



REPUBLIC OF LEBANON

MINISTRY OF FINANCE

Public Finance Prospects

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Fiscal Overview:

In the first six months of 2004, the total deficit (budget and treasury) decreased by 39 percent reflecting the 13 percent upsurge in total revenues and the 7 percent decrease in total expenditures. The consolidation of the fiscal position also appears in the 88 percent increase of the total primary surplus which totaled LL 730 billion ([section 1](#)).

Revenue Outcome:

Total receipts amounted to LL 3,730 billion compared to LL 3,297 billion in HI 2003. The amelioration of the economic environment in HI 2004 fueled the overall improved performance across all revenue categories. Tax revenues grew by around 18 percent when compared against HI 2003 and reached LL 2,614 billion. Non tax revenues grew by around 12 percent when compared against HI 2003 and reached LL 919 billion by the end of June 2004 ([section 2](#)).

Expenditure Outcome:

Total spending reached LL 5,007 billion, LL 392 billion less than the first six months' spending of the preceding year. This decline is due to 19 percent lower debt service payments ([section 3](#)).

Public Debt:

The stock of gross debt reached LL 52,427 billion as of June 2004, a 4.2 percent increase compared to December 2003. This growth was mainly due to over-financing achieved during HI 2004 after the issuance of the dual-tranche USD 1.270 billion Eurobond on May 12, 2004. Net debt (gross debt minus public sector deposits) totaled LL 47,943 billion, a 1.3 percent increase ([section 4](#)).

External Trade:

The trade balance marked a USD 3,368 million deficit, or a 33 percent increase compared to the first six months of 2003. The increase in the trade deficit shadows the 26 percent improvement in Lebanese exports which totaled USD 875 billion by the end of June 2004, mainly as a result of the significant increase in the exportation activity to Iraq. Imports witnessed a 31 percent increase and reached USD 4,243 million, attributed in large to the appreciation of the Euro, the increase in the price of oil and a higher demand ([section 5](#)).

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Section 1. Fiscal Overview

By June 2004, the **total deficit** had decreased by 39 percent compared to its level a year earlier to reach LL 1,277 billion. This decrease resulted from:

(1)- A LL 392 billion or 7 percent decrease in **total expenditures** reaching LL 5,007 billion by the end of June 2004 primarily owing to a 19 percent decline in the debt service.

(2)- A LL 433 billion or a 13 increase in total revenues, which reached LL 3,730

billion by the end of June 2004 as opposed to LL 3,297 billion a year earlier. The increase in total revenues is due to a better performance across all tax revenue categories as well as the upsurge in the income from public institutions and government properties.

Consequently, the **total primary surplus** amounted to LL 730 billion, increasing by 88 percent from its June 2003 level when it stood at LL 388 billion.

Table 1. Summary of Fiscal Performance

(LL billion)	2003 June	2004 June	2003 Jan-June	2004 Jan-June	Change 2003-2004	% Change
Budget Revenues	532	632	3,037	3,533	496	16.3%
Budget Expenditures, of which:	1,041	852	4,295	3,998	-297	-6.9%
Debt Service	467	428	2,491	2,008	-483	-19.4%
Budget Deficit/Surplus	-509	-221	-1258	-465	793	-63.1%
in % of Budget Expenditures	-48.9%	-25.9%	-29.3%	11.6%		
Budget Primary Deficit/Surplus	-42	208	1,233	1,543	310	25.1%
in % of Budget Expenditures	-4.0%	24.4%	28.7%	38.6%		
Treasury Receipts	84	51	260	197	-63	-24.2%
Treasury Payments	194	106	1,105	1,010	-95	-8.6%
Total Budget and Treasury Receipts	616	682	3,297	3,730	433	13.1%
Total Budget and Treasury Payments	1,235	958	5,399	5,007	-392	-7.3%
Total Cash Deficit/Surplus	-620	-279	-2,103	-1,277	825	-39.3%
in % of Total Expenditures	-50.2%	-28.8%	-38.9%	-25.5%		
Primary Deficit/Surplus	-153	152	388	730	342	88.2%
in % of Total Expenditures	-12.4%	15.9%	7.2%	14.6%		

Source: Ministry of Finance (MOF), Directorate General of Finance (DGF)

Section 2. Revenue Outcome

For the first semester of 2004, **total revenues** (budget and treasury) amounted to LL 3,730 billion, a 13 percent increase compared to the first semester in 2003.

Budget revenues cumulated at LL 3,533 billion by the end of June 2004, a 16 percent increase compared to the same period in 2003 which is mainly

explained by a stronger performance across most tax revenues items.

Amounting to LL 2,614 billion, **tax revenues** collected in the first half of 2004 increased by 18 percent (see Table 3 for details) against 2003. They represented 70 percent of the budget revenues between January and June 2004.

Table 2. Total Revenue

(LL billion)	2003	2004	2003	2004	
	June	June	Jan-June	Jan-June	% Change
Budget Revenues	532	632	3,037	3,533	16.3%
Tax Revenues	351	447	2,220	2,614	17.77%
Non-Tax Revenues	181	185	817	919	12.45%
Treasury Receipts	84	51	260	197	-24.18%
Total Revenues	616	682	3,297	3,730	13.15%

Source: MOF, DGF

Table 3. Tax Revenue

(LL billion)	2003	2004	2003	2004	
	June	June	Jan-June	Jan-June	% Change
Tax Revenues	532	632	3,037	3,533	16.3%
Taxes on Income, Profits, & Capital Gains, of which:	99	123	529	616	16.44%
Income Tax on Profits	74	90	345	356	3.07%
Income Tax on Wages and Salaries	5	4	100	82	-17.93%
Income Tax on Capital Gains & Dividends	6	10	34	53	54.51%
Tax on Interest Income (5%)	14	18	44	113	159.12%
Penalties on Income Tax	1	1	4	10	136.46%
Taxes on Property, of which:	25	30	147	176	20.11%
Built Property Tax	5	6	47	59	26.63%
Real Estate Registration Fees	16	19	83	100	19.36%
Domestic Taxes on Goods & Services, of which:	84	132	683	905	32.61%
Value Added Tax	69	116	607	817	34.68%
Other Taxes on Goods and Services, of which:	14	16	70	82	16.87%
Private Car Registration Fees	8	11	41	49	17.99%
Passenger Departure Tax	6	5	28	33	15.98%
Taxes on International Trade	128	138	763	792	3.88%
Customs	-	-	216	249	15.3%
Excises, of which:	-	-	547	544	-0.6%
Petroleum Tax	-	-	384	349	-9.32%
Tobacco Tax	-	-	93	92	-0.32%
Tax on Cars	-	-	69	101	47.06%
Other Tax Revenues of which	16	23	99	124	26.05%
Fiscal Stamp Fees	15	23	98	124	26.11%

Source: MOF, DGF

Non tax revenues increased by 12 percent cumulating at LL 919 billion by the end of June 2004 (see Table 4 for details). This rise resulted mainly from the 23 percent augmentation **in the income from public institutions and government properties** collected in the first six months of 2004.

• **Development on the Tax Revenue Front:**

Taxes on income, profits and capital gains amounted to LL 616 billion by the end of June 2004 compared to LL 529 billion for the same period in 2003.

Collection of **income tax on profits** progressed by 3 percent¹, increasing from LL 345 billion in Jan-June 2003 to LL 356 billion in Jan-June 2004 while **income tax on capital gains**, with a total collection of LL 53 billion by the end of June 2004 progressed by 52 percent compared to the same period in 2003. The difference is attributed to the fact that the income tax on capital gains collected in H1 2003 was lower than the average collection for the years 2001 and 2002.

The **5 percent tax on interest income** allowed the collection of a total of LL 113 billion representing a 159 percent increase with respect to the same period in 2003. It should be noted that this tax was implemented in February 2003 and its first proceeds were recorded in April 2003. Therefore, in the first semester of 2003, no interest income taxes were collected for January. Consequently, of the LL 69 billion increase in the collection of the 5 percent tax on interest income, LL 23 billion represented the extra collection of the tax for January 2004.

Income tax on wages and salaries totaled LL 82 billion in the first semester of 2004, an 18 percent decrease in collection compared to the same period one year earlier. This decrease reflects the impact of the amendment of the collection schedule of this tax from semi-annual to quarterly payments². If calculated on the same basis (i.e. quarterly instead of semi-annual payments for 2003), a 12 percent increase in tax on wages and salaries attributable to a large extent to the DASS (deduction at source on salaries and wages) reform³ is observed.

Penalties on income tax have also increased from LL 4 billion in Jan-June 2003 to LL 10 billion in Jan-June 2004.

Taxes on property increased by 20 percent, from LL 147 billion in the first half of 2003 to LL 176 billion in the first half of 2004. Increases were recorded for all three main property taxes:

(a) **Built property tax**, the recurrent component of the tax, increased by 27 percent from LL 47 billion during 2003 to LL 59 billion this year. This is explained by the issuance of the year 2001 assessment schedule, and by the amnesty granted by the Ministry on due penalties.

(b) **Real estate registration fees** improved by LL 16 billion by the end of June 2004 compared to the level of last year's first semester, and reached LL 100 billion. This is attributable to the following:

- Prices of real estate properties have gone up reflecting an increased market demand. This is confirmed by the 57 percent increase in the price value of the sales transactions which reached LL 1,707 billion in the first semester of 2004 compared to LL 1,085 billion during last year's first semester.

- **The real estate registration fees paid by Lebanese nationals** increased by 23 percent and reached LL 80 billion. This increase can be explained by the 21 percent upsurge in the number of sales transactions carried by Lebanese nationals in the first half of 2004 and by the increase in the market prices.

- **The real estate registration fees paid by foreigners** quadrupled and reached LL 20 billion despite a slowdown in the real estate property sales transactions carried on by foreigners in the first semester of 2004 compared to 2003. This increase can be explained by the general increase in market prices that has been observed lately and also by the fact that foreigners have been purchasing properties in expensive areas.

Domestic taxes on goods and services increased by 33 percent, reaching LL 905 billion for the first half of 2004 as compared to LL 683 billion over the same period a year earlier. The upsurge in domestic taxes on goods and services is mainly attributed to higher receipts from **VAT**.

The **VAT** receipts increased by LL 110 billion or 35 percent in Jan-June 2004 reaching LL 817 billion compared to LL 607 billion in the first six months of 2003.

¹ If we consider the collection of income tax on profits net of regularization payments (LL 14 billion by June 2003 and LL 5 billion by June 2004), the growth in receipts with respect to the first half of 2003 is in the magnitude of 6 percent.
² Article 21 of Budget Law 2003 amends the schedule of filing and payment of income tax on wages and salaries from semi annual to quarterly.

³ This reform created a database covering the active labor force in the private and public sectors by registering each wage earner in the income tax database under a personal tax identification number. Employers have, therefore, to provide the tax administration with detailed information concerning their workforce as well as the wages and salaries tax they are collecting and transferring to the treasury on their behalf.

On the one hand, **VAT collected at imports** amounted to LL 575 billion compared to LL 398 billion a year earlier. This upsurge in VAT collected at customs is mainly explained by the 31 percent increase in the value of total imports (for more details see the paragraph on imports, section 5, p.16) during Jan-June 2004 compared to the first semester of 2003. The VAT being levied ad-valorem, its collection has not only benefited from the real increase in imports but also from the inflation at imports (due to the Euro appreciation and the increase in the price of oil).

On the other hand, **VAT collected on the internal operations** totaled LL 242 billion. The upsurge in internal VAT is partly explained by the boost in the real economic activity in the first semester of 2004 which was in part triggered by the 46 percent increase in the inflow of tourists.

Other taxes on goods and services (namely car registration fees and passenger departure tax) represent the second major component of domestic taxes on goods and services. They increased by 17 percent and reached LL 82 billion for the first two quarters of 2004 as opposed to LL 70 billion in the first two quarters of 2003. This was generated by: (a) an LL 8 billion increase in car registration fees which culminated at LL 49 billion and (b) a LL 5 billion increase in passenger departure tax, which amounted to LL 33 billion and reflects an increase of activity at the Beirut International Airport.

Taxes on international trade (both excises and custom duties) totaled LL 792 billion during the first six months of the year compared to LL 763 billion during Jan-June 2003. This 4 percent increase in taxes on international trade is the outcome of the 15 percent rise in **custom duties** collected which amounted to LL 249 billion in the first semester of 2004 compared to LL 216 billion in Jan-June 2003. The 15 percent increase⁴ in custom duties reflects the 31 percent augmentation of the importation activity value.

Excises went through a very slight decrease and reached LL 546 billion in Jan-June 2004, which is not far from their Jan-June 2003 collection level of LL 549 billion. However, the mid-year 2004 total excise figure do not reveal the important evolutions in the import patterns of the three main excisable items, namely petroleum, tobacco and

cars as well as their respective effective excise rates that are detailed here below:

- (a)- Excises on **Petroleum** decreased from LL 384 billion in HI 2003 to LL 349 billion in HI 2004, mainly due to the 9 percent decline in the excises collected on **car gasoline** which amounted to LL 346 billion by the end of June 2004 compared to LL 379 billion a year earlier.
- (b)- Between HI 2003 and HI 2004, Lebanon's **imports of tobacco** declined from LL 96 billion to LL 92 billion. This is due to the increase in the price of imports which led to a decrease in the quantity of imported boxes of cigarettes. Indeed, while Lebanon was importing 534,800 boxes at an average price of LL 359 per packet in HI 2003, imports decreased to 365,100 boxes at an average estimated price of LL 505 in June 2004. Excises levied on tobacco remained relatively stable around LL 92 billion during Jan-June 2004 and LL 93 billion during Jan-June 2004.
- (c)- **Cars imports** value increased from LL 271 billion in Jan-June 2003 to LL 386 billion in Jan-June 2004. This reflects an increase in the number of cars imported from 12,664 cars in the first semester of 2003 up to 18,792 cars in the first half of 2004. Therefore, excises collected on cars registered a 40 percent increase, reaching LL 101 billion by the end of June 2004 and partly offsetting the decreases in excises collected from petroleum.

Other tax revenues display a 26 percent increase, registering LL 124 billion for the first half of 2004, as opposed to LL 99 billion in six first months of 2003. The bulk of other tax revenues are constituted of **fiscal stamp fees**. The upsurge in other tax revenues is partly explained by an improvement in the collection of fiscal stamp fees from municipalities and public entities and a higher volume of transactions in the economy as the overall increase in the collection level of consumption and international trade taxes indicate.

⁴ Unlike VAT collected at customs, the increase in custom duties will not mirror the increase in imports on a one to one basis because many imported items representing an important share of total imports are exempted from custom duties according to their nature or country of origin.

⁵ See Box 1. in page 6 for an analysis of the change in the excise rate of car gasoline.

Box 1. Car Gasoline Excise: What Lies Behind the Decline?

Between Jan-June 2003 and 2004, excise collected on car gasoline declined by 9 percent. Moreover, the Ministry of Finance expects a loss in revenues exceeding LL 100 billion by the end of the year as a result of the drop in the excise rate on car gasoline. The decrease in car gasoline excise in the first half of 2004 resulted from two major factors:

- (1)- A 30 percent decrease in the excise rate on car gasoline between Jan-June 2003 and Jan-June 2004 which was decided by the Council of Ministers on the 27th of May 2004. Due to the increase in the price of car gasoline, the Council of Ministers decided to fix the price of car gasoline at LL 23,000 per tank on average, and took the following measures:
 - a)- The nominal excise rate on 90 to less than 95 octane car gasoline was decreased from LL 492,500 per kiloliter to LL 351,000 per kiloliter.
 - b)- The nominal excise rate on 95 to less than 98 octane car gasoline was decreased from LL 492,500 per kiloliter to LL 350,000 per kiloliter.
 - c)- The nominal excise rate on more than 98 octane car gasoline was decreased from LL 492,500 per kiloliter to LL 354,000 per kiloliter.

The loss in gasoline excises due to the change in the excise rate can be estimated at LL 24 billion for Jan-June 2004 or 72 percent of the total decrease in car gasoline and 69 percent of the total decrease in petroleum excises.

- (2)- A 3 percent decrease in the quantity of car gasoline imported from 0.781 billion liters in HI 2003 to 0.761 billion liters in HI 2004¹. This decrease resulted in a LL 9 billion drop in the excise collected on car gasoline or 27 percent of the total decrease in car gasoline and 26 percent of the total decrease in petroleum excises.

¹ This resulted from the 25 percent increase in the estimated price at customs of the car gasoline from LL 345 per liter in Jan-June 2003 up to LL 430 per liter in Jan-June 2004.

Table 4. Non-Tax Revenue

(LL billion)	2003 June	2004 June	2003 Jan-June	2004 Jan-June	% Change
Non-Tax Revenues	181	185	817	919	12.45%
Income from Public Institutions and					
Government Properties, of which:	137	147	573	708	23.48%
Income from Non-Financial Public Enterprises, of which:	134	143	530	676	27.42%
Revenues from Casino Du Liban	3	2	20	26	30.15%
Budget Surplus of National Lottery	6	5	16	17	6.25%
Transfer from the Telecom Surplus	125	135	494	632	27.95%
Income from Public Financial Institutions (Central Bank)	—	—	—	—	—
Property Income (namely rent of Beirut International Airport)	1	3	37	27	-27.74%
Administrative Fees & Charges, of which:	37	30	204	170	-16.90%
Administrative Fees, of which:	32	26	163	133	-18.62%
Notary Fees	1	1	7	8	12.15%
Passport Fees/ Public Security	7	8	39	41	5.75%
Vehicle Control Fees	18	12	94	61	-35.23%
Judicial Fees	2	2	11	11	-1.17%
Driving License Fees	1	1	6	6	16.49%
Administrative Charges	1	1	12	12	0.50%
Permit Fees (mostly work permit fees)	3	3	20	20	-1.46%
Other Administrative Fees & Charges	1	1	5	4	-27.59%
Penalties & Confiscations	1	0	3	2	-12.48%
Other Non-Tax Revenues (mostly retirement deductibles)	6	7	37	39	5.21%

Source: MOF, DGF

• **Development on the Non Tax Revenue Front:**

Non tax revenues cumulated at LL 919 billion by the end of June 2004, compared to the LL 817 billion registered during the same period of 2003. This 12 percent increase stems primarily from a 23 percent rise in revenues generated by public institutions and government properties which offset the 17 percent decrease in administrative fees and charges.

Income from public institutions and government properties totaled LL 708 billion by the end of June 2004, of which LL 632 billion were transferred to the Treasury from the annex budget surplus of telecommunication, a 28 percent increase compared to last year's transfers. Another LL 26 billion and LL 17 billion were transferred to the Treasury from the budget surpluses of the Casino du Liban and of the National Lottery respectively. These represent 30 percent and 6 percent higher transfers over last year's results.

Receipts from rents (namely from the Beirut International Airport or B.I.A) reached LL 27 billion in HI 2004 as opposed to LL 37 billion in HI 2003. The higher level of collection in 2003 was due to a non recurrent lump sum payment for the rent of the free trade zone.

The collection of **Administrative Fees and Charges** amounted to LL 170 billion by the end of June 2004 and witnessed a 17 percent decrease from the first semester of 2003.

This decrease is mainly attributed to lower collection of vehicle control fees by LL 33 billion which is equivalent to a fall of 35 percent. This decrease could be attributed to the implementation as of January 2004 of a car security control process as a prerequisite for the settlement of the vehicle control fees, causing delays in the schedule of payments of the tax.

Other administrative fees like public security fees remained stable at LL 41 billion for the first six months of the year. Other fees such as notary, judicial and driving license fees did not mark substantial improvements in collection so as to counter the overall decrease in administrative fees that resulted from the drop in vehicle control fees.

Permit fees (mostly work permit fees), produced LL 20 billion by end of June 2004, receding by 1 percent from Jan-June 2003 amount⁶. Other "Administrative Fees and Charges" and "Penalties and Confiscations" declined slightly below their 2003 collection level attaining LL 4 billion and LL 2 billion respectively.

Treasury receipts⁷ totaled LL 197 billion, representing guarantees in the amount of LL 49 billion, LL 34 billion worth of deposits, LL 49 billion of transfers from municipalities and other treasury revenues in the amount of LL 23 billion.

⁶ While assessing the performance of public fees, a year end comparison would be more relevant due to the irregularity in collection.

⁷ Please note that Treasury resources are accounted on a pure cash transaction basis that are temporary in nature, in the sense that in some cases, receipts are reclassified elsewhere (as expenditures or as budget revenues).

Section 3. Expenditure Outcome

Table 5. Expenditures by Transaction Classification

(LL billion)	2003	2004	2003	2004	
	June	June	Jan-June	Jan-June	% Change
Total Expenditures	1,235	958	5,399	5,007	-7.26%
Budget Expenditures	1,041	852	4,295	3,998	-6.92%
Expenditures Excluding Debt Service	574	424	1,804	1,990	10.31%
Debt Service, of which:	467	428	2,491	2,008	-19.39%
Domestic Debt	220	177	1,631	1,178	-27.77%
Foreign Debt	247	251	860	830	-3.51%
Treasury Expenditures , of which:	194	106	1,105	1,010	-8.6%
Municipalities	13	12	85	208	144.68%
Previous Years' Appropriations	13	16	504	430	-14.58%
Non-Interest Expenditures (Total Expenditures minus Debt Service)	768	530	2,908	2,999	3.1%

Source: MOF, DGF

Total expenditures for the period of Jan-June 2004 totaled LL 5,007 billion, decreasing by approximately 7 percent from the Jan-June 2003 level, mainly on account of lower debt service. **Budget expenditures** amounted to LL 3,998 billion, a 7 percent decrease compared to the same period in 2003 and **treasury expenditures** reached LL 1,010 billion, a 9 percent decrease compared to the first semester in 2003.

Total primary spending (total expenditures exclusive of debt service) for the first six months of the year reached LL 2,999 billion, a 3 percent increase compared to Jan-June 2003. This increase is mainly due to a larger transfer to municipalities.

Table 6. Expenditure by Economic Classification 1/

(LL Billion)	2003 Jan-June	2004 Jan-June	% Change
1. Current Expenditures	4,445	3,980	-10.46%
1.a Personnel Cost, of which:	1,506	1,556	3.32%
Article 13: Salaries and Wages 2/	990	1,019	2.93%
Retirement and End of Service Compensations	409	433	5.87%
1.b Interest Payments	2,491	2,008	-19.39%
1.c Materials and Supplies	54	62	14.81%
1.d External Services	45	53	17.78%
1.e Various Transfers, of which:	138	160	15.94%
NSFF		59	100%
1.f Other Current, of which:	180	107	-40.56%
Hospitals	145	91	-37.24%
Others	35	16	-54.29%
1.g Reserves, of which:	32	33	3.13%
Interest Subsidy	32	33	3.13%
2. Capital Expenditures	359	404	12.53%
2.a Acquisitions of Land, Buildings, for the Construction of Roads			
Ports, Airports, and Water Networks	10	1	-90.00%
2.b Equipment	30	20	-33.33%
2.c Construction in Progress	278	320	15.11%
2.d Maintenance	30	29	-3.33%
2.e Other Expenditures Related to Fixed Capital Assets	12	33	175.00%
3. Other Treasury Expenditures	567	547	-3.53%
Municipalities	85	208	144.71%
EDL	260	125	-51.92%
4. Unclassified Expenditures	14	17	21.43%
5. Customs Cashiers 3/	13	60	361.54%
6. Total Expenditures 4/	5,399	5,007	-7.26%

Sources: Statement of Account 36, Cashier Spending, Public Debt Department Figures, Fiscal Performance and Gross Adjustment Figures

1/Figures are subject to change because cashier spending classification was estimated for the month of June 2004.

2/ Includes the wages and salaries for the Council of the South, the Lebanese University, the Displaced Council, the Council for Reconstruction and Development, and the Educational Center for Research and Development.

3/ LL 45 billion of custom cashier expenditure are also recorded as VAT revenues in Jan-June 2004.

4/ Excluding foreign financed capital spending.

Please note that previous budget expenditures are classified according to their economic classification.

In the first half of 2004, **current expenditures** cumulated at 3,980 billion which is 10 percent less than in Jan-June 2003. This decrease was mainly due to a 19 percent decrease in interest payments.

Personnel cost reached LL 1,556 billion for the first six months of 2004, registering a 3 percent increase compared to HI 2003. The main difference is attributed to the fact that the retirement and end of service bill of the first half of last year was lower than what it should have been due to cash considerations.

Indeed, retirement and end of service compensations for June 2003 were cashed out in July 2003, thereby rendering the spending on this item artificially inflated during QIII 2003. In sum, the increase between HI 2003 and HI 2004 can be explained by pure cash movements' considerations and has no economic reasons behind it.

Interest or debt service payments for the first half of 2004 amounted to LL 2,008 billion, LL 483 billion less than the level in HI 2003. This decline is mainly attributed to the large drop in its domestic component, which amounted to LL 1,178 billion compared to LL 1,631 billion a year earlier. Foreign currency debt service decreased slightly (by 4 percent) and amounted to LL 830 billion in HI 2004 compared to LL 860 billion in HI 2003. The four major developments contributing to this decline in the debt service bill could be summarized as follows:

- (a)- The two-time strong decline in the overall level of interest rates since end-November 2002 which led to savings in the debt service bill. Indeed, interest rates on the 24-month category declined from 14.14 percent in November 2002 to 9.2 percent in January 2003 and to 7.75 percent by the end of June 2004.
- (b)- The funds raised from Paris II donor countries (at 5 percent) replaced high-cost debt maturing in 2003.
- (c)- The special scheme conducted with the Banque du Liban (at 4 percent), and the zero interest scheme of the Lebanese commercial banks also led to large savings in the debt service bill in HI 2004.
- (d)- The continuous trend in achieving primary surpluses led to lower financing needs and hence lower borrowing.

Expenditures on **material and supplies** increased by 15 percent in comparison to last year and reached LL 62 billion by the end of June 2004.

External services expenditures went up by 18 percent with respect to the first six months of 2003 reaching LL 53 billion by the end of June 2004.

Various transfers reached LL 160 billion, 16 percent higher than in 2003. Of this amount, LL 59 billion was paid to the NSSF in settlement of previous years' budget transfers.

Other current expenditures (mainly payment to hospitals) declined by 41 percent compared to the first semester of 2003 reaching LL 91 billion.

Capital expenditures increased by 12 percent compared to their level in the first semester of 2003. The hike in capital spending is largely due to the stronger spending on "construction in progress", its largest component, which includes allocations to the three councils responsible for construction activities across Lebanon: the Council of Development and Reconstruction, the Council of the South and the Displaced Fund. The increase in capital expenditures when contrasted against last year's performance is due to higher spending for the Displaced Fund by LL 27 billion and for the Council of the South by LL 13 billion.

Other treasury expenditures were 4 percent lower than in Jan-June 2003. The large increase pertaining to **treasury transfers to Municipalities**, which reached LL 208 billion by the end of June 2004, was due to payments made for solid waste management. The increase was offset by a lower level of transfer to EDL for the first semester of 2004.

Table 7. Transfers to EDL 1/

(LL billion)	2003	2004	2003	2004	
	June	June	Jan-June	Jan-June	% Change
EDL	39	39	260	125	-51.92%
Debt Service 2/	39	39	260	125	-51.92%
Treasury Advance for Fuel Purchases	75	0	75	0	-100%
Expropriations	0	0	0	0	0

Source: MOF, DGF

1/ Figures do not include the LL 300 billion loan provided by BDL in November 2003, and guaranteed by the Treasury.

2/ Includes principal and interest payments.

EDL spending was equal to LL 125 billion in January-June 2004, which is less than half of the amount spent during January-June 2003. Spending on EDL was higher last year due to two reasons: (a)

the transfer to EDL of a treasury advance worth LL 75 billion to finance the fuel purchases and (b) the repayment on behalf of EDL of loans amounting to LL 50 billion.

Section 4. Evolution of public debt

Table 8. Public Debt

Public Debt Outstanding by Holder as of End-March 2004

(LL billion)	Dec-01	Dec-02	Dec-03	June-04	Jan-June change	% change Jan-June
Total debt	42,644	47,291	50,322	52,427	2,105	4.2%
Domestic debt	28,214	25,302	26,843	27,912	1,069	4.0%
a. Central Bank of which:	6,251	723	8,938	9,195	257	2.9%
<i>Zero Interest T-bills (1)</i>			3,508	3,508		
<i>Special T-bills Issued at 4 Percent</i>			4,299	4,299		
b. Commercial Banks of which:	15,830	17,211	12,303	13,785	1,483	12.1%
<i>Zero Interest T-bills</i>			880	880		
c. Other Domestic Debt (T-bills) of which:	6,133	7,368	5,603	4,932	-671	-12.0%
<i>Public Entities</i>	3,055	3,221	2,564	2,194	-370	-14.4%
Foreign debt (2)	14,430	21,989	23,479	24,515	1,036	4.4%
a. Bilateral and Multilateral	2,104	2,289	2,590	2,624	34	1.3%
b. Paris II Related FX Debt		1,432	3,731	3,705	-26	-0.7%
c. BDL Eurobonds			2,819	2,819	0	0%
d. Market Eurobonds	11,477	14,611	13,673	14,687	1,014	7.4%
e. Other Foreign Debt (3)	849	838	666	679	14	2.0%
Public Sector Deposits	1,913	2,964	3,019	4,486	1,467	48.6%
Net Debt	40,731	44,327	47,303	47,941	638	1.3%
Gross Market Debt	31,234	36,807	29,680	31,889	2,209	7.4%

Source: MOF, Banque du Liban

Notes:

1. Represents intermediation of the Central Bank in the zero-interest scheme of commercial banks executed in Jan-Aug 2003.
2. Certain foreign debt figures differ from previously published data due to the updating of the DMFAS system (debt management system).
3. Includes accrued interest and foreign currency private sector loans.

Gross public debt amounted to LL 52,427 billion (USD 34.78 billion) as of end June 2004, registering an increase of LL 2,105 billion or 4.2 percent over the December 2003 level. This level of growth is mainly due to over-financing achieved during the first half of the year after the issuance of the two-tranche USD 1.270 billion Eurobond on May 12, 2004.

Net financing needs of LL 1,280 billion for the first half of the year were secured from market sources, mainly from the issuance of T-Bills denominated in Lebanese Pounds .

Domestic currency debt reached LL 27,912 billion by end-June 2004, an increase of LL 1,069 billion or 4 percent over the end -2003 level. Commercial

banks have participated actively in the local currency debt market increasing their T-Bills portfolio by LL 1,400 billion in the first half of 2004.

Gross market debt⁹ increased by LL 2,209 billion or 7.4 percent in the first half of the year 2004. This increase reflects the strong demand of the market for both foreign and domestic Lebanese securities.

Net public debt¹⁰ amounted to LL 47,941 billion as of end-June 2004, increasing by LL 638 billion or 1.3 percent since year-end 2003. This includes EDL's drawing during the first semester of the year of the remaining part of a loan (LL 108 billion) extended to it by BDL for fuel purchases.

Box 2. Dual Tranche Eurobond Issuance in May 2004

On the **foreign currency debt** front, the MOF successfully issued US\$ 1.270 billion of **Eurobonds** on May 12 under difficult international market conditions. The **USD tranche** was a USD 1 billion 7-year yielding 7.875 percent, launched at 99.34 percent of par and issued at 366 basis points over UST (currently trading around 101.5 and yielding 7.6 percent). The **Euro tranche** was a EUR 225 million 5-year fixed rate bond launched at par with a coupon of 7.25 percent or 370 basis points over the OBL. While receiving strong support from the local financial community, the deal attracted a number of new investors from the Middle East, Europe and the U.S. This transaction was preceded by the payment of the March 2004 Eurobonds (in Euro and US Dollar) for the equivalent of USD 555 million from the treasury's surplus accounts.

⁸ A further amount of LL 517 billion was secured from the reevaluation account of gold and foreign currencies.

⁹ Gross market debt is defined as the gross public debt excluding the portfolios of the Banque du Liban, public institutions, bilateral and multilateral loans, and debt issued to the Paris II lending countries.

¹⁰ Net public debt is defined as the gross public debt less the public sector deposits.

Table 9. Evolution of Primary Market Treasury Bill Yields

	Pre-Paris II (End-October 2002)	Post Paris II (January/February 2003)	December 31st, 2003	June 30th, 2004
3-months T-Bills	11.18%	6.96%	5.48%	5.21%
6-months T-Bills	12.12%	8.18%	6.53%	6.32%
12-months T-Bills	13.43%	9.13%	6.87%	6.69%
24-months T-Bills	14.64%	9.41%	7.99%	7.75%
36-months T-Bills			8.68%	8.68%

Source: MOF

Table 10. Performance of Lebanese Eurobond Secondary Market Prices

Maturity Date	Issuance Date	Issue Amount (in millions)	Outstanding Amount (in millions)	Coupon Rate	Mid Price*
5-Mar-05	5-Mar-02	US\$ 1,000	US\$ 900	10.250%	103.375
30-Jun-05	30-Jun-00	US\$ 850	US\$ 847	9.375%	104.375
21-Sep-05	21-Sep-98	US\$ 450	US\$ 417	8.750%	104.5
24-Apr-06	23-Apr-01	US\$ 1,150	US\$ 1,110	9.875%	106.5
15-May-06	15-May-02	US\$ 350	US\$ 321	10.500%	107.5
27-Jun-06	26-Jun-02	US\$ 500	US\$ 105	10.500%	107.5
2-Aug-06	1-Aug-02	US\$ 750	US\$ 641	10.500%	108.375
6-Oct-06	6-Oct-99	EUR 300	EUR 264	8.875%	105.5
2-Jul-07	2-Jul-97	US\$ 100	US\$ 100	7.500%	107.5
31-Oct-07	31-Oct-97	US\$ 400	US\$ 369	8.625%	106
6-Aug-08	6-Aug-01	US\$ 750	US\$ 750	10.125%	111.1
20-May-09	20-May-04	EUR 225	EUR 225	7.250%	101.25
6-Oct-09	6-Oct-99	US\$ 650	US\$ 636	10.250%	112.75
20-May-11	20-May-04	US\$ 1,000	US\$ 1,000	7.875%	102.15
11-May-16	11-May-01	US\$ 400	US\$ 400	11.625%	115.25

Sources: Audi Bank, Bloomberg

*As per August 5th, 2004

Section 5. Evolution of External Trade

Table 11. External Trade

(LL billion)	2003 June	2004 June	2003 Jan-June	2004 Jan-June	Change 2003-2004	% Change
Exports	108	145	694	875	181	26%
Imports of which:	525	744	3,228	4,243	1,015	31%
Mineral Products	66	135	557	842	285	51%
Trade Balance	-417	-599	-2,534	-3,368	-834	33%

Source: MOF, Directorate General of Customs (DGC)

Balance of trade: the trade deficit widened by 33 percent when comparing the first half of 2004 with the same period of 2003. This took place despite the 26 percent amelioration of exports which did not offset the 30 percent growth in imports. The upsurge in imports is due to an increased domestic demand, higher crude oil prices by 15 percent¹¹ and the appreciation of the Euro by 11 percent between the first semester of 2003 and the first semester of 2004. The rise in exports is due in large part to a surge in exports to Iraq.

Imports in the first half of 2004 amounted to USD 4,243 million, compared to USD 3,228 million one year earlier. The increase in imports reflects:

- (1)-A USD 285 million increase in the value of the imports of mineral products that resulted from the 15 percent increase in the price of crude oil.
- (2)- A USD 135 million increase in the imports of machinery and mechanical appliances and a USD 84 million increase in the imports of base metals and articles of base metals which are correlated respectively with a 117 percent

increase in the exports of Lebanese machinery and mechanical appliances and a 93 percent increase in the exports of Lebanese metals and articles of base metals.

- (3)- A USD 90 million increase in transport equipment importation due to the increase of local demand for cars as the car real import figures comparison suggests (for further details, see the paragraph on car imports in Section 2, page 6).

Exports in the first half of 2004 reached USD 875 million, increasing by USD 181 million with respect to the first half of 2003. The increase in exports is mainly owed to:

- (1)- A USD 81 million augmentation in the exports of machinery and mechanical appliances.
- (2)- A USD 51 million upsurge in the exports of base metals and articles of base metals.

The significant increase in exports countered the USD 84 million decrease in the exports of pearls, precious or semi precious stones.

¹¹ This estimation was based on all countries spot price FOB weighted by estimated export volume (USD/bbl). This data is compiled and published by the U.S. Department for Energy.

Table 12. Imports Distribution by Product

(USD million)	2003	2004	2003	%	2004	%		%
	June	June	Jan-June	share	Jan-June	share	Change	Change
Mineral Products	66	135	557	17%	842	20%	285	51%
Machinery and Mechanical Appliances	73	86	387	12%	522	12%	135	35%
Products of the Chemical	58	73	335	10%	404	10%	69	21%
Transport Equipment	53	89	269	8%	359	8%	90	34%
Base Metals and Articles of Base Metals	40	40	201	6%	286	7%	84	42%
Other Goods	236	321	1,479	46%	1,830	43%	351	24%
Total	525	744	3,228	100%	4,243	100%	1,015	31%

Source: MOF, DGC

● Import Distribution by Product:

Imports of **mineral products** increased by 51 percent and cumulated at USD 842 billion as opposed to USD 557 million a year earlier. The increase in mineral products import value resulted mainly from the USD 230 million increase in the imports of **mineral oils and fuels (excluding car gasoline¹²)** which jumped to USD 583 million in the first semester of 2004 compared to USD 353 million in Jan-June 2003. In addition to the overall increase in the prices of oils and fuels, this steep surge is due to the unusual high level of gas oil imports (which is the fuel used by EDL for electricity production) in the first semester of 2004. Imports of gas oils are sporadic and are not spread evenly across the calendar year. They can therefore, inflate suddenly the total figure of mineral oils and fuels (excluding car gasoline) imports over a specific time span. Mineral oils and fuels (other than car gasoline) were imported mainly from the Russian Federation, Italy and Saudi Arabia.

The 35 percent increase in **machinery and mechanical appliances** imports, which reached USD 522 million by the end of June 2004 in contrast with USD 387 million in the first semester of 2003, is the consequence of (1) a USD 89 million increase in the imports of **reactors, boilers, machinery and mechanical appliances** (or what can be described as electrical material for industrial use) which cumulated at USD 320 million in the first half of 2004 (they were mainly imported

from China, Italy and Germany) and (2) a USD 46 million augmentation in the imports of **electrical machinery and equipment and parts thereof** (or what can be described as electrical material for household use) which totaled USD 202 million during Jan-June 2004. They were mainly imported from China and the United Kingdom.

Products of the chemical imports reached USD 404 million in Jan-June 2004 compared to USD 335 million in Jan-June 2003 or a 21 percent increase. This upsurge can be attributed to (1) a USD 32 million increase in the imports of **pharmaceutical products** (imported mainly from France, Germany and the United Kingdom) and (2) a USD 11 million increase in the imports of **soap, organic surface active agents and washing preparations**. They were mainly imported from Egypt, Syria and Germany.

Transport Equipment imports were worth USD 359 million in the first semester of 2004 as opposed to USD 269 million one year earlier, witnessing a 34 percent increase compared to last year's first half. This growth was fueled by the increase in the imports of **cars** which rose by USD 98 million during Jan-June 2004, cumulating at USD 354 million and offsetting the USD 8 million decrease in the imports of **boats, ships and floating structures** (please refer to Section 2, page 6 for further analysis on car imports). Cars were mainly imported from Japan and Germany.

Base metals and articles of base metals imports cumulated at USD 286 million compared to USD

¹² Imports of car gasoline increased by USD 38 million and reached USD 217 million by the end of June 2004.

201 million, increasing by 42 percent with respect to the first six months of 2003. This increase was the outcome of (1) an upsurge in the **iron and steel imports** which grew by USD 57 million, reaching USD 144 million worth of imports (main-

ly imported from Ukraine, Egypt and Syria) and (2) a USD 9 million augmentation in the imports of **copper and articles thereof** which totaled USD 49 million in the first quarter of 2004 (mainly imported from Egypt and Greece).

Table 13. Exports Distribution by Product

(USD million)	2003 June	2004 June	2003 Jan-June	% share	2004 Jan-June	% share	Change	% Change
Pearls, Precious or Semi-Precious Stones	25	15	257	37%	173	20%	-84	-33%
Machinery and Mechanical Appliances	11	25	69	10%	150	17%	81	117%
Base Metals and Articles of Base Metals	9	18	54	8%	105	12%	51	93%
Prepared Foodstuffs	14	18	69	10%	73	8%	4	5%
Products of the Chemical	9	16	51	7%	71	8%	19	38%
Other Exports	40	53	193	28%	303	35%	110	57%
Total	108	145	694	100%	875	100%	181	26%

Source: MOF, DGC

• Export Distribution by Product:

Exports of pearls, precious or semi-precious stones decreased by 33 percent and totaled USD 173 million during the first half of 2004 as opposed to USD 257 million in 2003. Pearls, precious and semi precious stones were principally exported to Switzerland, the United Arab Emirates and the United States.

Machinery and mechanical appliances exports increased by 117 percent, cumulating at USD 150 million during Jan-June 2004 in contrast to USD 69 million a year earlier. This increase resulted from (1) a USD 18 million rise in the exports of **reactors, boilers, machinery and mechanical appliances** which amounted to USD 48 million by the end of June 2004 (they were mainly exported to Iraq, Saudi Arabia and Syria) and (2) a USD 63 million increase in the exports of **electrical machinery and equipment and parts thereof** which became worth USD 102 million during Jan-June 2004. They were principally exported to Iraq, Algeria and Kuwait.

Exports of **base metals and articles of base metals** nearly doubled, reaching USD 105 million compared to USD 54 million during Jan-June 2003. This augmentation is mainly due to a USD 27 million increase in **iron and steel** exports (mainly exported to Turkey and India), a USD 10 million increase in **articles of iron and steel** exports (mainly exported to Kuwait, Iraq and France) and a USD 8 million increase in **copper and articles thereof** exports (mainly exported to China, Korea and India).

Products of the chemical exports progressed by 38 percent totaling USD 71 million in the first half of 2004 compared to USD 51 million in 2003. The increase was the outcome of a USD 12 million upsurge in the exports of **fertilizers**. They were mainly exported to Iran and Brazil. This increase offset the USD 4 million decline in the exports of **inorganic chemicals** which is the second largest chemical product exported by Lebanon (mainly to Turkey, Spain and India).

Table 14. Regional Distribution of Imports

(USD million)	2003	2004	2003	%	2004	%		%
	June	June	Jan-June	share	Jan-June	share	Change	Change
Total	525	744	3,228	100%	4,243	100%	1,015	31%
European Union	220	278	1,333	41%	1,651	39%	318	24%
(1) of which:								
Euro zone (2)	195	243	1,164	36%	1,431	34%	267	23%
Arab Countries	72	97	437	14%	573	14%	136	31%
China	38	63	235	7%	345	8%	109	46%
United States	28	52	191	6%	266	6%	75	39%
Switzerland	22	38	100	3%	173	4%	73	74%
Other	146	217	933	29%	1,235	29%	302	32%

Source: MOF, DGC

(1) The European Union included until the 30th of April 2004, the following countries: Austria, Belgium, Denmark, Finland, France, Germany and Greece, Ireland, Italy, Luxemburg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. Ten new countries have joined the EU on the 1st of May 2004. To facilitate comparisons with 2003 and preserve the cohesion with the trade figures published in 2004, we have kept the old nomenclature.

(2) The Euro-zone (according to the nomenclature valid until the 30th of April 2004) included all EU members with the exception of Denmark, Sweden and the United Kingdom.

• Regional Distribution of Imports:

Imports from the **European Union** increased by 24 percent, cumulating at USD 1,651 million in the first half of 2004 compared to USD 1,333 million during last year's first semester. This increase is the outcome of two factors:

- A 23 percent increase in the value of imports from the **Euro-zone** which reached USD 1,431 billion in Jan-June 2004 compared to USD 1,164 million in Jan-June 2003. Lebanon imported principally from the Euro-zone USD 293 million of mineral oils and fuels, USD 139 million of vehicles, USD 119 million of pharmaceutical products and USD 116 million of reactors, boilers, machinery and mechanical appliances and parts thereof.
- A 38 percent increase in the imports from the **United Kingdom** which reached USD 174 million in Jan-June 2004 compared to USD 126 million in Jan-June 2003. Lebanon imported from the United Kingdom the following products: machinery and mechanical appliances for a total amount of USD 30 million, pharmaceutical products for a total value of USD 26 million as well as USD 23 million worth of mineral oils and fuels.

Imports from **Arab countries** augmented by 31 percent, reaching USD 573 million in the first semester of 2004 compared to USD 437 million last year. The main imports from Arab countries for the first semester of 2004 were (1) mineral fuels and oils which were worth USD 172 million, (2) iron and steel whose imports from Arab countries reached USD 44 million and (3) plastics and articles thereof whose imports attained USD 43 million.

Imports from **China** continued to grow registering a 46 percent increase and moving from USD 235 million in the first semester of 2003 up to USD 345 million in 2004. The main imports from China were reactors, boilers as well as machinery and mechanical appliances for USD 75 million and USD 43 million respectively.

Imports from the **United States** increased by 39 percent, amounting to USD 266 million compared to USD 191 million in Jan-June 2003. Lebanon's main imports from the United States for the first half of 2004 consisted of USD 38 million of tobacco and manufactured tobacco substitutes, USD 36 million of cereals and USD 36 million of vehicles.

Imports from **Switzerland** went up by 74 percent and reached USD 173 million in the first semester of 2004 compared to USD 100 million one year earlier. The main imports from Switzerland for the

first half of 2004 were pearls, precious and semi precious stones for a total import value of USD 125 million and pharmaceuticals worth USD 24 million.

Table 15. Regional Distribution of Exports

(USD million)	2003	2004	2003	%	2004	%		%
	June	June	Jan-June	share	Jan-June	share	Change	Change
Total	108	145	694	100%	875	100%	181	26%
Arab Countries	50	81	242	35%	453	52%	211	87%
Switzerland	17	6	216	31%	129	15%	-87	-40%
European Union	11	14	71	10%	75	9%	4	5%
United States	5	3	34	5%	21	2%	-12	-37%
China	0	1	2	0%	6	1%	3	139%
Other	25	40	128	18%	191	22%	62	49%

Source: MOF, DGC

• Regional Distribution of Exports:

Exports to **Arab countries** increased by 87 percent, totaling USD 453 million in Jan-June 2004 compared to USD 242 million in Jan-June 2003. This increase is the result of the export increases to Iraq, Syria and the Emirates¹³. Lebanon's exports to Iraq reached USD 152 million during the first half of 2004 compared to USD 18 million in Jan-June 2003 or a seven fold increase. The main exports to Iraq were machinery and mechanical appliances which amounted to USD 62 million and USD 33 million worth of salt, sulphur, earths and stone; plastering materials, lime and cement. Lebanese exports to Syria progressed by 76 percent, reaching USD 65 million in Jan-June 2003 compared to USD 37 million a year earlier. Lebanese exports to Syria consisted mainly of salt; sulphur; earths and stone; plastering materials, lime and cement which amounted to USD 16 million, paper, paperboard and articles of paper pulp, of paper or of paperboard which amounted to USD 9 million as well as machinery and mechanical appliances for USD 5 million. Exports to the Emirates cumulated at USD 64 million in Jan-June 2004 compared to USD 48 million in Jan-June

2003 and consisted of pearls, precious and semi precious stones worth USD 25 million, furniture, bedding and mattresses worth USD 5 million as well as USD 5 million articles of apparel and clothing accessories not knitted or crocheted.

Exports to **Switzerland** receded by 40 percent, amounting to USD 129 million compared to USD 216 million.

Lebanese exports to the **European Union** slightly increased from USD 71 billion to USD 75 billion. Our main exports for the first half of 2004 consisted mainly of USD 62 million worth of aluminum and articles thereof, USD 5 million worth of beverages, spirits and vinegar and USD 5 million worth of tobacco and manufactured tobacco substitutes.

Exports to the **United States** receded by 37 percent, reaching USD 21 million in Jan-June 2004 compared to USD 34 million in Jan-June 2003. Lebanese exports consisted mainly of furniture, bedding and mattresses for USD 4 million, preparation of vegetables, fruit and nuts for USD 3 million and pearls, precious and semi precious stones for USD 3 million.

¹³ Iraq, Syria and the Emirates emerged respectively as our first, second and third top three export partners in the first half of 2004 replacing thereby the Emirates, Saudi Arabia and Syria respectively for the same period in 2003.

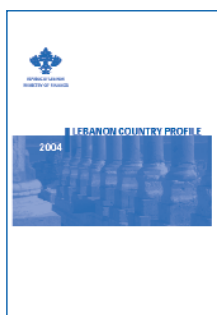
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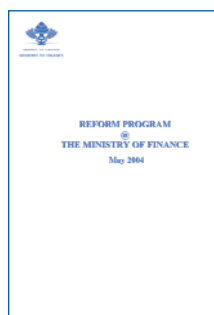
Public Finance Prospects, Ministry of Finance Quarterly Report (available since March 2002), covers the evolution of the fiscal situation with sections dedicated to revenue, expenditure, public debt and external trade developments.



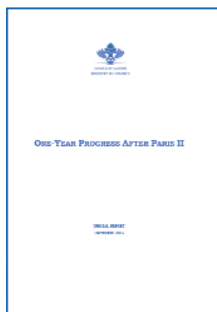
Public Finance Prospects, Ministry of Finance Yearly Report (available since 2001), highlights developments in public finances, external trade, and privatization and securitization, and includes the impact of specific economic developments on public finances.



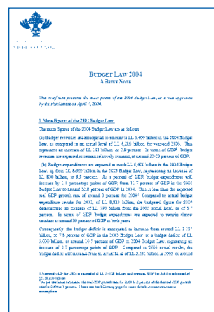
Lebanon Country Profile provides a full survey of Lebanon, starting from the country's geographical location, historical background and political system, and including the economic and public finance situation, the monetary system, and external sector developments.



Reform Program @ the Ministry of Finance (updated as of May 2004), provides an overview of the reform programs currently underway at the Ministry of Finance, describing each program, with a review of program objectives, achievements to date, and developments for the future.



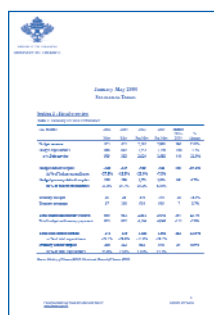
Paris II Progress Reports (special 6 month & 1 year editions), highlight developments related to the convening of the 'Paris II' conference of November 2002, providing an analysis of the impact of Paris II on economic, monetary, and public debt developments.



Budget Report (available in soft copy since 1997), outlines the main budget figures for each fiscal year, and provides year-to-year comparisons between budgeted and actual fiscal performance results.



Investment Climate in Lebanon (updated as of July 2003), provides an overview of newly enacted and existing legislative reforms, which are aimed at encouraging investment in Lebanon.



Monthly Statistical Tables (available since January 2002), provides a monthly update of the main fiscal, debt and external trade figures.

