

Table V.1. Building permits registered at engineers' order

Indicator	2003	2004	2005	2006	2007	2008
Surface area - thousands m2	8 589	9 014	8 826	8 997	9 044	7 222

Source: Central Administration of Statistics, Monthly bulletins

Table V.2. Local cement sales

Indicator	2003	2004	2005	2006	2007	2008
Quantity in thousands tons	2 704	2 729	3 040	3 423	3 945	4 219

Source: Central Bank of Lebanon, Monthly bulletins

Table V.3. Raw material imports for construction

Indicator	2003	2004	2005	2006	2007	2008
Value in billion LBP	430.3	522.8	525.0	527.4	705.3	914.7
Unit value index n/n-1	1.016	1.027	1.045	1.075	1.087	1.057
Volume index n/n-1	1.031	1.183	0.961	0.934	1.231	1.227

VI. Transport and communication

Table VI.1. Movement of goods via Beirut port

Indicator	2003	2004	2005	2006	2007	2008
Thousands tons	4 805	5 061	4 473	4 227	5 318	5 746

Source: Central Administration of Statistics, Monthly bulletins

Table VI.2. Number of passengers departing from Beirut airport

Indicator	2003	2004	2005	2006	2007	2008
Thousands	1 368	1 601	1 601	1 366	1 649	2 014

Source: Central Administration of Statistics, Monthly bulletins

Table VI.3. Income of telephone and telecommunications General Directorate

billion LBP

Nature of income	2003	2004	2005	2006	2007	2008
Invoices issued	394.0	446.0	446.0	...	...	...
Receipts from new install.	8.4	8.1	7.2	...	...	...
Share internat. commun.	172.0	210.7	203.1	...	...	...
Share in mobiles commun.	711.1	883.6	1 017.5	...	...	...
Total	1 285.5	1 548.4	1 673.8	...	...	...

Source: Ministry of Finance, Closing accounts, Budgets appendices

VII. Services

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

Cycle	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
<i>Public and subsidised Education</i>						
Pre-school	61 241	61 040	57 403	54 378	57 611	54 307
Primary	250 437	250 534	245 946	240 218	245 896	236 267
Compl.& secondary	150 952	151 505	148 467	145 309	147 277	137 187
Technical	31 083	32 655	33 692	35 090	37 446	40 253
Lebanese University	65 530	66 809	70 065	70 627	72 961	74 176
Total	559 243	562 543	555 573	545 622	561 191	542 190
<i>Private Education</i>						
Pre-school	90 953	93 174	93 207	93 970	93 261	95 973
Primary	198 874	203 044	206 661	207 375	204 670	208 973
Compl.& secondary	152 988	159 314	165 262	170 064	169 162	175 494
Technical	59 814	67 223	63 190	63 705	62 285	67 165
Universities	57 841	65 836	71 414	76 334	87 403	92 989
Total	560 470	588 591	599 734	611 448	616 781	640 594
Grand total	1 119 713	1 151 134	1 155 307	1 157 070	1 177 972	1 182 784

Source: R&D Educational Center

Table VII.2. Health: public health expenditures

billion LBP

Administration	2003	2004	2005	2006	2007	2008
1. Health Ministry	273.8	227.4	222.4	179.7	201.3	308.8
2. NSSF: Health benefits	396.9	443.9	435.1	450.9	535.5	492.0
Total	670.7	671.3	657.5	630.6	740.8	800.8

Source: Ministry for Health and NSSF, Closing accounts

Table VII.3. Insurance services

billion LBP

Operation	2003	2004	2005	2006	2007	2008
Premiums paid	571.2	681.2	735.6	784.1	958.4	1 109.8
Claims paid	223.4	259.3	282.8	276.5	373.9	...

Source: Ministry of Economy and Trade

Table VII.4. Passenger arrivals

number in thousands

Nationality	2003	2004	2005	2006	2007	2008
Foreign non Arab	576	732	687	704	617	783
Arab except Syrians	515	631	636	522	503	668
Total	1 091	1 363	1 324	1 226	1 120	1 451

Source: Central Administration of Statistics, Monthly bulletins

VIII. Administration

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

billion LBP

Budget headings	ClassificationSNA93	2004	2005	2006	2007	2008p
Expenses						
11. Goods	P.2 Intermediate use	153	250	220	265	327
12. Services	P.2 Intermediate use	118	93	98	102	106
13. Wages	D.1 Wages	2 118	2 146	2 249	2 421	2 760
14. Transfers		1 432	1 697	1 656	1 529	1 665
	<i>D.3 Subsidies</i>	61	19	26	22	48
	<i>D.62 Pensions</i>	821	874	935	909	955
	<i>D.73 Transf. to adm.</i>	394	680	520	399	429
	<i>D.74 Coop. internat.</i>	13	11	7	7	17
	<i>D.79 Various transf.</i>	143	113	168	192	216
16. Other outlays	P.2 Intermediate use	311	265	219	253	349
17. Debt Services		4 141	3 659	4 285	5 223	4 523
	<i>P.2 Intermediate use</i>	487	523	904	935	1 278
	<i>D.41 Interests</i>	3 654	3 136	3 381	4 288	3 245
Total 1st part		8 273	8 109	8 727	9 793	9 730
2d part		908	578	472	468	371
	P.51 G.F.C.F.	275	176	197	221	149
	D.93 Transf. to adm.	633	403	275	246	222
Grand total		9 181	8 688	9 199	10 261	10 101
Income						
11. Income tax	D.51 Income tax	801	907	1 184	1 142	1 585
12. Taxes/property	D.59 Direct taxes	396	409	579	526	784
13. Taxes/consumpt.		2 983	2 548	2 458	2 711	3 794
VAT	<i>D.2 Indirect taxes</i>	1 688	1 561	1 660	1 803	2 581
Tax/cars	<i>D.59 Direct taxes</i>	109	108	109	130	197
Other	<i>D.2 Indirect taxes</i>	2 186	879	689	777	1 017
14. Customs duties	D.2 Indirect taxes	529	481	461	556	686
15. Other taxes	D.2 Indirect taxes	274	261	259	292	345
26. Operat.income		1 453	1 663	1 428	2 011	2 028
Public entrp. surplus	<i>D.2 Indirect taxes</i>	1 445	1 657	1 423	2 006	2 021
26901. Interests	<i>D.41 Interests</i>	8	5	5	6	7
27. Admin. receipts		389	385	426	424	483
27104. Traffic taxes	<i>D.59 Direct taxes</i>	129	130	156	146	189
Other	<i>D.79 Various transf.</i>	260	255	270	277	295
28. Fines	<i>D.79 Various transf.</i>	10	9	4	16	6
29. Other non-tax		98	86	87	98	85
	<i>D.61 Contributions</i>	86	85	85	79	85
	<i>D.79 Various transf.</i>	12	2	2	19	0
Grand total		6 933	6 749	6 888	7 776	9 797
Deficit	B.9	2 248	1 939	2 311	2 485	304

Source: Ministry of Finance, Closing accounts

p: provisional figures

VIII. Administration (continued)

Table VIII.2. Treasury Accounts

billion LBP

Operation	2003	2004	2005	2006	2007	2008
<i>Change in assets</i>						
Budgetary deficit	3 255	2 250	1 938	2 575	2 542	...
Advances to municipalities	-1	0	0	0	0	...
Advances to public agencies	63	683	509	208	237	...
Other advances	278	175	388	254	49	...
Payments made in advance	408	-62	320	1 508	2 131	...
Central Bank of Lebanon	-292	890	955	-2 097	428	...
Cash & checks to be collected	-6	-11	-20	-15	31	...
Adjustment accounts	-63	75	2	-11	9	...
Total	3 641	3 999	4 093	2 423	5 426	...
<i>Change in liabilities</i>						
Deposits	-290	144	123	84	151	...
Accrued expenses	81	215	162	265	341	...
Receipts to be settled	0	-7	8	76	177	...
Accounts of municipalities	-47	-274	-89	-145	-82	...
Accounts of public agencies	17	23	3	12	7	...
Other creditors	-27	17	17	1	1	...
Treasury bills-LBP; issues	16 742	23 407	23 064	18 292	21 974	...
-repayments	-15 220	-21 856	-19 742	-16 771	-17 820	...
Treasury bills-foreign; issues	3 653	4 553	0	1 771	5 725	...
-repayments	-1 268	-2 223	-210	-1 163	-5 199	...
Foreign loans	0	0	756	0	151	...
Total	3 641	3 999	4 093	2 423	5 426	...

Source: Ministry of Finance, treasury account

Table VIII.3. Public debt

end of the year, billion LBP

Debt items	2003	2004	2005	2006	2007	2008
Treasury bills in LBP						
Central Bank of Lebanon	8 630	10 197	11 233	9 143	8 647	8 419
Commercial banks	12 258	12 171	14 072	16 429	16 784	24 222
Outside the banking system	5 603	3 500	3 325	4 129	5 474	5 906
Banking system loans	353	503	512	503	468	460
Total gross domestic debt	26 843	26 371	29 141	30 204	31 373	39 007
- Public sector deposits	-3 019	-4 359	-5 590	-4 444	-4 527	-8 326
Net domestic debt (LBP)	23 824	22 012	23 551	25 760	26 846	30 681
Debt in foreign currency	23 442	27 701	28 844	30 647	31 977	31 881
Total	47 266	49 713	52 395	56 407	58 823	62 562

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 *billion LBP*

Administrative body	2003	2004	2005	2006	2007	2008
CDR	31.7	44.7	24.2	21.9	32.1	27.9
National Archives	0.0	0.0	0.8	1.0	1.5	0.7
Civil Defence	27.1	16.2	14.8	13.6	18.9	21.0
Lebanese University	139.3	149.0	158.6	156.9	146.2	173.6
R&D Educational Center	0.0	9.5	11.0	11.0	10.0	13.0
National Council for Scientific Res.	6.0	5.8	4.5	4.3	5.8	5.7
National Music Conservatory	6.2	8.2	6.0	8.2	8.2	9.1
Council for the South	5.5	16.5	6.0	5.0	7.0	6.2
Council for the Displaced	6.5	6.5	6.0	5.5	6.5	6.0
Relief Committee	19.8	0.1	43.9	12.8	0.0	2.4
Employment Office	2.3	2.8	1.6	2.4	1.7	0.5
Council for Housing	0.0	0.0	0.0	0.0	0.0	0.0
“Green Plan” Council	1.5	7.5	4.6	5.9	6.0	7.5
Agronomic Research	5.2	5.1	3.4	4.0	3.6	4.4
IDAL	22.7	3.0	7.3	2.2	4.0	3.8
NSSF	0.0	80.0	340.0	220.0	100.0	100.0
Other administrative bodies	18.5	38.8	47.0	45.3	62.7	29.4
Total	292.3	393.7	679.7	520.0	414.2	411.2

Source: Ministry of Finance, Closing accounts

b) Second part of the budget *billion LBP*

Administrative body	2003	2004	2005	2006	2007	2008
CDR	226.9	363.9	206.8	185.8	216.5	181.5
Lebanese University	0.4	0.1	-	-	-	-
Council for the Displaced	21.3	137.0	85.0	41.2	-	-
Council for the South	110.0	96.4	60.0	35.0	-	-
IDAL	10.8	31.2	47.0	10.0	30.0	40.0
Other administrative bodies	0.0	4.5	3.8	2.6	0.0	11.7
Total	369.4	633.1	402.6	274.6	246.5	233.2

Source: Ministry of Finance, Closing accounts

VIII. Administration (continued)

Table VIII.5. CDR Accounts 2003-2008

billion LBP

Operation	2003	2004	2005	2006	2007	2008
Income						
Transfers from State	494.0	785.9	664.2	811.4	833.2	...
Donations	31.9	25.1	24.6	13.5	126.7	...
Receipts from tenders	2.1	1.8	1.4	1.2	0.9	...
Interests	0.4	0.4	1.2	4.0	6.6	...
Return of provisions	7.9	9.7	8.9	-	-	...
Exchange rate loss or profit	3.1	1.0	-	7.0	13.6	...
Total	539.4	823.9	700.2	837.0	981.0	...
Expenses						
Costs of projects	490.0	696.3	688.2	699.5	745.5	...
Administrative expenses	24.4	32.2	30.7	22.0	18.5	...
Interests	73.7	78.0	65.3	90.3	104.8	...
Provision for bad debt	-	-	-	-	-	...
Total	588.1	806.5	785.2	1 019.6	958.1	...
Deficit (+), Surplus(-)	-48.7	17.4	-85.0	-182.6	22.9	...
Change in assets						
Cash and banks	-51.4	12.5	-15.4	129.0	115.4	...
Lebanese Treasury bills	-	-	-	-	-	...
Loans transferred to publ.sect.	-115.3	-124.2	-187.2	-193.7	-61.8	...
Loans transferred to priv.sect.	1.4	0.3	-2.2	0.1	0.3	...
Other loans	0.0	0.0	0.0	0.0	0.0	...
Other assets	-23.9	-0.4	12.4	13.4	-0.7	...
Lebanese State	168.3	36.2	-94.0	65.4	114.1	...
Fixed assets	0.2	0.0	0.0	0.0	0.0	...
Total	-20.8	-75.5	-286.4	14.2	167.1	...
Change in liabilities						
Accounts payable	-159.2	-86.2	-22.7	25.6	-16.4	...
Outstanding interests	-5.0	-3.3	6.2	5.2	0.3	...
Treasury advances	0.0	0.0	0.0	90.7	46.6	...
Current loans	77.0	34.2	41.5	-52.4	18.2	...
Other loans	63.3	-36.9	-222.5	124.9	92.5	...
Prov.for end-of-serv. indemn.	-1.6	-0.8	-0.9	-0.7	-0.8	...
Surplus (+), deficit(-)	-48.6	17.4	-85.0	-182.6	22.9	...
Adjustment	53.4	0.1	-3.0	3.5	3.8	...
Total	-20.8	-75.5	-286.4	14.2	167.1	...

VIII. Administration (continued)

Table VIII.6. National Social Security Fund accounts

billion LBP

Operation	2003	2004	2005	2006	2007	2008
<i>Incomings</i>						
Social contribut.: employees	51.8	...	...	...	...	...
Employers & others	596.5	...	...	...	...	...
Total contributions	648.3	758.8	946.4	901.3	1 049.1	999.0
Other receipts	469.6	411.0	362.7	420.0	490.9	359.8
<i>Expenses</i>						
Allocation:						
Health & maternity allow.	396.8	443.9	439.0	450.9	535.5	492.0
Family allowances	214.6	217.4	220.9	230.5	224.2	234.7
End of service indemnity	194.2	150.4	140.8	147.3	178.9	151.2
Total allowances paid	805.6	811.7	800.7	828.8	938.6	877.2
Administrative costs	95.4	92.2	94.5	97.4	103.2	104.7

Source: NSSF

VIII.7. Administration (continued)

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					
			2003	2004	2005	2006	2007	2008
2008	330 000							
2007	300 000	950.6						1 045.7
2006	300 000	908.3					908.3	999.1
2005	300 000	871.9				871.9	871.9	959.1
2004	300 000	949.8			949.8	949.8	949.8	1 044.8
2003	300 000	739.1		739.1	739.1	739.1	739.1	813.0
2002	300 000	901.5	901.5	901.5	901.5	901.5	901.5	991.6
2001	300 000	1 060.0	1 060.0	1 060.0	1 060.0	1 060.0	1 060.0	1 166.0
2000	300 000	1 153.4	1 153.4	1 153.4	1 153.4	1 153.4	1 153.4	1 268.7
1999	300 000	884.4	884.4	884.4	884.4	884.4	884.4	972.8
1998	300 000	1 610.1	1 610.1	1 610.1	1 610.1	1 610.1	1 610.1	1 771.1
1997	300 000	1 531.4	1 531.4	1 531.4	1 531.4	1 531.4	1 531.4	1 684.6
1996	300 000	1 161.3	1 161.3	1 161.3	1 161.3	1 161.3	1 161.3	1 277.4
1995	250 000	1041.6	1 249.9	1 249.9	1 249.9	1 249.9	1 249.9	1 374.9
1994	200 000	652.1	978.1	978.1	978.1	978.1	978.1	1 075.9
1993	118 000	609.0	1 548.3	1 548.3	1 548.3	1 548.3	1 548.3	1 703.1
1992	118 000	329.7	838.2	838.2	838.2	838.2	838.2	922.0
1991	75 000	169.1	676.2	676.2	676.2	676.2	676.2	743.8
1990	45 000	34.8	231.7	231.7	231.7	231.7	231.7	254.9
1989	15 000	34.3	686.7	686.7	686.7	686.7	686.7	755.4
1988	15 000	21.0	420.0	420.0	420.0	420.0	420.0	462.0
1987	6 400	10.5	492.2	492.2	492.2	492.2	492.2	541.4
1986	2 700	1.3	146.5	146.5	146.5	146.5	146.5	161.2
1985	1 475	2.0	408.1	408.1	408.1	408.1	408.1	448.9
1984	1 250	2.5	596.4	596.4	596.4	596.4	596.4	656.1
1983	1 100	2.2	588.1	588.1	588.1	588.1	588.1	647.0
1982	925	1.2	390.4	390.4	390.4	390.4	390.4	429.4
1981	800	1.6	591.4	591.4	591.4	591.4	591.4	650.5
1980	675	1.2	518.9	518.9	518.9	518.9	518.9	570.8
1979	560	0.9	494.2	494.2	494.2	494.2	494.2	543.6
1978	415	0.7	500.6	500.6	500.6	500.6	500.6	550.7
1977	345	0.3	260.9	260.9	260.9	260.9	260.9	
1976	310	0.0	22.3	22.3	22.3	22.3		
1975	310	0.2	226.5	226.5	226.5			
1974	275	0.4	424.4	424.4				
1973	218	0.3	371.0					
Capital actualised value			20 591.9	21 331.0	21 856.5	22 502.0	23 388.0	26 485.5
Depreciation (1/30)			686.4	711.0	728.5	750.1	779.6	882.9

IX. Finances

Table IX.1. Evolution of the monetary situation

end of year, billion LBP

Components& counterparts	2003	2004	2005	2006	2007	2008
Money LBP	26 076	25 978	24 465	23 477	24 831	37 325
Deposits in forgn. currency	38 234	45 182	49 893	56 678	65 279	66 099
Securities	58	150	88	89	87	82
Total: Money supply	64 368	71 310	74 446	80 244	90 197	103 506
Net foreign assets	21 884	22 381	24 311	30 371	36 394	42 169
<i>Gold</i>	<i>5 779</i>	<i>6 039</i>	<i>7 140</i>	<i>8 755</i>	<i>11 517</i>	<i>12 108</i>
<i>Currency</i>	<i>16 105</i>	<i>16 342</i>	<i>17 171</i>	<i>21 616</i>	<i>24 877</i>	<i>30 061</i>
Net claims on pub. sector	30 095	33 483	35 666	40 584	40 917	42 845
<i>In Lebanese Pounds</i>	<i>20 500</i>	<i>20 229</i>	<i>21 636</i>	<i>24 493</i>	<i>24 222</i>	<i>27 237</i>
<i>In Currency</i>	<i>9 595</i>	<i>13 254</i>	<i>14 030</i>	<i>16 091</i>	<i>16 695</i>	<i>15 608</i>
Net claims on priv. sector	23 480	24 921	25 246	23 841	27 736	33 482
<i>In Lebanese Pounds</i>	<i>4 289</i>	<i>4 859</i>	<i>4 850</i>	<i>3 980</i>	<i>4 474</i>	<i>5 356</i>
<i>In Currency</i>	<i>19 191</i>	<i>20 061</i>	<i>20 396</i>	<i>19 861</i>	<i>23 262</i>	<i>28 127</i>
Exchg. rate loss or profit	-646	-372	-1 392	-3 125	-3 041	-3 602
Other net components	-10 445	-9 101	-9 385	- 11 426	-11 810	-11 389
Total	64 368	71 310	74 446	80 244	90 197	103 506

Source: Central Bank of Lebanon

Table IX.2. Supply of banking credits by sector

end of year, billion LBP

Sector	2003	2004	2005	2006	2007	2008
Agriculture	346	292	344	328	362	426
Industry	3 451	3 836	4 027	4 058	4 650	5 403
Construction	4 327	4 620	4 206	4 317	4 757	6 502
Trade	8 000	8 404	7 994	8 061	8 952	9 966
Services	3 324	3 463	3 543	4 325	6 000	7 301
Financial institutions	848	934	1 131	1 385	1 870	3 105
Other organizations	929	983	1 172	1 187	1 377	1 683
Individuals	3 748	4 330	4 728	5 613	6 770	7 707
Total	24 973	26 862	27 145	29 275	34 737	42 092

Source: Central Bank of Lebanon

X. Rest of the world

Table X.1. Evolution of imports by production branch

billion LBP

Activity	2003	2004	2005	2006	2007	2008
1. Agriculture and fishing	920	1 006	854	842	1 135	1 390
11. Products of agriculture	575	657	565	539	823	1 042
111. Cereals	207	250	201	192	337	475
112. Fruits	103	110	89	86	105	128
113. Industrial crops	141	158	133	105	158	193
114. Vegetables and others	119	135	139	152	218	241
115. Products of forest	4	4	3	4	5	5
12. Livestock products	345	349	289	303	312	348
121. Live animals	291	281	223	236	232	255
122. Livestock production	6	6	5	6	9	10
123. Fishery products	48	61	61	61	71	82
2. Energy and water	1 781	2 976	3 232	3 531	3 920	6 120
21. Fuels	1 781	2 976	3 232	3 531	3 920	6 120
211. Solid fuels	10	16	20	16	53	102
212. Oil products	1 771	2 960	3 212	3 515	3 867	6 018
3. Manufactured goods	8 206	10 184	9 991	9 791	12 755	16 813
31. Manufactured tobacco	172	185	183	159	199	239
32. Food industry	915	1 064	1 108	1 164	1 577	1 813
321. Fresh meats	58	73	92	111	128	204
322. Food preserves	126	144	144	148	192	210
323. Dairy products	224	259	259	251	303	325
324. Fats and oils	93	129	149	167	225	277
325. Pasta products	106	120	123	133	162	210
326. Sugar, chocolate & sweets	127	140	151	157	208	214
327. Alcoholic beverages	52	59	55	49	65	86
328. Non alcoholic beverages	11	9	9	19	140	101
329. Other food products	118	131	126	129	153	186
33. Textile and leather prod.	806	942	891	863	962	1 205
331. Threads and fabrics	176	221	203	172	197	240
332. Clothing	412	461	439	441	469	592
333. Knitted or croch. fabrics	28	32	29	29	42	46
334. Footwear	94	110	88	96	110	138
335. Jute, hemp.& rope prod.	2	3	3	3	4	4
336. Leather and fur skin	7	9	10	12	11	13
337. Leather articles	29	35	36	36	44	59
338. Carpet	25	27	33	25	29	43
339. Other textiles	34	44	50	49	57	70

X. Rest of the world (continued)

Table X.1. Evolution of imports by production branch (continued)

billion LBP

Activity	2003	2004	2005	2006	2007	2008
34. Non metallic mineral prod.	432	560	515	468	695	1 126
341. Stones and sand	75	89	79	68	82	107
342. Non metallic ores	181	260	233	220	355	673
343. Cement and lime	7	0	0	0	0	0
344. Cement products	5	7	7	7	12	16
345. Ceramic products	93	114	108	98	122	187
346. Glasses and glassware	70	90	88	75	123	143
35. Metal. machines & equip.	3 399	4 418	4 369	4 148	5 569	7 966
351. Metal ores	3	7	4	9	2	0
352. Metals	727	1 111	1 202	949	1 470	2 286
353. Metal products	228	272	266	262	324	425
354. Aluminium products	57	61	62	75	122	127
355. Machines & equipment	681	840	790	840	959	1 201
356. Electrical appliances	594	790	752	702	921	1 176
357. Means of transport	1 109	1 337	1 293	1 310	1 771	2 751
36. Wood. rubber & chemicals	1 898	2 305	2 282	2 355	3 055	3 577
362. Wood prod. exc. furniture	158	204	199	186	259	326
363. Paper and paper products	291	343	324	304	428	466
364. Basic chemical products	362	496	491	480	643	777
365. Various chemical products	908	1 047	1 051	1 161	1 432	1 668
366. Rubber	78	92	89	96	132	144
367. Plastics	101	122	127	128	161	196
37. Furniture	85	100	101	99	110	157
371. Metal pieces of furniture	29	34	34	33	35	52
372. Non metallic furniture	56	66	67	66	75	105
38. Other industrial products	498	610	542	535	588	730
381. Publishing products	65	71	78	66	73	99
382. Instruments of precision	259	288	263	298	311	370
383. Jewellery	72	115	85	68	76	111
384. Toys. music instruments	58	83	65	56	72	89
385. Other products	45	53	51	47	56	61
0. Non classified	3	5	8	6	6	8
Grand total	10 810	14 171	14 085	14 172	17 817	24 334

X. Rest of the world (continued)

Table X.2. Imports by country of origin

billion LBP

Country	2003	2004	2005	2006	2007	2008
United States of America	651	834	826	1 532	1 718	2 789
France	879	1 102	1 189	1 148	1 332	2 013
China	800	1 082	1 108	1 133	1 535	2 098
Italy	1 017	1 403	1 471	1 070	1 597	1 672
Germany	873	2 000	991	995	1 131	1 549
United Kingdom	476	581	487	613	678	688
Egypt	263	445	458	572	790	691
Kingdom of Saudi Arabia	331	624	496	447	426	437
Japan	406	527	463	430	595	935
Russian Federation	484	818	768	393	531	759
Turkey	353	389	301	389	611	1 053
Brazil	95	145	241	342	434	480
Switzerland	326	597	637	320	525	929
Kuwait	20	29	157	280	407	737
Syria	391	362	296	268	311	408
Romania	116	156	264	243	194	405
Belgium	236	256	264	232	275	398
Netherlands	346	259	229	226	228	253
Spain	299	286	253	225	323	418
Korea	...	155	170	200	217	361
United Arab Emirates	145	228	206	199	329	492
India	127	172	210	178	266	334
Sweden	64	78	73	66	75	94
Greece	125	103	147	172	216	161
Croatia	...	3	62	141	61	4
Thailand	...	139	126	138	193	244
Ukraine	251	220	200	115	181	389
Bulgaria	22	103	96	115	115	183
Malta	...	19	51	106	49	371
Jordan	68	84	97	101	124	164
Taiwan	82	114	105	99	128	157
Other countries	1 628	936	1 717	1 750	2 223	2 668
Grand total	10 810	14 171	14 085	14 172	17 818	24 334

Source: General Directorate of Customs

X. Rest of the world (continued)

Table X.3. Exports

billion LBP

Nature of exported product	2003	2004	2005	2006	2007	2008
Animal and agricult. products	115	138	129	138	177	221
Other products	2 183	2 497	2 706	3 304	3 070	5 025
Total	2 298	2 635	2 835	3 442	3 247	5 246

Source: General Directorate of Customs

Table X.4. Changes in re-exports and transit

billion LBP

	2003	2004	2005	2006	2007	2008
Re-exports	158	311	211	162	283	279
Transit	278	536	300	212	251	512
Total	436	847	511	374	534	791

Source: General Directorate of Customs

XI. Prices

Table XI.1. Consumer price index (official)

Type of expense	<i>base December 1998=100</i>				<i>base December 2007=100</i>	
	Weight (%)	Dec. 2005	Dec. 2006	Dec. 2007	Weight (%)	Dec. 2008
Food and tobacco	34.6	97.8	109.5	125.6		
Food & non-alcoholic beverages					19.9	118.2
Alcoholic beverages, tobacco					2.1	100.1
Clothing and footwear	6.3	124.9	126.5	127.6	6.2	104.9
Rents (housing)	1.6	...	...	...	16.2	104.8
Water, electricity & gas	7.2	124.7	121.6	147.0	9.5	91.4
Equipment& maintenance housing	7.9	90.1	95.2	105.7	3.9	107.0
Health	8.8	102.0	103.9	106.6	6.8	104.4
Transport and communication	11.3	140.4	148.7	153.8		
Transport					12.3	101.1
Communication					4.8	99.5
Education	13.4	97.7	97.8	100.6	7.7	104.1
Leisure	5.4	104.9	105.0	110.0		
Recreation, amusement & culture					7.7	100.8
Restaurants & hotels					2.7	125.3
Personal care and other	3.5	126.5	139.5	157.4	4.2	105.0
Total	100.0	107.5	113.5	124.1	100.0	105.5

Source: Central Administration of Statistics

XI. Prices (continued)

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

base Dec.1997=100

Type of good & service acc. to production branch	Weight (%)	Dec. 2004	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008
1. Agriculture and fishing	9.3	96.6	95.5	103.3	112.0	132.4
11. Products of agriculture	8.1	96.5	97.2	103.1	112.1	133.5
12. Prod. livestock and fishing	1.2	96.8	84.3	104.4	111.8	125.3
2. Energy and water	7.5	179.4	179.6	177.3	186.4	174.2
21. Fuels	4.2	198.7	199.0	194.4	210.7	188.8
22. Electricity and water	3.3	155.2	155.2	155.8	155.8	155.8
3. Manufactured goods	46.8	113.7	111.4	114.4	121.3	135.5
31. Manufactured tobacco	1.8	142.7	142.9	142.9	144.7	143.3
32. Foods	20.9	103.5	106.6	114.3	124.6	142.9
33. Textile, leather and clothing	7.3	121.1	105.7	100.9	99.2	109.5
35. Metals, machines, and equip.	7.3	121.1	119.2	118.5	124.7	135.1
36. Wood, rubber, and chemicals	5.5	131.1	123.6	127.7	136.7	150.7
37. Furniture	1.5	94.2	87.8	86.5	99.4	117.5
38. Other products	2.5	107.9	108.6	107.8	109.2	121.2
5. Transport & communication	6.1	109.6	109.3	117.2	108.1	124.8
6. Market services	30.3	113.5	112.8	114.5	119.7	127.2
62. Maintenance and repair	4.7	93.1	92.8	94.9	100.5	110.9
63. Rents	2.6	100.2	100.2	100.2	100.2	106.0
64. Individual services	7.5	100.3	105.1	104.6	100.1	119.8
65. Social services	15.5	128.3	124.7	127.6	138.4	139.3
Total	100.0	116.7	115.3	118.3	124.0	135.0

XI. Prices (continued)

Table XI.3. Index of unit values of imported goods by production branch

Index of the year compared to previous year

Branch	2004/03	2005/04	2006/05	2007/06	2008/07
11. Products of agriculture	1.136	0.996	1.046	1.213	1.251
111. Cereals	1.183	0.908	1.140	1.459	1.331
112. Fruits	1.078	1.136	0.907	1.040	1.121
113. Industrial crops	1.153	1.034	1.046	1.094	1.297
114. Vegetables and others	1.089	1.023	1.034	1.112	1.158
115. Products of forest	1.027	0.969	0.845	0.831	0.995
12. Livestock products	1.051	1.092	0.990	1.115	1.270
121. Live animals	1.059	1.099	0.989	1.133	1.407
122. Livestock production	1.098	0.961	0.878	0.993	1.030
123. Fishery products	1.009	1.076	1.010	1.078	0.998
21. Fuels	1.267	1.396	1.164	1.127	1.325
211. Solid fuels	1.173	1.194	0.953	1.255	1.508
212. Oil products	1.267	1.398	1.166	1.125	1.322
31. Manufactured tobacco	1.035	1.031	1.006	0.996	0.935
32. Food industry prod.	1.053	1.047	1.028	1.110	1.158
321. Fresh meats	1.164	1.055	1.058	1.091	1.375
322. Food preserves	1.061	0.999	1.023	1.095	1.114
323. Dairy products	1.064	1.083	0.976	1.196	1.226
324. Fats and oils	1.126	0.991	0.997	1.149	1.375
325. Pasta products	1.006	1.040	1.029	1.106	1.105
326. Sugar, chocolate & sweets	1.024	1.095	1.156	1.042	1.083
327. Alcoholic beverages	1.009	1.012	1.003	1.071	1.046
328. Non alcoholic beverages	1.128	1.200	0.921	1.158	0.843
329. Other food products	0.993	1.052	1.045	1.020	1.075
33. Textile and leather prod.	1.018	1.045	0.951	1.052	1.004
331. Threads and fabrics	0.985	0.965	1.019	1.016	1.033
332. Clothing	1.047	1.090	0.927	1.124	0.987
333. Knitted or croch. fabrics	0.889	0.919	0.914	0.958	1.040
334. Footwear	1.051	1.110	0.879	0.964	1.022
335. Jute, hemp. & rope prod.	0.981	1.146	0.995	1.046	1.034
336. Leather and fur skin	1.022	0.959	0.935	0.889	0.892
337. Leather articles	0.991	1.035	1.006	1.045	1.062
338. Carpet	0.981	1.002	1.042	0.960	1.056
339. Other textiles	0.975	1.045	1.054	0.992	0.946

XI. Prices (continued)

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

Index of the year compared to previous year

Branch	2004/03	2005/04	2006/05	2007/06	2008/07
34. Non metallic mineral prod.	1.059	0.997	1.004	1.060	1.211
341. Stones and sand	1.039	1.006	1.005	1.073	1.033
342. Non metallic ores	1.140	1.000	1.011	1.072	1.354
343. Cement and lime	1.304	0.683	1.191	1.077	0.962
344. Cement products	1.037	1.001	1.057	1.056	1.108
345. Ceramic products	0.958	0.986	0.992	1.061	1.040
346. Glasses and glassware	1.007	0.995	0.997	1.016	1.063
35. Metals, machines & equip.	1.020	1.020	1.040	1.041	1.062
351. Metal ores	1.248	1.208	1.005	1.147	1.006
352. Metals	1.126	1.084	1.166	1.164	1.208
353. Metal products	1.020	1.024	0.984	1.044	1.072
354. Aluminium products	1.080	1.064	1.144	1.069	1.009
355. Machines & equipment	1.006	0.977	0.991	0.981	1.025
356. Electrical appliances	0.976	0.989	1.029	1.039	1.005
357. Means of transport	0.974	1.007	1.005	0.986	1.002
36. Wood, rubber & chemicals	1.049	1.058	1.018	1.064	1.114
362. Wood prod. exc. furniture	1.085	1.091	1.039	1.122	1.084
363. Paper and paper products	0.999	1.060	1.011	1.081	1.122
364. Basic chemical products	1.104	1.113	1.032	1.087	1.111
365. Various chemical products	1.039	1.027	1.008	1.048	1.114
366. Rubber	1.044	1.072	1.084	1.032	1.114
367. Plastics	1.014	1.052	1.000	1.009	1.169
37. Furniture	0.923	0.984	0.912	1.020	1.062
371. Metal pieces of furniture	0.953	1.027	0.873	1.049	0.986
372. Non metallic furniture	0.908	0.964	0.932	1.007	1.104
38. Other industrial products	0.978	0.976	1.002	1.033	1.012
381. Publishing products	0.883	1.068	0.958	0.988	0.986
382. Instruments of precision	0.977	0.942	0.962	1.008	1.006
383. Jewellery	1.027	0.997	1.209	1.173	1.058
384. Toys, music instruments	1.022	0.983	1.044	1.036	1.053
385. Other products	0.959	0.984	1.033	1.071	0.961
Grand total	1.070	1.095	1.052	1.078	1.143

XI. Prices (continued)

Table XI.4. Index of exchange rates

Index of the year compared to the previous year

Country	2004/03	2005/04	2006/05	2007/06	2008/07
United States of America	1.000	1.000	1.000	1.000	1.000
France	1.098	0.999	1.012	1.090	1.075
China	1.000	1.014	1.027	1.050	1.087
Italy	1.098	0.999	1.012	1.090	1.075
Germany	1.098	0.999	1.012	1.090	1.075
United Kingdom	1.121	1.007	0.999	1.086	0.927
Egypt	0.944	1.072	1.008	1.017	1.037
Kingdom of Saudi Arabia	1.000	1.000	1.000	1.000	0.998
Japan	1.070	0.981	0.948	0.988	1.139
Russian Federation	1.064	1.019	1.040	1.065	1.025
Turkey	0.953	1.046	0.940	1.102	1.000
Brazil	1.050	1.201	1.113	1.123	1.072
Switzerland	1.083	0.996	0.996	1.043	1.111
Kuwait	1.015	1.005	1.006	1.021	1.057
Syria	0.954	0.998	1.000	1.000	1.029
Romania	0.966	1.139	1.036	1.155	0.968
Belgium	1.098	0.999	1.012	1.090	1.075
Netherlands	1.098	0.999	1.012	1.090	1.075
Spain	1.098	0.999	1.012	1.090	1.075
Korea	1.043	1.114	1.072	1.029	0.852
United Arab Emirates	1.000	1.000	1.000	1.000	0.999
India	1.027	1.033	0.973	1.098	0.946
Sweden	1.101	0.979	1.010	1.093	1.029
Greece	1.098	0.999	1.012	1.090	1.075
Croatia	1.113	1.009	1.018	1.091	1.083
Thailand	1.035	0.997	1.061	1.178	0.974
Ukraine	0.948	1.060	1.014	1.002	0.960
Bulgaria	1.100	0.998	1.008	1.093	1.065
Malta	1.146	1.011	1.009	1.093	1.075
Jordan	1.004	0.997	0.100	1.000	0.999
Taiwan	1.036	1.043	0.987	0.992	1.036
Total	1.051	1.011	1.003	1.058	1.043

XI. Prices (continued)

Table XI. 4. Index of exchange rates (continued)

Country	<i>Weighting coefficients(%)</i>				
	2004/03	2005/04	2006/05	2007/06	2008/07
United States of America	6.0	5.9	10.8	9.6	9.6
France	8.1	7.8	8.1	7.5	7.4
China	7.4	7.6	8.0	8.6	8.6
Italy	9.4	9.9	7.6	9.0	9.0
Germany	8.1	14.1	7.0	6.3	6.3
United Kingdom	4.4	4.1	4.3	3.8	3.8
Egypt	2.4	3.1	4.0	4.4	4.0
Kingdom of Saudi Arabia	3.1	4.4	3.2	2.4	2.3
Japan	3.8	3.7	3.0	3.3	3.3
Russian Federation	4.5	5.8	2.8	3.0	3.0
Turkey	3.3	2.7	2.7	3.4	3.4
Brazil	0.9	1.0	2.4	2.4	2.4
Switzerland	3.0	4.2	2.3	2.9	2.9
Kuwait	-	-	2.0	2.3	2.2
Syria	3.6	2.6	1.9	1.7	1.7
Romania	1.1	1.1	1.7	1.1	1.0
Belgium	2.2	1.8	1.6	1.5	1.5
Netherlands	3.2	1.8	1.6	1.3	1.2
Spain	2.8	2.0	1.6	1.8	1.8
Korea	-	-	1.4	1.2	1.4
United Arab Emirates	1.3	1.6	1.4	1.8	1.8
India	1.2	1.2	1.3	1.5	1.4
Sweden	0.6	0.6	0.5	0.4	0.4
Greece	1.2	0.7	1.2	1.2	1.2
Croatia	-	-	1.0	0.3	0.3
Thailand	-	-	1.0	1.1	1.0
Ukraine	2.3	1.6	0.8	1.0	1.0
Bulgaria	-	-	0.8	0.6	0.6
Malta	-	-	0.7	0.3	0.2
Jordan	-	-	0.7	0.7	0.6
Taiwan	0.8	0.8	0.7	0.7	0.7
Total	84.7	90.1	88.1	87.1	86.0

