Fiscal Overview:

Total deficit for the period of January to November 2002 amounted to LL 3,916 billion, compared to LL 3,908 billion a year before. For the month of November 2002, total deficit reached LL 443 billion (54 percent of expenditures) compared to LL 412 billion (55 percent of expenditures) in November 2001.

Primary budget for the January-November period recorded a surplus of LL 351 billion compared to a LL 42 billion surplus during the year before. On the other hand, the primary budget for the month of November 2002 resulted in a deficit of LL 92 billion (11 percent of expenditures) compared to a deficit of LL 27 billion (4 percent of expenditures) for November 2001.

Revenue Outcome:

Total revenue for the first 11 months of 2002 amounted to LL 5,313 billion compared to LL 4,121 billion for the same period in 2001, marking a 29 percent increase. Total revenue for November 2002 was LL 384 billion, compared to LL 335 billion for November 2001.

Budget revenue outcome for January-November 2002 reached LL 4,904 billion, compared to LL 3,788 billion for the same 2001 period, and recording a 30 percent increase. The total outcome for the month of November in 2002 was LL 361 billion, or LL 54 billion higher than the November total in 2001.

Tax revenue amounted to LL 3,686 billion during the first 11 months of 2002, compared to the LL 2,626 billion level of January-November 2001.

This was due primarily to the implementation of the VAT, which increased taxes collected on goods and services from the LL 220 billion mark by end of November 2001, to over LL 1,000 billion for the same period in 2002. This improvement was also complimented by revenue increases from taxes on income, profits, & capital gains (reaching LL 696 billion), property (reaching LL 226 billion), and trade (reaching LL 1,472 billion) by end of November 2002.

Similarly, non-tax revenue increased for the period of January to November 2002 to LL 1,219 billion compared to LL 1,162 billion for the same period in 2001. Contributing to this rise was an 8 percent rise (from LL 723 billion to LL 782 billion) in income from public institutions and government property owing in its majority to a 12 percent increase in telecommunication proceeds which cumulated at LL 675 billion by the end of November 2002. Offsetting the rise, to a small extent, was a 1 percent decline in administrative fees and charges (totaling LL 344 billion by November 2002), and an equal decline in other non-tax revenues.

Total treasury revenue increased by an additional LL 75 billion for the period of January-November 2002.
Expenditure outcome:

Total expenditure amounted to LL 9,228 billion for January-November 2002, adding more than LL 1,000 billion to the amount of total expenditure for the same period in 2001. Budget expenditure reached LL 7,814 billion for the January-November 2002 period, adding LL 662 billion to the cumulative for January-November 2001. Expenditure excluding debt service amounted to LL 3,547 billion for the January-November 2002 period, of which personnel cost remained reached LL 2,851 by November 2002, remaining relatively stable compared to the same period in 2001. Debt service spending increased by 8 percent from its level in 2001, owing to a 64 percent increase in foreign debt service, which reached LL 1,224 billion for the January-November 2002 period. Domestic debt service, on the other hand, decreased by 5 percent and amounted to LL 3,044 billion by November 2002.

From January to November 2002, transfers to Electricité du Liban (EDL) reached LL 272 billion, compared to LL 282 billion a year earlier.

Public Debt:

Gross public debt for the first 11 months of 2002 amounted to LL 48,269 billion, increasing by LL 5,645 billion from the year-end 2001 figure.

Contributing to this climb was a LL 4,866 billion rise in foreign debt from the year-end 2001 figure (reaching LL 19,276 billion by November 2002), and a LL 779 billion increase in domestic debt (which reached LL 28,993 billion by November 2002).

External Trade:

For the January-November 2002 period, imports declined to US$ 5,907 million (down 12 percent) and exports climbed to US$ 953 million (up 19 percent). As a result, the trade balance improved by almost US$ 950 million by the end of November 2002, with a US$ 4,954 million deficit contrasted with the US$ 5,901 deficit by end-November 2001.

Similar to the distribution for January-November 2001, the bulk of imports (44 percent) for the 2002 period came from the European Union, 11 percent originated from the Arab countries, and 7 percent came from the USA.

On the other hand, almost 50 percent of exports headed towards Arab countries, while the European Union and Switzerland accounted for 15 and 12 percent of exports, respectively.

Mineral products, machinery and mechanical appliances accounted for almost 30 percent of imports, while pearls and precious or semi-precious stones comprised 20 percent of exports.

VAT Front-Imported Goods:

Ten months following its application, VAT generated LL 918 billion as of end November 2002, of which LL 662 billion were collected at importation points. The bulk of the VAT collected at customs came from mineral products and machinery & mechanical appliances with 25 and 15 percent share respectively. Transport equipments came third in line with 11 percent share of total VAT collected at customs.