



REPUBLIC OF LEBANON
MINISTRY OF FINANCE

JANUARY 2003
STATISTICAL REPORT

Section 1 : Fiscal overview

Budget deficit for the first month of 2003 recorded a 53 percent improvement from the deficit in January 2002, owing to a 28 percent rise in budget revenues in January 2003, compared to revenues during the same month in 2002.

On the other hand, the total primary surplus declined by almost 39 percent in January 2003, compared to a year earlier, due to a 44 percent increase in treasury payments.

Table 1. Summary of Fiscal Performance

(LL billion)	2002	2003	change	%
	January	January	2002-2003	change
Budget revenue	443	568	125	28.2%
Budget expenditures	581	633	52	8.9%
o/w Debt service	441	406	-35	-7.9%
Budget deficit/surplus	-139	-65	73	-52.8%
in % of budget expenditures	-23.8%	-10.3%		
Budget primary deficit/surplus	302	340	38	12.6%
in % of budget expenditures	52.0%	53.8%		
Treasury receipts	32	33	1	4.4%
Treasury payments	205	295	90	43.7%
Total budget and treasury receipts	474	601	126	26.6%
Total budget and treasury payments	786	928	141	17.9%
Total cash deficit/surplus	-312	-327	-15	4.8%
in % of total expenditures	-39.7%	-35.2%		
Primary deficit/surplus	129	79	-50	-38.7%
in % of total expenditures	16.4%	8.5%		

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

Section2: Revenue outcome

Tax revenue achieved a 38 percent increase, mainly owing to VAT revenues collected in January 2003 (the VAT was implemented in February 2002).

Taxes on international trade declined due to a drop in imports.

Contrary to tax revenue, non-tax revenue declined slightly (by less than 1 percent) due to a drop in revenues from administrative fees and charges, penalties and confiscations, and other non-tax revenue. In January 2003, the transfer from the telecom sector also recorded a 13 percent decline compared to the figure in January 2002.

Table 2. Tax Revenue

(LL billion)	2002	2003	% change
	January	January	
Tax revenue	331	457	38.1%
Tax on income, profits, & capital gains	80	89	10.8%
Tax on property	16	20	22.6%
Domestic taxes on goods & services, o/w	22	197	776.5%
<i>Value Added Tax</i>	0	183	100.0%
Taxes on international trade, o/w	187	130	-30.5%
<i>Customs</i>	93	33	-64.4%
<i>Excises</i>	94	97	3.0%
Other tax revenue	25	21	-15.1%

Source: MOF, DGF

Note: (1) Tax revenue is included within budget revenue.

Table 3. Non-tax Revenue

(LL billion)	2002	2003	% change
	January	January	
Non-tax revenue	112	111	-0.9%
Income from public institutions & government property, o/w	75	79	5.0%
<i>Telecom</i>	50	44	-12.6%
Administrative fees & charges	29	26	-10.6%
Penalties & confiscations	1	0	-59.7%
Other non-tax revenue	7	6	-15.9%

Source: MOF, DGF

Note: Non-tax revenue is included within budget revenue

Section 3: Expenditures outcome

For January 2003, debt service actually decreased when compared to January 2002. Within this category, domestic debt declined by 20 percent and foreign debt increased by more than two fold its January 2002 level, reflecting the debt servicing arrangements of the November 2002 Paris II conference.

Personnel cost for January 2003 declined, owing to a 10 percent drop in retirement and end-of service spending.

Table 4. Expenditures

(LL billion)	2002	2003	
	January	January	% change
Total expenditures	786	928	17.9%
Budget expenditures	581	633	8.9%
Expenditures excluding debt service	141	227	61.6%
Debt service	441	406	-7.9%
Domestic debt	418	335	-19.8%
Foreign debt	23	71	205.1%
Treasury expenditures, of which	205	295	43.7%
Municipalities	8	2	-72.3%
Previous years' appropriations	158	203	28.3%

Source: MOF, DGF

Table 5. Personnel cost *

(LL billion)	2002	2003	
	January	January	% change
Personnel cost, of which:	366	351	-4.0%
Wages, salaries, and related benefits**	240	237	-1.0%
Retirement and end-of service	126	114	-10.0%

Source: MOF, DGF

*Contrary to previous months, Personnel Cost figures are extracted from the gross amount based on the liquidated payment orders of the budget execution.

**Include wages and salaries for the Council of the South, Lebanese University, Displaced Council, Council for Reconstruction and Development, and the Educational Center for Research and Development.

***Data for 2002 is still preliminary, due to the fact that the execution of the 2002 Budget Law ends on 31/1/2003

Table 6. Transfers to EDL

(LL billion)	2002	2003	% change
	January	January	
EDL	8.7	48	39
Debt service	8.7	48	39
Expropriations	0	0	0

Source: MOF, DGF

*Includes principal, of which LL 39 billion was paid in January 2003 to settle a maturing loan initially issued for fuel purchases

Section 4 : Evolution of public debt

Table 7. Public Debt

(LL billion)	2002	2003	change	% change
	December	January		
Total debt	47,221	47,361	140	0.3%
Domestic debt	25,302	25,428	126	0.5%
Foreign debt	21,919	21,932	14	0.1%
a. Bilateral & multilateral	2,160	2,160	0	0.0%
b. Other foreign debt	19,759	19,772	14	0.1%
of which Eurobonds	19,264	19,278	14	0.1%
Net domestic debt	22,338	22,102	-236	-1.1%
Net total debt	44,257	44,034	-223	-0.5%

Source: MOF, DGF

Note: (1) Net public (and domestic) debt represents gross total (and domestic) debt less public sector deposits with the Central Bank and commercial banks.

(2) Debt figures include accrued interest.

(3) Certain foreign debt figures differ from previously published data due to the upgrading of the DMFAS system (debt management system).

From December 2002 until January 2003, total debt remained relatively stable, with the most significant move occurring on the net domestic debt front, which marked a slight decrease during the month of January 2003.

Section 5: Evolution of external trade

Table 8. External Trade

(USD million)	2002	2003	% change
	January	January	
Exports	62	152	143.5%
Imports	703	624	-11.3%
Trade balance	-640	-472	-26.3%

Source: MOF, Directorate General of Customs (DGC)

Trade balance improved by 26 percent...

...with the regional distribution of imports marking a slight shift from importing from the US and the EU towards a larger share of imports from other sources.

Table 9. Regional Distribution of Imports

Imports				
(USD million)	2002		2003	
	January	% share	January	% share
Total	703	100%	624	100%
Arab Countries	101	14%	85	14%
European Union	290	41%	214	34%
United States	62	9%	32	5%
Switzerland	15	2%	15	2%
Others	234	33%	277	44%

Source: MOF, DGC

Lebanon's distribution of exports changed from January 2002 to January 2003, with a smaller portion of exports heading to Arab countries and the European Union, and a larger portion heading to Switzerland.

More mineral products and less machinery and mechanical appliances were imported in January 2003, when compared to a year earlier...

...while the share of chemical products, paper and printed books, and prepared foodstuffs in exports decreased, compared to a rise of exported pearls and stones and machinery and mechanical appliances.

Table10. Regional Distribution of Exports

Exports				
(USD million)	2002		2003	
	January	% share	January	% share
Total	62	100%	152	100%
Arab Countries	28	45%	42	28%
European Union	12	20%	14	9%
Switzerland	5	8%	68	45%
United States	3	5%	8	6%
Other	14	22%	20	13%

Source: MOF, DGC

Table 11. Imports Distribution by Product

(USD million)	2002		2003	
	January	% share	January	% share
Mineral products	97	14%	190	30%
Machinery and mechanical appliances	118	17%	64	10%
Products of the chemical	61	9%	55	9%
Transport equipment	80	11%	48	8%
Prepared foodstuffs	43	6%	38	6%
Other goods	303	43%	229	37%
Total	703	100%	624	100%

Source: MOF, DGC

Table 12. Exports Distribution by Product

(USD million)	2002		2003	
	January	% share	January	% share
Pearls, precious or semi-precious stones	12	20%	77	51%
Machinery and mechanical appliances	5	7%	13	9%
Products of the chemical	9	14%	12	8%
Wood , Paper and Printed books	6	10%	11	7%
Prepared foodstuffs	6	9%	7	5%
Other exports	25	40%	31	21%
Total	62	100%	152	100%

Source: MOF, DGC

Section 6 : Developments on the VAT front

Table 12. VAT Revenue Collected At Customs (Five Largest Contributing Items)

	(billion LL)	2003	
		January	Share
<i>VAT revenue collected at customs totaled LL 82 billion for January 2003, with the bulk of VAT collected on mineral product imports.</i>	VAT customs collection , of which	82	100%
	Mineral products	34	42%
	Machinery and mechanical appliances	10	12%
	Transports equipment	8	10%
	Prepared foodstuffs	7	9%
	Textiles	4	5%
	Others	18	22%

Source: Directorate General of customs (DGC)