



## January-February 2003 STATISTICAL REPORT

### Section 1 : Fiscal overview

Table 1. Summary of Fiscal Performance

	(LL billion)		2002	2003	2002	2003	change	%
	Feb	Feb	Jan-Feb	Jan-Feb	2002-2003	change		
Budget revenue	291	381	734	949	215	29.3%		
Budget expenditures	490	401	1,072	1,034	-38	-3.5%		
<i>o/w Debt service</i>	307	318	747	724	-23	-3.1%		
<b>Budget deficit/surplus</b>	<b>-199</b>	<b>-20</b>	<b>-338</b>	<b>-85</b>	<b>253</b>	<b>-74.8%</b>		
in % of budget expenditures	-40.7%	-4.9%	-31.5%	-8.2%				
<b>Budget primary deficit/surplus</b>	<b>107</b>	<b>299</b>	<b>409</b>	<b>639</b>	<b>229</b>	<b>56.0%</b>		
in % of budget expenditures	21.9%	74.5%	38.2%	61.8%				
Treasury receipts	44	38	76	71	-5	-6.5%		
Treasury payments	144	226	349	521	172	49.1%		
Total budget and treasury receipts	335	419	809	1,020	210	26.0%		
Total budget and treasury payments	634	627	1,421	1,555	134	9.4%		
<b>Total cash deficit/surplus</b>	<b>-299</b>	<b>-208</b>	<b>-611</b>	<b>-535</b>	<b>76</b>	<b>-12.5%</b>		
in % of total expenditures	-47.2%	-33.2%	-43.0%	-34.4%				
<b>Primary deficit/surplus</b>	<b>7</b>	<b>110</b>	<b>136</b>	<b>189</b>	<b>53</b>	<b>39.0%</b>		
in % of total expenditures	1.1%	17.5%	9.6%	12.1%				

The budget balance for the first two months of 2003 recorded a 75 percent improvement from the balance for the same period in 2002, owing to a 29 percent rise in budget revenues by February 2003, compared to a year earlier.

Accordingly, the primary surplus increased by 39 percent during the Jan-Feb 2003 period compared to Jan-Feb 2002, due to a 26 percent increase in total budget and treasury receipts.

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

## Section 2: Revenue outcome

Tax revenue achieved a 34 percent increase, mainly owing to the more than doubling of domestic taxes on goods and services, due to the Value Added Tax implementation in February 2002.

On the other hand, customs revenues dropped by more than 50 percent, mainly due to the reallocation of revenues to excise taxes (which occurred in 2002). Excise taxes recorded a respective 40 percent increase, further reflecting this temporary adjustment effect.

Non-tax revenues recorded an 18 percent increase, due to a 33 percent rise in income from public institutions and government property.

**Table 2. Tax Revenue**

(LL billion)	2002	2003	% change
	Jan-Feb	Jan-Feb	
<b>Tax revenue</b>	<b>515</b>	<b>692</b>	<b>34.2%</b>
Tax on income, profits, & capital gains	90	98	8.9%
Tax on property	43	45	5.2%
Domestic taxes on goods & services, o/w	85	273	222.3%
<i>Value Added Tax</i>	46	245	429.0%
Taxes on international trade, o/w	262	243	-7.2%
<i>Customs</i>	134	63	-53.0%
<i>Excises</i>	128	180	40.4%
Other tax revenue	36	33	-9.6%

Source: MOF, DGF

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

**Table 3. Non-tax Revenue**

(LL billion)	2002	2003	% change
	Jan-Feb	Jan-Feb	
<b>Non-tax revenue</b>	<b>219</b>	<b>257</b>	<b>17.7%</b>
Income from public institutions & government property, o/w	152	202	33.0%
<i>Telecom</i>	120	160	33.5%
Administrative fees & charges	51	43	-15.0%
Penalties & confiscations	2	1	-70.1%
Other non-tax revenue	14	11	-16.6%

Source: MOF, DGF

Note: Non-tax revenue is included within budget revenue

### Section 3: Expenditures outcome

Budget expenditure declined during the first two months of 2003 by around 4 percent, with domestic debt service recording an approximate 11 percent decrease, offsetting the 23 percent rise in foreign debt service. On the other hand, treasury expenditures increased by almost 50 percent during the Jan-Feb 2003 period.

The first two months of 2003 also recorded slight rises in personnel costs, driven up mainly by retirement and end of service expenditures, and in transfers to EDL.

Table 4. Expenditures

(LL billion)	2002	2003	% change
	Jan-Feb	Jan-Feb	
<b>Total expenditures</b>	<b>1,421</b>	<b>1,555</b>	<b>9.4%</b>
Budget expenditures	1,072	1,034	-3.5%
Expenditures excluding debt service	324	310	-4.4%
Debt service	747	724	-3.1%
Domestic debt	581	520	-10.6%
Foreign debt	166	204	23.0%
Treasury expenditures, of which	349	521	49.1%
Municipalities	9	35	313.8%
Previous years' appropriations	281	357	27.3%

Source: MOF, DGF

Table 5. Personnel cost \*

(LL billion)	2002	2003	% change
	Jan-Feb	Jan-Feb	
<b>Personnel cost, of which:</b>	<b>580</b>	<b>595</b>	<b>3%</b>
Wages, salaries, and related benefits**	368	355	-3%
Retirement and end-of	213	240	13%

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
	Jan-Feb	Jan-Feb	
<b>EDL</b>	<b>15</b>	<b>61</b>	<b>46</b>
Debt service	15	61	46
Expropriations	0	0	0

Source: MOF

\*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	
	December	February	change	% change
<b>Total debt</b>	<b>47,221</b>	<b>46,807</b>	<b>-414</b>	<b>-0.9%</b>
Domestic debt	25,302	24,884	-418	-1.7%
Foreign debt	21,919	21,923	5	0.0%
a. Bilateral &	2,160	2,160	0	0.0%
b. Other foreign debt	19,759	19,763	5	0.0%
of which	19,264	19,268	5	0.0%
<b>Net domestic debt</b>	<b>22,338</b>	<b>22,215</b>	<b>-123</b>	<b>-0.6%</b>
<b>Net total debt</b>	<b>44,257</b>	<b>44,138</b>	<b>-119</b>	<b>-0.3%</b>

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).

By February 2003, total debt decreased slightly from the year end 2002 figure, with domestic debt inching down by almost 2 percent.

## Section 5: Evolution of external trade

Table 8. External Trade

(USD million)	2002		2003	
	Jan-Feb	Jan-Feb	% change	
Exports	139	263	89.4%	
Imports	1,108	1,093	-1.3%	
<b>Trade balance</b>	<b>-969</b>	<b>-830</b>	<b>-14.3%</b>	

Source: MOF, Directorate General of Customs (DGC)

Trade balance improved by 14 percent due to an 89 percent increase in exports (totaling USD 124 million) and a 1 percent decline in imports (totaling USD 15 million)...

...with the regional distribution of imports remaining fairly consistent during the January-February 2003 period, compared to the same time frame in 2002.

Table 9. Regional Distribution of Imports

Imports				
(USD million)	2002		2003	
	Jan-Feb	% share	Jan-Feb	% share
<b>Total</b>	<b>1,108</b>	<b>100%</b>	<b>1,093</b>	<b>100%</b>
Arab Countries	165	15%	157	14%
European Union	452	41%	419	38%
United States	103	9%	62	6%
Switzerland	25	2%	36	3%
Other	363	33%	420	38%

Source: MOF, DGC

Lebanon's exports almost doubled year on year, with the distribution of exports changed from the Jan-Feb 2003 period compared to Jan-Feb 2002, registering a reduced portion of exports heading to Arab countries. Conversely, the portion of exports heading to Switzerland almost tripled compared to the outcome by February 2002.

In line with the January 2003 outcome, more mineral products, and less machinery and mechanical appliances were imported in February 2003, when compared to a year earlier.

Lebanon almost doubled its exports of pearls and precious or semi-precious stones during the Jan-Feb 2003 period compared to the Jan-Feb 2002 outcome.

**Table 10. Regional Distribution of Exports**

(USD million)	Exports			
	2002		2003	
	Jan-Feb	% share	Jan-Feb	% share
<b>Total</b>	<b>139</b>	<b>100%</b>	<b>263</b>	<b>100%</b>
Arab Countries	63	45%	70	26%
European Union	22	16%	23	9%
Switzerland	21	15%	115	44%
United States	7	5%	17	7%
Other	26	19%	39	15%

Source: MOF, DGC

**Table 11. Imports Distribution by Product**

(USD million)	2002		2003	
	Jan-Feb	% share	Jan-Feb	% share
Mineral products	175	16%	273	25%
Machinery and mechanical appliances	171	15%	112	10%
Products of the chemical	100	9%	103	9%
Transport equipment	98	9%	79	7%
Prepared foodstuffs	75	7%	69	6%
Other goods	489	44%	457	42%
<b>Total</b>	<b>1,108</b>	<b>100%</b>	<b>1,093</b>	<b>100%</b>

Source: MOF, DGC

**Table 12. Exports Distribution by Product**

(USD million)	2002		2003	
	Jan-Feb	% share	Jan-Feb	% share
Pearls, precious or semi-precious stones	35	25%	130	49%
Prepared foodstuffs	11	8%	26	10%
Products of the chemical	16	11%	19	7%
Machinery and mechanical appliances	17	12%	20	8%
Base metals and articles of base metals	11	8%	15	6%
Other exports	49	35%	53	20%
<b>Total</b>	<b>139</b>	<b>100%</b>	<b>263</b>	<b>100%</b>

Source: MOF, DGC

## Section 6 : Developments on the VAT front

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

(billion LL)	2002		2003		% change
	Jan-Feb	% share	Jan-Feb	% share	
<b>VAT customs collect. , o/w</b>	<b>51</b>	<b>100%</b>	<b>142</b>	<b>100%</b>	<b>176%</b>
Mineral products	14	28%	52	37%	260%
Machinery and mechanical appliances	8	16%	17	12%	112%
Transports equipment	3	6%	14	10%	347%
Prepared foodstuffs	6	12%	13	9%	205%
Base metals and articles of base metals	4	8%	9	7%	62%
Others	16	31%	37	26%	133%

*VAT revenue collected at customs totaled LL 142 billion for the Jan-Feb 2003 period, with the bulk of the VAT collection resulting from mineral product imports.*

Source: Directorate General of customs (DGC)