

Public Disclosure Authorized

**RETURN TO
REPORTS DESK
WITHIN
ONE WEEK**

**CIRCULATING COPY
TO BE RETURNED TO ARCHIVES DIVISION**

MA-1

This report was prepared for use within the Bank and its affiliated organizations. They do not accept responsibility for its accuracy or completeness. The report may not be published nor may it be quoted as representing their views.

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

CURRENT ECONOMIC POSITION
AND PROSPECTS
OF
LEBANON

FILE COPY

December 28, 1967

Middle East and North Africa Department

Public Disclosure Authorized

CURRENCY EQUIVALENTS

1 Lebanese Pound	=	0.32 U.S. Dollars
1 U.S. Dollar	=	3.13 Lebanese Pounds
1 Million Lebanese Pounds	=	319,500 U.S. Dollars

These rates are based on the average of 1966
free market rates.

TABLE OF CONTENTS

	<u>Page No.</u>
BASIC DATA	i
SUMMARY AND CONCLUSIONS	iv
I. INTRODUCTION	1
II. MAJOR SECTORS OF THE ECONOMY	4
Agriculture	4
Manufacturing	7
Construction	9
Transportation	9
Tourism	13
Utilities	14
III. BANKING, MONEY AND PRICES	16
IV. BALANCE OF PAYMENTS	20
V. PUBLIC FINANCE	24
VI. PROSPECTS AND CONCLUSIONS	30
STATISTICAL APPENDIX	
MAP	

This report is based on the findings of an economic mission to Lebanon in April/May 1967, consisting of Messrs. C. H. Thompson, F. Fernandez-Santos, V. W. Hogg, and G. M. de Wit.

BASIC DATA

(Note: Statistical data about Lebanon may contain a considerable margin of error as a result of inadequate or incomplete reporting and should be interpreted with caution)

Area: 10,400 km² (4,100 sq. miles)

of which: cultivated 2,750 km² (1,075 sq. miles)
irrigated 400 km² (156 sq. miles)

Population: 2.0 - 2.5 million (estimate 1966). The latest census was conducted in 1932.

Rate of growth: Not available but estimated at around 3 percent per annum.

Population density: 190 - 240 per km² (490-610 per sq. mile)

Political Status: Republic

Gross National Product, 1964: LL 3,226 million

Per capita: LL 1,466 (\$ 475), assuming a population of 2.2 million in 1964.

Gross Domestic Product at factor cost, 1964: LL 2,831 million.

of which in percent:

Agriculture	13
Industry and handicraft	16
Construction	6
Services	56
Government	9

Money and Credit:

	1966 (LL Million year end)	Rate of Increase 1964 - 1966 (% p.a.)
Total money supply	1,539	5.3
Time and savings deposits	2,711	6.4
Commercial bank claims on private sector	2,336	9.6

Public sector operations:

	1966 (LL Million)	Rate of increase 1960 - 1966 (% p.a.)
Government current revenue	517	10.3
Government expenditures	548	14.5
Deficit	31	surplus of 72 in 1960

External public debt:

Total debt (including undisbursed), as of January 31, 1967	\$56.6 million
Total annual debt service (1966)	\$ 3.3 million
Debt service ratio (1966)	Less than 1% of exports of goods and services (gross).

Balance of payments:

	1965 (\$ million)	Rate of increase 1961 - 1965 (% p.a.)
Exports	141.1	18.0
Imports	476.8	10.0
Invisibles (net)	259.5	5.4
Current account deficit	76.1	19.3

Share of total exports, excluding gold (percent):

	<u>1965</u>	Average <u>1961 - 1965</u>
Fruits and vegetables	26	27
Other foodstuffs	19	17

I. M. F. position (\$ million):

	<u>April 1967</u>	Average <u>1962 - 1966</u>
Quota	9.0	6.8
Drawings	-	-

Gross foreign exchange reserves (\$ million):

	<u>Dec. 1966</u>	Average <u>1964 - 1966</u>
Bank of Lebanon	282	255
Commercial banks	500	525
Total	782	780

External financial assistance:

<u>Year</u>	<u>Donor</u>	<u>Amount</u>
1955	IBRD	\$ 27.0 million
1961	Gov't of Kuwait	\$ 14.0 million
1966	Gov't of Kuwait	\$ 14.0 million
1967	Kuwait Fund	\$ 6.7 million
		<u>\$ 61.7 million</u>

SUMMARY AND CONCLUSIONS

i. Lebanon has traditionally been an agricultural and trading nation. Although trade and other services are predominant in the economy, about 40 per cent of the labor force is still engaged in agriculture, despite the scarcity of good farmland. The Government has followed a pragmatic and liberal policy, which maintained harmony among the numerous religious groups and has avoided a heavy involvement in the area's conflicts. As a result the country has been relatively stable politically. The growth of the oil industry in neighboring countries has been important for the economy. Since the early fifties the country attracted the purchasing power of the Arab oil states either directly through tourism, investments or the supply of fruits and vegetables or indirectly as an intermediary in international trade and in the investment outside the Arab countries of their surplus funds. The liberal atmosphere also proved attractive to many foreign firms and institutions which have set up regional headquarters in Beirut. Moreover, tourists from Europe and North America have been visiting the country in increasing numbers.

ii. Any assessment of the economy is hampered by the lack of reliable data. Much remains to be done in the fields of balance of payments and financial statistics and work on the national accounts only started recently. Nevertheless, economic performance has on the whole been satisfactory. The liberal system has functioned relatively well and the country seems to have made good use of its resources. Per capita GNP was of the order of \$ 475 in 1964, which apart from Kuwait is the highest in the Arab world. This is even more significant as Lebanon has no oil or other mineral resources.

iii. Incomes in rural areas have lagged behind in spite of substantial increases in agricultural production and the shift to high value crops, especially fruits and vegetables. There are further possibilities for the development of agriculture, especially through irrigation but also by improving marketing and by making better use of existing extension and research services. Nevertheless, Lebanon is likely to remain a net importer of agricultural products. The industrial sector produces largely for local consumption. The small size of the domestic market and the limited

export possibilities restrict the growth potential of this sector, which nevertheless is making some progress often in joint ventures with foreign companies. Infrastructure is being expanded. Roads, power, communications, urban water supply and sewerage will require substantial investments in the coming years.

iv. Lebanon has a highly developed banking system, attracting deposits from other Arab countries which are re-invested in Lebanon and abroad. Presently total deposits amount to about LL 3,600 million some 80 per cent of which is held by branches of foreign commercial banks. Last year the largest Lebanese owned bank, the Intra Bank, was unable to raise sufficient liquidities at a time of above normal withdrawals. The impact of its failure on the economy and on the position of Beirut as an international financial center has been limited. Specialized banking facilities are confined to one institution which extends agricultural, industrial and real estate loans. Its resources are by far insufficient to meet the demand for long and medium term credits and entrepreneurs are consequently largely dependent on revolving commercial bank credits. Progress in expanding long term credit facilities is slow.

v. As a result of economic liberalism, the Government has entered the field of development rather late. In 1962 development outlays were increased sharply and ever since Government expenditure has exceeded recurrent revenues by some LL 3 $\frac{1}{4}$ million^{1/} annually, the difference being covered by drawing on reserves accumulated prior to 1962. The Government is presently executing its 1965-1969 development plan which envisages outlays of LL 1,080 million over the entire period. The annual rate of development spending has so far been lower but it should increase as more projects become ready for implementation. With the depletion of its reserves in sight the Government is looking for other sources of finance. It is trying to increase tax revenues, to raise additional funds through domestic and foreign borrowing and to keep administrative expenditure down.

vi. The operation of several Government-owned utilities and of some other public services is entrusted to financially independent agencies which in the aggregate account for about

^{1/} According to closed accounts, including transfers to independent agencies not actually spent, which may be considerable.

one quarter of public spending. These agencies have shown large surpluses during recent years, but only because of substantial Government assistance, which is usually given interest free and on vaguely defined terms as far as repayment is concerned. These practices are not conducive to the best use of public resources. Nevertheless, past investments seem on the whole to have been economically justified.

vii. Lebanon has traditionally experienced a large trade deficit (mainly as a result of liberal imports of consumer goods), which is to a large extent offset by earnings from invisibles. The remaining gap is covered by the inflow of capital from other Arab countries in the form of deposits with the commercial banks and investments in real estate. Altogether the country has accumulated considerable foreign exchange reserves amounting to LL 2,458 million (about \$ 782 million) at the end of 1966, while maintaining a fully convertible currency. Data about the foreign obligations that should be set against the reserves are limited. In view of some uncertainties surrounding the level of capital inflow in coming years a closer observation of balance of payments developments than was usual in the past would seem warranted.

viii. The recent events in the area have considerably affected the Lebanese economy. A sharp reduction in tourism and a general decline in activity in the neighboring countries have had widespread effects and Government assistance to curtail unemployment has been necessary. Although it is too soon to assess the economic damage of the war, it would seem that Lebanon's development potential has been unimpaired if normal conditions can be restored.

ix. This year's budgetary deficit is likely to be affected by the financial squeeze of the recent war and the extraordinary outlays to compensate small Intra depositors. The Government has arranged to borrow locally at medium term but in the next few years recourse to foreign as well as local borrowing is likely to be necessary if delays in its development program are to be avoided. In addition, the Municipality of Beirut and some of the independent agencies may require external assistance, either directly or through the Government, to execute their development projects. External financial assistance for projects containing a large foreign exchange component should also be considered to avoid additional pressure on the balance of payments. External

public debt is low at present and its service equals less than one per cent of gross earnings from exports of goods and services. In view of this and the overall satisfactory economic performance, Lebanon is credit-worthy and eligible for Bank lending.

I. INTRODUCTION

1. Lebanon, named after its central mountain range, occupies in many respects a unique position in the Middle East. Although the present boundaries were established only in 1920 during the French mandate, its character, shaped by numerous religious and ethnical minorities taking refuge in its rugged mountains, has since ancient times been markedly distinct from that of the surrounding region. The country comprises about one million hectares, some 75 per cent of which is mountainous. The population is estimated at 2.0-2.5 million, including some 145,000 Palestine refugees and about 260,000 other foreigners, mostly Syrians and other Arabs. Most people live in a 20 km wide strip of lowlands and mountains extending along the 250 km coastline. No mineral deposits of importance are known to exist in Lebanon. No oil has been found in spite of a promising geology and the exploration efforts in the early sixties.

2. Public life in Lebanon is dominated partly by considerations of religious affiliation. The principal groups are the Christians, Moslems and Druzes, but further splintering, especially of the Christian community, raises the number of sects to over twenty. There is uncertainty about the number of adherents. No population census has been taken since 1932. Class consciousness is weak, but the existence of a large middle class, which has been expanding quickly, nevertheless gives the country a balanced social structure which is rarely found in the Arab world.

3. Lebanon has since Phoenician times been an agricultural and trading nation and the economy by tradition is liberal. No effective restrictions exist on establishing and maintaining business and industrial enterprises. There are no limits on landownership, except for a control over the acquisition of land by foreigners. Until recently a similar liberalism prevailed in banking but the collapse of the largest Lebanese bank in October 1966, has spurred the adoption of regulatory legislation. The foreign exchange market is completely free as is the market (and thus the import and export) of unminted gold. The labor market is free in the sense that foreign laborers who come to Lebanon

are normally granted the required labor permit. However, the Government has instituted a minimum wage of LL 160 per month and a system of social security is being introduced.

4. The spirit of liberalism has hampered so far the collection of accurate economic statistics. The first official set of national accounts is now under preparation but the effort is made difficult by the lack of basic information. Consequently, it is not possible to express for instance the growth of the economy in quantitative terms. Banking statistics also suffer from lack of detailed information. In general, therefore, economic statistics contain a considerable margin of error.

5. Nevertheless, it is clear that the economy is to a large extent based on services. About one-third of GNP is generated in agriculture, industry and construction, the remaining two-thirds consisting of a variety of services among which those rendered to foreigners take a prominent place. The latter can be classified into four broad categories, namely banking, trade, tourism and the provision of regional bases to foreign firms and institutions.

6. Lebanon has managed to attract large amounts of surplus funds from Saudi Arabia and Kuwait and flight capital from other Arab states. The inflow has taken the form of direct investments, often in real estate, or deposits with the commercial banks. About 100 commercial banks, many foreign owned, operate in Lebanon. Total deposits amounted to some LL 3,600 million at the end of 1966. Some 40 per cent of these deposits are reinvested outside Lebanon and the Arab countries.

7. Stimulated by the elimination of Haifa and Tel-Aviv as ports serving the Arab hinterland, Lebanon developed a once booming transit and entrepot trade. The development of their own ports by Syria and Jordan has affected this activity somewhat but the earnings from this source and the accompanying transport activity are still important. Two pipelines from Saudi Arabia (Tapline) and Iraq (IPC)

have their terminals in Lebanon and yearly transit duties amounted to LL 31 million in 1966 (LL 16 million from Tapline and LL 15 million from IPC). The pipelines also supply oil to the two refineries located near their terminals at Tripoli and Saida. In addition to transit trade, Lebanese merchants are engaged in "triangular trade" activities, the size and character of which are difficult to ascertain, although they are believed to be extensive.

8. Tourism has been growing considerably and gross earnings in 1965 were about LL 250 million. Lebanon appeals to two categories of tourists: the Arabs seeking the coolness of its mountains in a familiar environment and the others, mainly from Europe and North America, who visit the country for its historic and natural attractions sometimes within the framework of a larger tour of the Middle East. The Arab visitors often maintain a second residence in Lebanon and some of them have invested considerable amounts in real estate.

9. The prevailing liberal atmosphere and the cosmopolitan character of Beirut have provided the proper environment for the establishment by many foreign firms operating in the area of headquarters in Lebanon, even when their main activity is elsewhere in the Middle East. Moreover, the country accommodates several noncommercial foreign and international institutions.

10. The provisional national accounts indicate a per capita income of some LL 1465 (\$475) in 1964, assuming a population of 2.2 million in that year. It is believed that, if anything, the provisional national accounts underestimate GNP. The high average income conceals a very uneven income distribution between the urban and rural population. About 35 to 40 per cent of the labor force derive an income exclusively from agriculture while an additional 10 to 15 per cent is part-time or seasonally employed in this sector, where per capita income was only about LL 420 (\$136) in 1964, accounting for only 12 per cent of total output. Industry and construction provide employment for about 13 per cent of the labor force accounting for some 20 per cent of GNP. Industry is centered around Beirut and Tripoli and produces foodstuffs, textiles and a great variety of other products. A conflict of interest exists between the country's industrialists who want protective duties and its merchants who fear that these will impair trade. Presently there are only a few protective duties.

II. MAJOR SECTORS OF THE ECONOMY

Agriculture

11. Lebanon has a great variety of climatic conditions, ranging from mediterranean in the coastal strip to continental in the central Bekaa plain. Rainfall is relatively high. Most of the country receives at least 500 mm and large areas get well over 1000 mm per year. However, rainfall is badly distributed over the year and summer irrigation is usually required. Farm land, good land in particular, is scarce. Most of the good farm land is in the Bekaa plain. The development of the coastal strip and the western slope of Mount Lebanon has often only been accomplished through high on-farm investments, financed from private sources. Prices of agricultural land are consequently high, often further inflated by speculative demand. The skills of the Lebanese farmer compare favorably with those in other Arab countries and he is highly responsive to economic incentives. The predominant tenure pattern is the small privately owned family farm, except in the Bekaa plain where cereal cultivation favors large scale farming.

12. As a result of the variations in climate, agricultural production is highly diversified (see table 5). The relative importance of the main categories of agricultural production is shown below:

	<u>Production Value</u> (crop year 1965/66)		<u>Area under</u> <u>Cultivation</u> (crop year 1966/67)	
	<u>LL mln.</u>	<u>%</u>	<u>1,000 ha</u>	<u>%</u>
Cereals	23	9	88	40
Pulses	6	2	18	8
Fruits	141	53	64	30
Vegetables	48	18	31	14
Industrial crops	48	18	17	8
Total crops	<u>266</u>	<u>100</u>	<u>218</u>	<u>100</u>
Dairy products	34			
Eggs	44			
Meat	58			
Other animal products	6			
Total animal products	<u>141</u>			
Total agricultural production	407			

Output has grown over 5 per cent per annum during the past decade, as a result of higher yields and a shift to high value crops. The area under cereals (mainly wheat), pulses and olives has decreased somewhat but output could be largely maintained through improved yields. Nevertheless, cereals and pulses still take up almost half the cultivated area (including some of the best land in the Bekaa) while contributing only 10 per cent to agricultural output. The cultivation of fruits has grown substantially. The output of citrus doubled and that of apples increased fourfold since the mid-fifties, but the production of grapes and other fruits did not expand significantly. In total the tonnage of fruits produced increased by almost 6 per cent per annum since 1955. Vegetable production rose by well over 4 per cent per annum (on a tonnage basis) since the mid-fifties, mainly in tomatoes and potatoes, but also in a wide variety of other crops. The industrial crops, mainly in tobacco and sugarbeet, were at a low level a decade ago and have increased manifold. Livestock production was very small in the early fifties. Since then, substantial progress has been made in the production of especially milk, eggs and poultry meat. Livestock products now account for almost one-third of total agricultural output.

13. Agricultural exports amount to some LL 100 million representing 50 per cent of total exports (exclusive of gold) and 25 per cent of agricultural output. The bulk of these exports consists of fruits, mainly citrus (1965: 117,000 m.t. or 50 per cent of production) and apples (1965: 80,000 m.t. or 69 per cent of production). The exports of vegetables consist of potatoes, and to a lesser extent of tomatoes and onions. Furthermore vegetable oil, tobacco, pulses and eggs are exported. Most agricultural exports go to Syria, Jordan, Iraq, Saudi Arabia, Kuwait and other Gulf states, for which Lebanon has a competitive advantage over the other Mediterranean producers because of preferential tariffs and its nearby location.

14. Government activity in agriculture is not extensive. The organizational framework for research, extension and agricultural education is satisfactory and competent agriculturalists, both local and foreign, are presently available in sufficient numbers. But steps need to be taken to prepare a coordinated plan to improve agricultural infrastructure, particularly with regard to the utilization of water resources. Agricultural credit facilities are insufficient in spite of various Government schemes. The

Fruit Board (engaged in marketing fruit surpluses, mainly apples) extends short-term credits through BCAIF (Banque de Crédit Agricole, Industriel et Foncier), which also gives agricultural credit mostly from funds advanced by the Government. The Government also operates a heavily subsidized credit scheme under the Green Plan, a program of land terracing and other reclamation works. This plan has primarily social objectives and many of the projects may lack economic justification. The Wheat Office (dealing with subsidies for and Government trade in wheat and sugarbeet) operates a modest but acceptable fertilizer credit scheme. The recently established Department of Cooperatives (within the Ministry of Agriculture) faces in its attempt to strengthen the cooperative movement (now in its infant stage) the strong individualism of the Lebanese farmer. More energetic Government action is also required with regard to reforestation. Soil and water losses are heavy throughout the country for lack of a sufficient forest cover. There is also need for a modern water policy.

15. Lebanon is a net importer of foods and feed. In 1965 domestic production amounted to only 65 per cent of consumption. Although in view of Lebanon's limited land resources and the expected increases in population and income the country is likely to remain a net importer of agricultural products, the gap could be reduced by further agricultural development for which the potential exists. Fruits and vegetables offer good perspectives. The potential for increasing the output of oranges and other tree crops exists, especially in the Akkar plain, but development depends on the extension of export possibilities. A similar situation exists with regard to table grapes, off-season vegetables and flowers. The irrigation of the southern Bekaa (see para 16) will open possibilities for mixed farming (with forage crops in irrigated areas) and double cropping. The development of agriculture will require improved facilities for marketing, quality control and export promotion and better use of the existing research and extension services.

16. Most of Lebanon's surface water still runs barely utilized to the sea despite years of study. Water resources are relatively abundant and amount for the Litani alone to some 700 MCM per year. Two major irrigation projects are contemplated on the Litani River. A scheme comprising 20,000 hectares upstream of the Karaoun Dam in the South Bekaa looks promising. This project, which requires pumping of water from the reservoir, is in an early stage of execution. The other project, downstream of the dam, is less advanced but will eventually irrigate about 20,000

hectares. The benefits of the latter project are less evident because of unfavorable topography and fragmented land ownership in the area. The financing of both projects still has not completely been arranged. Despite the work done, a comprehensive plan for the use of Litani waters is lacking and should be formulated. Other irrigation possibilities exist in the Akkar plain and the Orontes valley, but both require additional study. There are also unutilized underground water resources, which are presently being studied by the UNDP.

Manufacturing

17. Industrial statistics are incomplete and depend on voluntary registration with the Ministry of Economy and the Industrial Association. It is generally believed (and the few indicators available would seem to support this) that industry expanded considerably since 1960. Exports of industrial products for which an export certificate is needed in order to benefit from preferential duties elsewhere in the Arab world increased from LL 22 million in 1962 to LL 69 million in 1966. The production of petroleum products, cement and power rose significantly.^{1/} Industrial credits from the BCAIF doubled since 1961 to LL 51 million outstanding in 1966.

18. Except for two medium-sized oil refineries, two cement factories and a recently established LL 100 million fertilizer plant, there are only small-scale enterprises in Lebanon. Some 6100 enterprises employing 10 workers on

^{1/} In general, industrial output seems to have risen. The 1955 Bank report assessed industrial output at LL 141 million in 1953, compared with LL 403 million (net value added) in the 1964 national accounts. This would imply a growth of some 10 per cent per year but the comparability of the two figures is questionable. Another set of national product estimates, (less solidly founded than the estimates made by the Direction Centrale de la Statistique but more in line with those used in the 1955 Bank report) implies a growth of only 2.5 per cent per year.

the average are presently registered with the Ministry of Economy. They produce mainly for the domestic market. Food processing and textiles (chiefly cotton) are the two main branches of industry. A wide variety of other products is also produced. New factories, which are being established include a third oil refinery, two paper factories (for craft, fruit wrapping paper and tissues), a newsprint mill, a television assembly plant, a plant for elevator construction and possibly a third cement plant.

19. There is a conflict of interest between Lebanese merchants, organized in their Merchants Association, and the industrialists. The Merchants Association, mostly representing the country's import businesses, is strongly opposed to protective duties and with a few exceptions they have so far been able to prevent them. Only cement, some textile articles and a few wooden and other articles of minor importance are to some extent protected from imports through custom tariffs.

20. Lebanese industry is privately owned. Tobacco products are manufactured by a private monopoly; 95 per cent of the profit accrues to the Government. There is foreign participation in several industries (e.g. asbestos cement, cement, fertilizer and beer). Several new enterprises will be established as joint ventures with foreign firms. Apart from the financial aspects of foreign participation, it is hoped that this will improve the quality-image of Lebanese products, which has not always been good.

21. Generally, new enterprises are set up with the savings of the owner and his family, who often can only provide the initial capital requirements. The entrepreneur meets the rest of his needs by a revolving overdraft from a commercial bank. There is only one institution, the BCAIF, that gives long-term loans to industry, but with average lending to industry of only some LL 5 million per year (net of repayments), its funds are insufficient to meet demand. Raising capital for new enterprises through the issue of shares is prevented by the legal requirement to publish balance sheets for two years of operation before any such issue. The inadequacy of available finance for

industry is recognized by the authorities but progress in improving the situation has been slow.

Construction

22. No statistics on actual construction exist and trends in building are usually evaluated on the basis of the number of building permits issued^{1/} and cement production. Lebanon has experienced a building boom since the end of the world war with periods of weakness in the mid-fifties and early sixties. Activity in the construction industry seems to be slacking off again although the deviation from the pattern of normal seasonal fluctuations is not very pronounced. The bulk of construction takes place in the Beirut area where building permits issued increased from the equivalent of 318,000 sq. meters in 1953 to 1,243,000 sq. meters in 1966. The upsurge in construction has been supported by the demand for tourist accommodations (hotels and apartments), industrial construction and the need for office space of the expanding commercial and financial sector, including many foreign firms which established headquarters in Beirut.

Transportation

23. The length of the highway network is about 6,000 km. The coastal highway (250 km) and the east-west highway to Syria (65 km) with its northern spur through the Bekaa valley form the core of the system. The greater part consists of two-lane highways. The number of private cars has increased by some 15 per cent per annum since the early fifties and now amounts to almost 100,000, in addition to some 25,000 other vehicles. As a result, many road sections,

^{1/} The fact that a fee has to be paid for a building permit is believed to provide a basis for this.

some of which carry more than 4,000 vehicles per day, are insufficient for today's traffic. This applies particularly to the Beirut-Tripoli section of the coastal highway with its many obstructions and a high accident rate. This highway section has high priority in the Government's road program, also with a view to the Tripoli fair which is to open in the early seventies. A section 21 km northwards from Beirut has already been improved and French consultants are assisting in designing the remaining 59 km over a completely new alignment. Preliminary cost estimates amount to about 150 million. The important highway to Syria is also in urgent need of improvement as is the Beirut-Tyre section of the coastal highway. The Government intends to have the studies for these roads made after those for the Beirut-Tripoli road are completed, now scheduled for the spring of 1968. The road through the Bekaa valley will need minor improvements to meet traffic requirements for some time to come. Secondary and local roads will have to be expanded, also to foster tourism, which may require about LL 10-15 million annually.

24. Two organizations, both within the Ministry of Public Works, deal with roads namely the Directorate of Roads and the Conseil Executif des Grands Projets (CEGP). The latter has the responsibility for the design and execution of major highway and other projects and after completion of a road hands it over to the Directorate of Roads for administration and maintenance. Although this arrangement has certain advantages it would seem that it leads to a certain waste of engineering skill and talent and sometimes to less than best possible results.

25. The Lebanese railway system comprises 413 km, essentially running parallel to the main highways. About 82 km (part of the Beirut-Damascus-Hedjaz railway) is of narrow gauge and the remainder of standard gauge. The system is connected through Syria to the north with Turkey and Europe and to the south-east with Jordan, with planned extension to Saudi Arabia. With the exception of the little travelled section south of Beirut, the track is in reasonable state of repair. Motive power and most stock is old.

26. In 1966 about 81,000 passengers and 572,000 tons of merchandise were transported over an average distance of 82 km and 79 km respectively. Passenger traffic has not grown since the mid-fifties in spite of some limitation of the number of buses and taxis, the growth of the population and low passenger fares. Freight traffic has fluctuated since 1950 between 500-700,000 tons per annum, and recently consisted almost entirely of cement, live animals, refinery products and phosphate exports from Jordan. Freight and passenger rates are low considering the short distances involved and do not cover the cost of the railway. As far as can be ascertained^{1/} the railway's operating deficit averaged LL 7.7 million per year during 1964/66. The Government has approved in principle a modernization program involving outlays of LL 12.5 million over two years for the renewal and improvement of the track, motive power and rolling stock. This program is expected to reduce the annual deficit by about LL 2.5 million. Further possibilities of decreasing the deficit exist through reorganization, tariff changes, etc. but it is unlikely that the railway could become self-supporting. Nevertheless it will be impossible to liquidate it until the main highway axes are improved to handle the additional traffic and the social implications for the 2,000 employees have been solved.

27. Beirut is the principal port of Lebanon, handling well over 2 million tons per year. Traffic is stimulated by a Free Zone where imported materials can be processed free of duty for re-export. In 1966 this accounted for 315,000 tons. Furthermore, over 300,000 tons of goods arrived in transit to the Arab hinterland.^{2/} The port is operated by a private firm under a concession that expires

^{1/} The agency operating the railway also maintains the bus service in Beirut and the accounts are not always separated.

^{2/} Transit traffic has been fluctuating around this level since the mid-fifties. Most of it is destined for Iraq, Jordan and Syria (in order of importance). The present closure of the Suez Canal is expected to increase this rate substantially.

in 1990. Its financial position has been favorable and during 1964/66 a surplus of LL 2.3 million per year was realized, which partly accrued to the Government. A third basin was recently completed, considerably relieving congestion. A fourth basin, an urgently needed grain silo and some other facilities and equipment are included in an expansion program that has been submitted to the Kuwait Fund for financing. Passenger traffic has grown considerably in recent years; in 1966 it totalled 86,000 people excluding 36,000 cruise participants. Tripoli handles general cargo also. The volumes are small and vary around 300,000 tons. With only a small investment in storage and mobile equipment, the port could handle much larger volumes. Normally, crude oil arriving by pipeline from Iraq is shipped from Tripoli at the rate of 15 million tons per year. Similarly oil piped from Saudi Arabia is loaded in Saida at the rate of 20 million tons per year. Maintenance of and investment in the oil loading facilities is entirely done by the oil industry.

28. In 1966 almost 1.2 million passengers arrived or embarked at Beirut airport while an additional 0.2 million used it in transit, making it one of the world's major international airports. About two-thirds of the non-transit passengers are tourists. The airport is running a financial deficit which amounted to LL 1 million per annum in recent years. It is operated by the Government and its revenues and expenditures are channelled through the general budget. A group of French experts which studied the airport late 1966 concluded that with the growth of traffic and a revision of fees^{1/} the deficit could be converted into a surplus. Substantial investments may be required to accommodate future supersonic and jumbo aircraft. A choice has to be made between expanding the present airport or establishing a new one. The U. S. Federal Aviation Agency is advising on the issue. Expanding the present airport may require investments of LL 40 million with a foreign exchange component of LL 15 million. No cost figure for a new airport has as yet been mentioned. There are four Lebanese airlines, all private,

^{1/} Aircraft landing and other fees are very low and there is no passenger accommodation charge.

which have pursued aggressive expansion policies. Discussions for the merger of the two passenger airlines are under way.

Tourism

29. The number of tourists increased by 20 per cent per year in recent years and estimated earnings from this source increased correspondingly. In 1966, about 700,000 foreigners visited Lebanon, not counting 812,000 Syrians. Most of the latter enter the country to take up employment but some also come as tourists. Foreign exchange earnings from tourism in 1965 were estimated at LL 248 million. Tourists from the Arab countries (excluding Syria), Europe and North America (in order of importance) make up almost 90 per cent of the total, with the Arab countries accounting for about half of them (see table 16).

30. Tourism is almost exclusively left to the private sector which builds the accommodation and provides transportation and entertainment. Government activity is as yet confined to the maintenance of some historical sites and natural beauty spots and to the financial support of the Baalbeck summer festival. The Government tries to spread the tourist business more evenly over the country. Presently it is concentrated in Beirut where day trips to the principal touristic attractions can be arranged. There are plans to construct hotels on Government-owned land south of Beirut and on some small islands off Tripoli. Work has already started on the construction of an International Fair in Tripoli to be opened in the early seventies and subsequently to be held each year to stimulate tourism and business visits to Lebanon. In addition the Government is considering improving some touristic roads and adopting regulations to eliminate some abuses in the industry. Government projections for 1970 put the number of tourists at 1,230,000 and their spending at LL 448 million, representing a growth rate since 1965 of 15.5 per cent and 12.6 per cent per annum respectively.

Utilities

31. Power generation has doubled from 1960 to 1966 and the installed capacity has increased even faster (see table 17). The country has 14 hydro and 10 thermal power plants with a capacity of 374 MW. Almost 60 per cent of this is installed in the Beirut thermal plant (completed in 1961 with 109 MW) and the two hydro Bank-financed plants on the Litani River (completed in 1962 with 34 MW and 1965 with 72 MW respectively). The expansion and modernization of the system is not yet completed. A LL 34 million third hydro plant with a capacity of 40 MW at Joun (also part of the Litani River scheme) is scheduled for completion in 1968 and a LL 45 million thermal plant with two units of 60 MW each will be built at Jiye, south of Beirut, and should be ready by 1972^{1/}. The hydro plant is partly financed by a LL 21 million loan from the Kuwait Fund for Arab Economic Development and the thermal plant can probably be financed without recourse to borrowed funds. Additional investments are being made in the transmission and distribution facilities. The load factor of the generating plant has been decreasing for some time and its present low level (about 26% in 1966) suggests the possibility of overinvestment in power.

32. Telephone services are maintained by an independent public agency and are separated from the post and telegraph services. Its investment program during 1967-1973 for its domestic network will cost LL 100 million, which can be financed from its receipts and accumulated reserves. In addition, new links with Europe - by cable to Marseilles and by satellite - are projected.

33. Water supply and sewerage in Beirut and its expanding suburbs require expansion and modernization and the financial and technical responsibility for this rests primarily with the Municipality. During the summer water supply is often restricted and substantial investments will be required to improve the situation especially as much of the present network is up for replacement. Sewerage disposal

^{1/} This thermal plant will eventually be further extended with 2 units of 125 MW each.

also needs to be improved and distant sea outfalls are urgently needed. The sewerage system will be improved in two stages and the first part, requiring an investment of LL 100 million, may be put to tender shortly. No foreign financing is known to have been arranged for this project.

III. BANKING, MONEY AND PRICES

Banking

34. Until recently banking was not regulated in Lebanon. This led to the creation of many small banks and now some 100 banks operate in the country. About 30 of these are branches or subsidiaries of foreign banks but they account for about 80 per cent of deposits. At the end of 1966, total deposits, to a large extent denominated in foreign currencies^{1/}, amounted to about LL 3,600 million. These funds have been deposited partly by nationals of other Arab states, particularly Saudi Arabia and Kuwait, where investment opportunities are limited. Lebanon was and still is an attractive financial center for these depositors. Secret bank accounts are permitted. The country's liberal attitude provides some assurance against political risks while at the same time it is still within the familiar Arab world. Moreover, Lebanon provides excellent opportunities for investment in foreign stock and major brokers operate there with direct lines to the European and American stock exchanges^{2/}. And fundamental to Lebanon's appeal as a financial center is, of course, the stability and convertibility of its currency and the absolute freedom in foreign exchange transactions.

35. Investment and credit opportunities in Lebanon itself are restricted to financing foreign trade (primarily by foreign banks), revolving short-term credits to industries^{3/} and other enterprises, mortgages, financing hire purchase and stock

^{1/} To what extent deposits are denominated in foreign currencies is not known. At the time of its failure 50 per cent of the deposits with the Intra Bank (see para. 37) were denominated in foreign currencies.

^{2/} The Beirut stock exchange is not very active and most transactions are concluded abroad.

^{3/} According to the Bank of Lebanon the commercial banks had the following claims on industry: 1964 - LL 236 million; 1965 - LL 304 million; 1966 - LL 342 million.

transactions, etc. The available funds have exceeded the amounts that can be absorbed and substantial amounts are invested abroad. On December 31, 1966, credits to the private sector amounted to LL 2,336 million and on that date the consolidated assets of the commercial banks included LL 1,584 million of foreign assets, presumably to a large extent consisting of balances with the foreign banks' main offices (see table 14). Interest rates are high; 3 per cent or $4\frac{1}{2}$ per cent per year is paid on demand deposits and term deposits may command an interest of as high as 6 per cent per annum. Rates on bank credits vary between 6 and 9 per cent per annum.

36. The Lebanese central bank, the Bank of Lebanon, was established in April 1964. Until then the note issue was the privilege of the privately owned Banque de Syrie et du Liban, which also acted as banker for the Government. The "Code de la Monnaie et du Credit", adopted late 1963, gives the Bank of Lebanon extensive powers to regulate and control banking. So far the Code has not been fully implemented.

37. In October 1966, the largest Lebanese bank - the Intra Bank^{1/} - was unable to meet a sudden wave of withdrawals. Initially a few major depositors shifted their funds to London or New York where interest rates were higher. This was followed by withdrawals by smaller depositors. The subsequent investigation revealed that the bank had heavily invested its short-term deposits in long-term ventures. The court, which declared the Intra Bank bankrupt on January 4, 1967, noted that on September 30, 1966, the bank's liquidities amounted to only 6.7 per cent of total deposits and at times had been as low as 4.3 per cent. Moreover sizeable amounts of credit had been extended without collateral to board members and major stockholders. The Government reimbursed depositors with accounts up to LL 15,000 (taking over their claims of about LL 40 million) and appointed a Committee

^{1/} Intra Bank accounted for about 40 per cent of the deposits with Lebanese-owned banks.

to take charge of the Intra Bank (which was saved from being liquidated forthwith by special legislation) and to arrange for a final settlement. A year after the failure an agreement was reached with the major depositors and creditors which provides for the establishment of a small commercial bank with a capital of at least LL 3 million, which will manage the foreign banking operations of Intra Bank. Most of the assets, however, will be brought into an investment company to be established with a nominal capital of some LL 300 million. The shares of the new company will be given to Lebanese and foreign citizens and Governments^{1/} in compensation of their claims on Intra Bank.

38. The consequences of the collapse of the Intra Bank have been limited. The Bank of Lebanon has assisted other commercial banks in meeting increased withdrawals by providing credits, amounting to LL 200 million. There has been a shift of funds from Lebanese to foreign-owned banks within Lebanon but relatively little seems to have been withdrawn from the country. The impact on the economy has also been minor as most of Intra Bank's investments were made outside Lebanon. However, the tightening of credit which followed the failure as well as its psychological impact may have contributed to the slackening of activity which was discerned early this year. The Intra Bank failure has spurred the adoption of special banking legislation. First, a law has been adopted which provides for special arrangements in case a bank ceases payments and encourages mergers of smaller banks. A second law has been adopted providing for special incentives for banks to be established, specializing in long- and medium-term credits. A third law, passed in May 1967, further tightens the requirements and sanctions already in the "Code" and relieves the Bank of Lebanon of the sole responsibility for enforcing

^{1/} Lebanon 45 %, Kuwait 35 %, Qatar 7 %, and the USA 13 %.

them. An insurance scheme for bank deposits up to LL 15,000 has also been enacted.

39. Lebanon has only one bank, the BCAIF, which extends medium- and long-term loans for agriculture, industry and real estate. Its resources are by far insufficient to meet the demand. As a result industry and tourism depend mostly on revolving credits made by commercial banks from short-term funds. An eventual capital outflow leading to a contraction of credit might therefore extend itself beyond the financial sector and also affect industry and tourism. This set-up also places the emphasis on the security offered rather than the economic justification of the project presented for financing. The progress made in the establishment of a new development bank with long-term resources is nevertheless very slow.

Money and Prices

40. Lebanon has experienced monetary stability as a result of conservative financial practices of the Government and the note issuing agencies. Since the early fifties when the money supply consisted of LL 200 million of currency and LL 225 million of private demand deposits, currency in circulation increased by 7 per cent per annum and demand deposits by 12 per cent per annum, reaching a total of LL 1,600 million towards the end of 1966. In the fortnight following the Intra Bank crisis, the amount of currency in circulation increased by 13 per cent and since then it has increased further. This has been more than offset by the decrease in demand deposits. Moreover, the Bank of Lebanon has considerably increased its currency cover probably as a result of foreign currency sales by commercial banks to obtain liquidities. Price increases have been moderate. Some prices have increased recently following world market trends and because of increased demand in part stemming from tourism.^{1/} Price reductions have also occurred (e.g. for cement and power).^{1/}

^{1/} The prices of various articles are measured but no up-to-date system for combining them into an index is available. The cost of living index is based on a small 1939 budget survey and the wholesale price index has a 1950 base and averaged about 106 (1950=100) in 1966.

IV. BALANCE OF PAYMENTS

41. Lebanon has traditionally experienced a trade deficit. Both imports and exports have been growing in recent years and so has the apparent deficit which in 1965 amounted to LL 1,065 million or more than twice the value of exports (see table 6). More than 70 per cent of imports (consisting primarily of foodstuffs and other consumer goods) come from Europe and the United States. Over 60 per cent of exports which consist for some 40-50 per cent of fruits, vegetables and other agricultural products go to Arab countries (see table 9).

42. Custom duties average 11 per cent of import values. Some industries are protected through the tariff. In addition, production of a number of agricultural and manufactured products such as clothing, refinery products, cement, aluminum products, cereals, sugar and olive oil is protected by import licensing. No duties are levied on products which serve as inputs in agriculture. Lebanon is not a member of the Arab Common Market but preferential trade agreements have been negotiated with the individual Arab countries.

43. The trade deficit is to a large extent offset by earnings from invisibles which amounted to an estimated LL 830 million net in 1965. Earnings from tourism and transportation have increased rapidly in recent years. The latter consist to a large extent of earnings by airlines, related to tourism, and from the pipelines. The increase in earnings from investment income has been offset by remittances of profits and interest payments, but net earnings still exceeded LL 70 million in 1965. Since the movement of unminted gold is free, Lebanon has a large transit trade in gold.^{1/} Only a very small part remains in the country for domestic use. Miscellaneous services include LL 70-80 million per year in earnings from triangular and

^{1/} Transit trade in gold appears in the trade and balance of payments statistics since it formally passes through customs (no duty levied). Transit of other commodities is not included in these statistics.

transit trade. Remittances from Lebanese citizens abroad, UNWRA assistance for Palestine refugees and other donations (e.g. to educational institutions) are estimated at somewhat over LL 100 million net per year. In total, the current account shows an estimated deficit for 1965 of LL 242 million, substantially larger than that for previous years. No estimates for 1966 are available but there is little reason to expect that the deficit has decreased.

44. The deficit on current account has been covered by a substantial inflow of private capital. Long-term capital inflow, to a large extent in the form of investment in real estate, has averaged about LL 70 million in 1964-65. Short-term capital movements consist mainly of deposits in and withdrawals from bank accounts and averaged LL 125 million net in 1964-65. The repatriation of deposits following the Intra Bank crisis, although relatively small in comparison with total deposits, may nevertheless have been large enough to affect the net balance of short-term capital movements seriously and in 1966 the net inflow may have been much lower if not negative. Public capital movements have been small and recently consisted largely of drawings on loans from Kuwait.

45. Balance of payments and monetary statistics cannot be reconciled on the basis of available data. The balance of payments in 1965 for instance records monetary changes representing an increase in foreign assets of LL 26 million which (even after allowing for an increase in bank liabilities) cannot be explained on the basis of the recorded increase in foreign assets of LL 415 million as registered by the banking system (see table below and table 6 appendix). Since the information available to the compilers of balance of payments statistics in Lebanon is much more extensive with regard to receipts and payments for goods and services than for donations and capital movements, there is reason to believe that the registered deficit on goods and services gives a fair representation of the true situation but that its financing may well differ from that recorded in the published balance of payments.

It has been suggested that much of what is recorded as capital inflow may actually represent transfers from Lebanese working abroad and therefore that the estimates exaggerate the adverse balance on current account.

46. Whatever the sources that have financed the deficit on goods and services, the supply of foreign exchange has exceeded the demand over a run of years. In a completely free market the exchange rate appreciated from LL 3.42 to the dollar in 1953 (and even more in earlier years) to LL 3.01 per dollar in 1962. From 1963-65 the rate fluctuated around LL 3.10 per dollar. Early 1966 the exchange rate started depreciating again and by mid 1967, the exchange rate stood at LL 3.23 to the dollar.

47. The Bank of Lebanon and its predecessor have built up large foreign assets which amounted to LL 873 million in December, 1966. Shortly after the war large amounts of foreign exchange were converted into Lebanese currency by the commercial banks and the reserves of the Bank of Lebanon increased further to LL 1,074 million at the end of June, 1967. Even so, the foreign assets of the commercial banks are still very large (see table below).

Gross Foreign Assets

(Millions of Lebanese Pounds)

	<u>Including</u>		<u>Excluding</u>		
	<u>Intra Bank</u>		<u>Intra Bank</u>		
	<u>Dec.</u>	<u>Dec.</u>	<u>Dec.</u>	<u>Dec.</u>	<u>June</u>
	<u>1964</u>	<u>1965</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>
<u>Bank of Lebanon</u>					
Gold	594	561	561	594	594
Fund Gold Tranche Position	5	5	5	5	7
Foreign Exchange (convertible)	146	207	207	268	465
Foreign Exchange (not convertible)	7	6	6	6	8
	<u>752</u>	<u>779</u>	<u>779</u>	<u>873</u>	<u>1,074</u>
<u>Commercial Banks</u>	<u>1,460</u>	<u>1,848</u>	<u>1,661</u>	<u>1,584</u>	<u>1,376</u>
<u>Total</u>	<u>2,212</u>	<u>2,627</u>	<u>2,440</u>	<u>2,457</u>	<u>2,450</u>

Source: International Financial Statistics; Annual Report 1966, Bank of Lebanon.

48. Little is known about the obligations that should be set against these foreign assets. The commercial banks may be expected to have covered themselves as far as deposits denominated in foreign currencies are concerned but not necessarily with respect to foreign deposits denominated in Lebanese pounds. Assuming that the foreign assets of the commercial banks are just about sufficient to meet the obligations of their foreign currency accounts, the foreign deposits denominated in Lebanese pounds will draw on the foreign assets of the Bank of Lebanon (through its open market policy) if there were a substantial repatriation of these funds over a short period of time. However, the amount of foreign deposits denominated in Lebanese pounds is not even approximately known. Apart from the deposits, there are other foreign investments in Lebanon. However, these investments have largely been made in real estate.

49. Thus, it is difficult to assess Lebanon's external payments position for lack of reliable and detailed information. It is not known how exactly the deficit on goods and services account was financed in the past, although from the exchange rate movement it is evident that the foreign exchange for this purpose has generally been amply available. Foreign obligations (both denominated in foreign and Lebanese currency) are also unknown. There is furthermore some uncertainty about the level of capital inflow in the more distant future. The long-term effects of the Intra Bank failure and the recent settlement are still unknown, the competition of banks outside Lebanon is increasing and the political situation in the area further obscures the picture. In the face of these uncertainties balance of payments developments deserve close attention. On the basis of past trends as reflected in the available data, the current account of the balance of payments may be expected to show a deficit of at least LL 200 million per year for some time to come (see table 7). Efforts to improve the external payments situation are concentrated on tourism and if the effects of the recent conflict on these and other sources of income (pipeline duties, spending by foreign firms and institutions) are prolonged the deficit may be even larger. It may therefore be appropriate for the Government to ease the burden of financing increasing development exports by seeking external loans.

V. PUBLIC FINANCE

50. Until 1962, revenues of the public sector were more than adequate to cover its expenditure but from that year on outlays have consistently exceeded receipts. The deficits have for the greater part been met by drawings on reserves accumulated prior to 1962. Public debt as a result is not extensive. There has been no internal borrowing, neither from the central bank^{1/} nor from the private sector, and external public debt amounts to LL 180 million (U.S. \$ 57 million). The principal public entities are the Central Government, a group of 24 independent agencies and the Municipality of Beirut, accounting in 1966 for 68 per cent, 25 per cent and 7 per cent of their aggregate spending respectively.

51. The change from a surplus to a deficit position in 1962 was caused by a sharp increase in development expenditure by the Central Government. Its deficit averaged LL 34 million annually during 1962-1966 (see tables 10 and 11)^{2/}. Although capital outlays cannot be completely identified in the Lebanese budgetary system, it is clear that these have substantially exceeded the deficit. Thus, domestic revenue after covering recurring expenditure has left a surplus for investment, which, however, was insufficient to finance all Government projects. Additional resources have been found in the reserve fund (consisting of the accumulated pre-1962 surpluses) which at the end of 1966 stood at LL 134 million.

52. During 1964-66, 31 per cent of revenues was derived from custom duties, 10 per cent from income taxes and 9 per cent from gasoline taxes, the remainder consisting of various taxes and fees and of pipeline duties amounting to LL 31 million in

^{1/} There is a small debt to the Bank of Lebanon which represents devaluation losses taken over by the Government in 1949.

^{2/} According to closed accounts, including transfers to independent agencies not actually spent, which may be considerable.

1966. The pipeline duties have recently been increased. Income tax rates are not high. The highest rates are paid by the professions and enterprises. There is a lower rate for wage earners which pay 4 per cent or less for incomes up to LL 25,000. In total, income taxes amounted to less than 1.5 per cent of GDP in 1964, whereas total Government revenue represented over 13 per cent of GDP in that year. The recent events in the area reportedly affected revenue as a result of a decline in the level of taxable imports and reluctance to pay taxes in general and on the other hand boosted expenditure for relief and defense. Before 1967, administrative expenditure of various kinds absorbed about half the available income. Military expenditure both absolutely and as a percentage of total spending has been increasing during the last few years and in 1966 amounted to LL 106 million or 19 per cent of total expenditure. For 1967 and 1968 higher amounts and percentages have been budgeted.

53. In 1967 the Government accounts will again be in deficit, increased by the financial squeeze resulting from the recent events in the area and by the compensation, totalling about LL 40 million, paid to the small Intra Bank depositors. With the depletion of the reserve fund in sight, the Government has to find new resources for financing development. In 1966, the Government obtained an untied loan of 5 million dinars (\$ 14 million) from the Government of Kuwait to support the budget. Talks have been opened with the Kuwait Fund for Arab Economic Development for financial assistance for a number of projects^{1/} and a line of supplier's credits for the purchase of French equipment is also being negotiated. A \$ 7.6 million commodities agreement with the U.S. at relatively hard terms^{2/} is in an advanced stage of negotiation.

^{1/} Maybadoun dam, grain silos in the port and the Jiyé power plant.

^{2/} \$ 2.6 million PL 480 title IV wheat with repayment over 10 years and interest at 4 5/8 per cent and \$ 5.0 million CCC wheat with repayment over 3 years and interest at 6 per cent.

54. In May 1967, a new banking law was enacted which authorized the Government for the first time to issue bonds. At the same time the branches of foreign banks were obliged to invest 50 per cent of their capital in real estate or Government guaranteed bonds, or alternatively deposit an equal amount in a no interest bearing account with the Bank of Lebanon. In the event the Government has recently made its first bond issue amounting to LL 40 million in medium-term bonds which were fully taken up by local and foreign banks. To improve its budgetary position the Government could also claim repayment of past advances to tap some of the unused resources of the independent agencies.

55. Lebanon has a five-year development plan which envisages Government development outlays of LL 1,080 million during 1965-69 or LL 216 million per year (see table 18). Actual outlays have been much less during the first half of the plan period. Government officials believe that the shortfall is due to the fact that many projects are still in a preparatory stage and that as soon as actual construction starts, development expenditure will rise sharply. Nevertheless, it is unlikely that the plan targets will be reached and development outlays may well not exceed the annual average even at the end of the plan period. Present development expenditure is not available but judging from table 11 should be more than LL 100 million annually. The Government will have to borrow for some of its major projects if development is to continue especially if development outlays are to be further increased. The reserve fund as a source of finance will not last far beyond 1967. Domestic revenue has been increasing by some LL 40 million per year but half of this was absorbed by rising administrative expenditure. The possibilities of domestic borrowing are limited, though issues of long-term bonds are being considered. It is difficult to give meaningful estimates of foreign capital required. Its magnitude will depend on the time it will take to overcome the financial consequences of the recent events and the speed with which the plan can be implemented.

56. The independent agencies mostly operate utilities and have been given autonomous status to separate their income from the general budget. Of the 24 independent agencies only 6 or 7 have expenditures of over LL 10 million, accounting for almost 90 per cent of the group total (see table 12). Almost without exception their revenue has exceeded expenditure for many years and during the period 1960-1965 alone they accumulated LL 173 million in the aggregate. This amount does not represent retained profits but rather surplus cash including provisions for depreciation, where made, and the sizeable transfers and advances that some of the agencies have received from the Government during the same period. These Government remittances are compared with the agencies' surpluses in the table below:^{1/}

	Transfers from <u>Government</u>	Advances from <u>Government</u>	Total Remittances from <u>Government</u>	<u>Surplus</u>
Office du Développement				
Social	56	-	56	13
Office des Chemins de Fer	47	14	61	12
Office des Recherches				
Agricoles	8	-	8	1
Office Fruitier	4	-	4	3
Office du Litani	<u>8</u>	<u>110</u>	<u>118</u>	<u>18</u>
	124	124	248	47
Other Independent Agencies	<u>-</u>	<u>-</u>	<u>-</u>	<u>126</u>
All Independent Agencies	<u>124</u>	<u>124</u>	<u>248</u>	<u>173</u>

The Office du Litani is far from having completed its investment program and will require additional Government aid before it can repay the advances received so far. The transfers to the Office des Chemins de Fer are largely covering operating expenses of the railway and as such represent a pure loss, but the advance of LL 14 million was made to purchase buses.

^{1/} The table refers to the period 1960-1965. Prior to 1960 some other agencies have received Government advances as e.g. the Electricité du Liban (LL 35 million) and the Administration du Telephone (LL 11 million).

57. There have been other forms of Government assistance. The Government is for example, financing a LL 60 million rural electrification scheme which is being made available free of charge for exploitation by the Electricite' du Liban. Similarly the Government is investing LL 65 million in urban water supply projects to be exploited by the relevant agencies. These practices and the availability of interest free Government funds obviously distort the picture of profitability and could lead to a misdirection of Government resources. Moreover, most bookkeeping is done on a cash flow basis without adequate balance sheets showing the value of the capital stock and its financing which prevents the determination of realistic depreciation allowances and the evaluation of the rate of return on invested capital.

58. The independent agencies will continue to depend on Government assistance, both direct and indirect, and in some cases on external loans as those obtained by the Litani River Authority from the Bank and the Kuwait Fund.

59. The Municipality of Beirut has made large outlays on infrastructure, especially on roads and land development. During 1963-1966, total expenditure amounted to LL 58 million, of which LL 15 million per year on identifiable major projects. This has been partly financed by a LL 43 million (KD 5 million) loan from the Government of Kuwait^{1/} and the proceeds of the sale of municipal lands. The municipalities derive their income from a great number of taxes and surcharges. The Government made no remittances to the municipalities in recent years. The municipalities need more funds and consideration is being given to ways of improving their financial position. Beirut especially faces considerable capital outlays to expand its water and sewerage services.

60. As far as can be ascertained, the combined expenditure of the Government, the independent agencies and the City of Beirut (but excluding the other municipalities for which no

^{1/} Table 13 mentions loans totalling LL 53 million and some additional loans from other sources may thus have been obtained.

adequate data are available) exceeded current revenue during 1962-1966 by LL 28 million per year, as shown below:

	Yearly average 1962-1966 in LL million	
	<u>Expenditure</u>	<u>Current Revenue</u>
Government	479	445
Independent Agencies	190	210 ^{1/}
Beirut Municipality	58	44 ^{2/}
Total	<u>727</u>	<u>699</u>

It should be noted, however, that the cash position of the public sector has been rather stable at somewhat below LL 300 million since 1964, which reflects the inflow of loan funds (not contained in the above revenue figures) and also the fact that the figures of expenditure probably contain some allocations that have not actually been spent.

^{1/} Excluding drawings on foreign loans by the Office du Litani.
^{2/} Excluding proceeds of loans and land sale.

VI. PROSPECTS AND CONCLUSIONS

61. A detailed analysis of Lebanon's economic performance is hampered by the lack of reliable economic statistics. Nevertheless it would seem that the overall economic performance, guided by private enterprise, has been good. The country has followed a pragmatic and liberal economic policy which has enabled the various religious groups to compromise their often conflicting political leanings by agreeing on a common economic policy. It has taken advantage of the opportunities offered by the rise of the Arab oil industry, the increasing international tourist trade and other external developments and on the other hand has consistently tried to minimize the impact of foreign political events on its economy. These policies have been especially beneficial for the urban population. Most of the rural population has lagged behind. Even though the country has favorable climatic conditions according to Middle Eastern standards and no problems of landownership and reform, much remains to be done for people living in the rural areas, not only in agriculture as such but also in education and health care. Although it is hard to quantify Lebanon's growth, the country has probably made considerable progress during the last decade. In 1964 per capita income was of the order of \$ 475 per year, in spite of the absence of mineral resources.

62. Lebanon's fortunes are to a large extent linked to those of the other Arab countries. Recent events have considerably disturbed the Lebanese economy. However, the long-term outlook for the Arab oil industry still seems good and thus the damage may be only temporary. Tourism from Europe and North America has also been adversely affected. Many tourists visit the country within the framework of a larger tour of the Middle East and thus factors external to Lebanon disrupting the usual cycle have reduced the tourist trade.

63. The predominance of the private sector made the Government enter the field of development rather late. Although further

improvements in the development effort are possible, the fact that the Government has started active planning is encouraging. Now that the Government's reserves are rapidly being depleted, additional sources of finance will have to be sought. The structure of taxes is unsatisfactory and there is much room for adjusting rates and improving collections. The Government has been slow in tapping sources of capital available domestically but the first issue of treasury bonds has now been made and consideration is being given to the possibility of long-term borrowing. The Government appears to have generally been using its resources well in the past but the extension of its role reinforces the need for reform of the accounting system of the public sector. Steps are already being taken to improve the administration of taxes and the unsuitability of the present system of public accounts for the formulation and administration of budgetary policy is recognized.

64. Lebanon experiences a considerable trade deficit, which is only partly offset by earnings from services. The remaining gap has been financed by the foreign exchange receipts ensuing from transfer of earnings from Lebanese working abroad and from the inflow of private capital. In a completely free market the Lebanese pound has appreciated vis-a-vis the dollar over a decade. Because of the effects of the war, prospects for tourism and earnings from other invisibles are somewhat uncertain. The economy is recovering from the initial impact, but the return of the buoyant conditions of the early sixties cannot at present be expected. In these changed circumstances, to finance public development projects, greater resort to foreign borrowing is likely to be necessary.

65. Lebanon is creditworthy for loans on conventional terms. The foreign exchange and gold reserves of the Bank of Lebanon are large enough to allow the Government time to make the necessary adjustments, should changes in Lebanon's capital and other foreign exchange movements require this. Debt service is still small and presently amounts to less than 1 per cent of gross earnings from exports of goods and services. In view of this and the overall satisfactory performance, Lebanon is eligible for Bank assistance.

STATISTICAL APPENDIX

	<u>Table</u>
External Public Debt	1
Estimated Future Service Payments on Public Debt	2
Labor Force by Sector of Employment in 1960	3
GNP by Sector of Origin in 1964	4
Production of Principal Industrial and Agricultural Products	5
Balance of Payments, 1961-1965	6
Balance of Payments' Current Account Projections, 1966-1970	7
Composition of Foreign Trade	8
Geographic Distribution of Foreign Trade	9
Central Government Revenue	10
Central Government Expenditure by Ministry	11
Revenue and Expenditure of the Independent Agencies	12
Revenue and Expenditure of the Munici- pality of Beirut	13
Assets and Liabilities of the Bank of Lebanon (Central Bank) and the Commercial Banks	14
Assets and Liabilities of the Banque de Credit, Agricole, Industriel et Foncier (BCAIF)	15
Number of Tourists and Region of Origin	16
Miscellaneous Statistics	17
Planned Development Expenditure during 1965-1969	18

Table 1

EXTERNAL MEDIUM- AND LONG-TERM ^{1/} PUBLIC DEBT OUTSTANDING INCLUDING
UNDISBURSED AS OF DECEMBER 31, 1966 WITH ADDITIONS JANUARY 1, 1967
TO JANUARY 31, 1967

Debt Repayment in Foreign Currency

(In thousands of U.S. dollar equivalents)

Item	Debt outstanding December 31, 1966		Additions January 1 - January 31, 1967
	Net of undisbursed	Including undisbursed	
TOTAL EXTERNAL PUBLIC DEBT	<u>44,285</u>	<u>49,885</u>	<u>6,720</u>
IBRD	23,565	23,565	-
Loans from Kuwait Government	20,720	26,320	-
Kuwait Fund for Arab Economic Development	-	-	6,720

^{1/} Debt with an original or extended maturity of one year or more.

Statistical Services Division
Economics Department
May 29, 1967

Table 2

ESTIMATED CONTRACTUAL SERVICE PAYMENTS ON EXTERNAL MEDIUM - AND LONG-TERM
PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF
DECEMBER 31, 1966 /1 WITH ADDITIONS JANUARY 1 -
JANUARY 31, 1967

Debt Repayable in Foreign Currency

(In thousands of U.S. dollar equivalents)

YEAR	GRAND TOTAL			
	DEBT OUTSTANDING (BEGIN OF PERIOD)	AMORTI- ZATION	PAYMENTS DURING PERIOD	
	INCLUDING UNDISBURSED		INTEREST	TOTAL
1967	49,885	2,060	2,046	4,106
1968	54,545	3,236	2,154	5,390
1969	51,309	3,578	2,143	5,721
1970	47,731	3,931	2,005	5,936
1971	43,800	4,863	1,837	6,700
1972	38,937	4,957	1,634	6,591
1973	33,980	3,655	1,427	5,082
1974	30,325	3,759	1,269	5,028
1975	26,566	3,866	1,109	4,975
1976	22,700	3,979	943	4,922
1977	18,721	4,096	773	4,869
1978	14,625	4,232	597	4,829
1979	10,393	3,949	414	4,363
1980	6,444	3,644	248	3,892
1981	1,400	1,400	112	1,512

YEAR	IBRD			
	DEBT OUTSTANDING (BEGIN OF PERIOD)	AMORTI- ZATION	PAYMENTS DURING PERIOD	
	INCLUDING UNDISBURSED		INTEREST	TOTAL
1967	23,565	1,220	1,105	2,325
1968	22,345	1,276	1,047	2,323
1969	21,069	1,339	985	2,324
1970	19,730	1,402	921	2,323
1971	18,328	1,471	853	2,324
1972	16,857	1,542	782	2,324
1973	15,315	1,615	709	2,324
1974	13,700	1,693	630	2,323
1975	12,007	1,774	549	2,323
1976	10,233	1,859	464	2,322
1977	8,374	1,947	375	2,322
1978	6,427	2,042	282	2,324
1979	4,385	2,141	183	2,324
1980	2,244	2,244	80	2,324

See footnote at end of table.

ESTIMATED CONTRACTUAL SERVICE PAYMENTS ON EXTERNAL MEDIUM- AND LONG TERM
PUBLIC DEBT OUTSTANDING INCLUDING UNDISBURSED AS OF
DECEMBER 31, 1966 /1 WITH ADDITIONS JANUARY 1, -
JANUARY 31, 1967 (CONT.)

Debt Repayable in Foreign Currency
(In thousands of U.S. dollar equivalents)

Page 2

LOANS FROM KUWAIT GOVERNMENT				
YEAR	DEBT OUTSTANDING (BEGIN OF PERIOD)	AMORTI- ZATION	PAYMENTS DURING PERIOD	
	INCLUDING UNDISBURSED		INTEREST	TOTAL
1967	26,320	840	941	1,781
1968	25,480	1,960	1,019	2,979
1969	23,520	1,960	941	2,901
1970	21,560	1,960	863	2,823
1971	19,600	2,800	784	3,584
1972	16,800	2,800	672	3,472
1973	14,000	1,400	560	1,960
1974	12,600	1,400	504	1,904
1975	11,200	1,400	448	1,848
1976	9,800	1,400	392	1,792
1977	8,400	1,400	336	1,736
1978	7,000	1,400	280	1,680
1979	5,600	1,400	224	1,624
1980	4,200	1,400	168	1,568
1981	2,800	1,400	112	1,512

KUWAIT FUND FOR ARAB ECONOMIC DEVELOPMENT				
YEAR	DEBT OUTSTANDING (BEGIN OF PERIOD)	AMORTI- ZATION	PAYMENTS DURING PERIOD	
	INCLUDING UNDISBURSED		INTEREST	TOTAL
1968	6,720	-	88	88
1969	6,720	279	217	496
1970	6,441	569	221	790
1971	5,872	592	200	792
1972	5,280	615	180	795
1973	4,665	640	158	798
1974	4,025	666	135	801
1975	3,359	692	112	804
1976	2,667	720	87	807
1977	1,947	749	62	811
1979	408	408	7	415

/1 Includes service on all debt listed in Table 1 prepared
May 29, 1967.

Statistical Services Division
Economics Department
May 29, 1967

Table 3

Labor Force by Sector of Employment in 1960

<u>Sector</u>	<u>Number</u>	<u>%</u>
Agriculture	300,000	49
Industry (5 workers or more per establishment)	40,000	7
Industry (less than 5 workers per establishment)	20,000	3
Building and construction	20,000	3
Trade, banking and services	153,000	25
Transport	30,000	5
Government	17,000	3
Armed Forces	10,000	2
Unemployed	20,000	3
Total	<u>610,000</u>	<u>100</u>

Source: American University of Beirut

Table 4

GNP by Sector of Origin in 1964
(Millions of Lebanese Pounds)

<u>Sector of Production</u>	<u>Value Added</u>	<u>% of GNP</u>
Agriculture	381	12
of which: Agriculture excluding breeding	273	8
Breeding	108	3
Industry	480	15
of which: Energy and water	69	2
Food industry	118	4
Textiles, leather and clothing	86	3
Non-metal minerals	59	2
Metals and machinery	52	2
Wood, paper, rubber and chemicals	40	1
Furniture	33	1
Other products	23	1
Construction	178	5
Transport and communications	258	8
Housing	250	8
Banking and insurance	108	3
Other services	272	8
Commerce	1,028	31
Government	<u>245</u>	<u>7</u>
GDP at market prices	3,200	97
Net factor income from abroad	<u>110</u>	<u>3</u>
GNP at market prices	3,310	100
Indirect taxes minus subsidies	<u>253</u>	<u>8</u>
GNP at factor cost	<u><u>3,057</u></u>	<u><u>92</u></u>

Source: Ministry of Planning, Rapport sur les comptes économiques de l'année 1964. Direction Centrale de la Statistique.

Table 5

Production of Principal Industrial and Agricultural Products

<u>Product</u>	<u>Unit</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Gasoline	1,000 m.t.	110	101	123	162	224	280	310
Kerosene	1,000 m.t.	73	64	102	124	122	129	154
Gas-oil	1,000 m.t.	158	178	164	176	218	230	232
Fuel-oil	1,000 m.t.	342	337	415	527	672	767	883
Butane	1,000 m.t.	7	9	9	89	12	21	23
Electricity								
- thermal	mln. kwh.	313	301	301	274	317	260	309
- hydro	mln. kwh.	109	174	251	350	375	505	556
Cement	1,000 m.t.	855	874	861	897	881	970	1,095
Construction <u>1/</u>	1,000 sq.m.	n.a.	n.a.	806	984	943	1,320	1,734
Tobacco products <u>2/</u>	m.t.	1,892	2,043	2,077	2,276	2,530	2,432	2,560
Jewelry-gold	kg.	n.a.	n.a.	n.a.	2,049	1,944	2,020	3,150
- silver	kg.	n.a.	n.a.	n.a.	2	33	8	97
Wheat	1,000 m.t.	40	69	75	60	60	55	70
Other cereals	1,000 m.t.	26	26	29	23	27	24	23
Pulses	1,000 m.t.	13	10	11	9	14	15	13
Citrus	1,000 m.t.	155	200	200	225	225	232	250
Apples	1,000 m.t.	53	85	80	75	125	115	104
Pears	1,000 m.t.	3	9	5	4	14	5	5
Bananas	1,000 m.t.	26	26	25	28	22	25	30
Grapes	1,000 m.t.	70	90	85	90	100	84	76
Figs	1,000 m.t.	14	17	25	25	24	15	12
Stone fruits	1,000 m.t.	20	28	23	25	37	33	24
Nuts	1,000 m.t.	4	4	4	4	3	4	4
Other fruits	1,000 m.t.	19	22	20	17	9	8	8
Onions & garlic	1,000 m.t.	24	26	42	36	27	28	35
Tomatoes	1,000 m.t.	25	30	32	34	42	45	54
Potatoes	1,000 m.t.	28	50	60	70	80	54	79
Cucumber	1,000 m.t.	23	20	25	20	19	17	21
Beans	1,000 m.t.	14	15	17	10	11	15	13
Watermelons	1,000 m.t.	22	25	35	21	27	33	15
Other vegetables	1,000 m.t.	78	83	109	118	132	125	127
Vegetable oil <u>3/</u>	1,000 m.t.	7	15	5	16	9	13	9

<u>Product</u>	<u>Unit</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Sugar ^{4/}	1,000 m.t.	3	4	5	5	13	12	16
Tobacco	1,000 m.t.	3	4	4	4	6	9	6
Milk	1,000 m.t.	59	67	77	88	106	107	103
Eggs	1,000 m.t.	3	4	6	7	11	17	27
Poultry meat	1,000 m.t.	4	6	10	11	13	15	18
Beef	1,000 m.t.	2	2	3	3	2	3	2
Mutton	1,000 m.t.	1	1	1	1	1	1	2
Other meat	1,000 m.t.	6	6	7	6	6	6	7

Source: For industrial production (except power): Recueil de Statistiques Libanaises and Bulletin Statistique Mensuel

For electricity: Electricite' du Liban

For agricultural production: Ministry of Agriculture; Production and Supplies of Agricultural Products in Lebanon.

^{1/} Figures refer to building permits issued and not to actual construction. Since a fee has to be paid for the permit the trend in the issue of building permits is generally considered to reflect the trend in actual construction.

^{2/} Sales of domestic production.

^{3/} Oil equivalent of olives, cottonseed, sesame, groundnuts and anis.

^{4/} In raw sugar equivalent.

Table 6
Balance of Payments
(Millions of Lebanese Pounds)

	1961			1962			1963			1964			1965		
	Receipts	Pay-ments	Balance												
A. CURRENT ACCOUNT															
Merchandise ^{1/}	230.9	1,031.4	-800.5	320.6	1,058.5	-737.9	323.4	1,179.3	-855.9	424.0	1,323.7	-899.7	447.3	1,511.8	-1,064.5
Non-monetary gold	287.5	294.9	- 7.4	326.2	369.0	- 7.0	209.8	216.8	- 7.0	316.7	323.7	- 7.0	290.7	297.9	- 7.2
Foreign travel and tourism	147.3	29.7	117.6	153.2	27.2	126.0	178.7	30.1	148.6	191.1	54.7	136.4	247.9	69.1	178.8
Transportation and insurance	153.4	31.4	122.0	213.1	47.1	166.0	209.0	48.8	160.2	256.5	95.9	160.6	283.2	104.0	179.2
Investment income	116.9	44.7	72.2	117.3	49.8	67.5	122.5	54.4	68.1	156.4	82.0	74.4	175.3	97.6	77.7
Government not included elsewhere	74.3	6.6	67.7	73.2	7.3	65.9	75.9	7.9	68.0	92.7	8.8	83.9	95.6	16.0	79.6
Miscellaneous Services	199.4	11.0	188.4	201.4	11.7	189.7	212.8	14.0	198.8	224.1	27.1	197.0	236.1	29.4	206.7
Total goods and services	1,209.7	1,449.7	-240.0	1,440.8	1,570.6	-129.8	1,332.1	1,551.3	-219.2	1,661.5	1,915.9	-254.4	1,776.1	2,125.8	-349.7
Donations	127.7	7.5	120.2	110.0	12.0	98.0	120.8	12.0	108.8	122.8	14.5	108.3	124.5	16.6	107.9
Total current account	1,337.4	1,457.2	-119.8	1,550.8	1,582.6	- 31.7	1,452.9	1,563.3	-110.4	1,784.3	1,930.4	-146.1	1,900.6	2,142.4	-241.8
B. CAPITAL MOVEMENT															
Private long-term capital	44.0		44.0	54.2	1.8	52.4	52.2	2.1	50.1	65.3	2.2	63.1	76.9	2.6	74.3
Private short-term capital	192.0	88.3	103.7	152.0	85.0	67.0	135.0	77.0	58.0	209.0	102.0	107.0	532.1	389.0	143.1
Long-term government capital	19.6	1.3	18.3	15.0	4.0	11.0	14.2	7.0	7.2	24.8	4.3	20.5	12.0	7.2	4.8
Total capital	255.6	89.6	166.0	221.2	90.8	130.4	201.4	86.1	115.3	299.1	108.5	190.6	621.0	398.8	222.2
C. MONETARY CHANGES															
Foreign exchange reserves		10.8	- 10.8		42.3	- 42.3	0.3		0.3						
Bank liabilities		11.3	- 11.3	30.2		30.2		47.3	- 47.3		- 118.2	- 118.2	3.0	29.0	- 26.0
Monetary gold		64.6	- 64.6		96.4	- 96.4									
Total monetary changes		86.7	- 86.7	30.2	138.7	-108.5	0.3	47.3	- 47.0		118.2	-118.2	3.0	29.0	- 26.0
D. ERRORS AND OMISSIONS															
	40.5		40.5	9.9		9.9	42.1		42.1	73.7		73.7	45.6		45.6

^{1/} Imports c.i.f.; exports f.o.b. Excluding transit trade earnings include re-exports.

Source: Economic Research Institute of the American University of Beirut.

Table 7

Balance of Payments' Current Account Projections 1966-1970

(Millions of Lebanese Pounds)

A. CURRENT ACCOUNT	Actuals					Projections				
	1961	1962	1963	1964	1965	1966	1967 1/	1968	1969	1970
Imports c.i.f.	-1,031.4	-1,058.5	-1,179.3	-1,323.7	-1,511.8	-1,600	-1,700	-1,800	-1,900	-2,000
Exports f.o.b. 2/	230.9	320.6	323.4	424.0	447.3	500	555	610	665	720
Trade deficit	-800.5	-737.9	-855.9	-899.7	-1,064.5	-1,100	-1,145	-1,190	-1,235	-1,280
Non-monetary gold	-7.4	-7.0	-7.0	-7.0	-7.2	-7	-7	-7	-7	-7
Tourism (earnings only)	147.3	153.2	178.7	191.1	247.9	288	328	368	408	448
Transportation and insurance (net)	122.0	166.0	160.2	160.6	179.2	185	205	210	215	220
Investment income	72.2	67.5	68.1	74.4	77.7	75	75	75	75	75
Government n.i.e.	67.7	65.9	68.0	83.9	79.6	80	80	80	80	80
Miscellaneous services	158.7	162.5	168.7	142.3	137.6	150	150	150	150	150
Total goods and services	-240.0	-129.8	-219.2	-254.4	-349.7	-329	-314	-314	-314	-314
Donations	120.2	98.0	108.8	108.3	107.9	110	110	110	110	110
Total current account	-119.8	-31.7	-110.4	-146.1	-241.8	-219	-204	-204	-204	-204
B. CAPITAL MOVEMENT										
Private long term capital	44.0	52.4	50.1	63.1	74.3					
Private short term capital	103.7	67.0	58.0	107.0	143.1					
Long term government capital	18.3	11.0	7.2	20.5	4.8					
Total capital	166.0	130.4	115.3	190.6	222.2					
C. MONETARY CHANGES										
Foreign exchange reserves	-10.8	-42.3	0.3)							
Bank liabilities	-11.3	30.2	-47.3)	-118.2	-26.0					
Monetary gold	-64.6	-96.4	-)							
Total monetary changes	-86.7	-108.5	-47.0	-118.2	-26.0					
D. ERRORS AND OMISSIONS	40.5	9.9	42.1	73.7	45.6					

1/ The estimates for 1967 do not take into account the impact of the June events, which are likely to entail a much larger deficit on current account than expected.

2/ Including re-exports.

Source: Table 6 and mission estimates.

Table 8

<u>Composition of Foreign Trade</u> (Millions of Lebanese Pounds)							%
<u>IMPORTS</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>average</u> <u>1965/66</u>
Live animals	52	49	46	56	55	96	4.2
Cereals	47	58	59	43	89	83	4.8
Other food stuffs	167	181	187	210	224	230	12.6
Oil and oil products	67	65	66	66	80	86	4.6
Chemicals	56	61	74	79	89	111	5.5
Wood and wood products	32	23	29	34	37	41	2.2
Rubber and plastic and articles thereof	21	21	26	29	32	41	2.0
Leather and leather products	11	18	15	20	21	32	1.5
Paper and paper products	25	28	32	38	52	53	2.9
Cotton	27	32	25	28	29	27	1.6
Wool	22	24	24	29	28	33	1.7
Other textiles	63	74	84	95	108	132	6.7
Stone, glass and ceramics	21	20	23	25	27	29	1.6
Precious metals and stones	304	372	225	363	295	372	18.5
Metals	107	93	115	123	130	157	8.0
Machinery	124	123	136	155	176	215	10.8
Transportation equipment	84	70	97	115	121	126	6.8
Precision and musical in- struments	15	17	16	18	21	24	1.2
Other imports	27	37	35	48	55	51	2.9
Total imports	<u>1,272</u>	<u>1,366</u>	<u>1,314</u>	<u>1,574</u>	<u>1,667</u>	<u>1,937</u>	<u>100.0</u>
<u>EXPORTS 1/</u>							
Fruits	39	38	36	42	47	59	15.3
Vegetables	7	19	19	16	28	23	7.4
Other food stuffs	16	32	33	34	49	54	14.9
Leather and hides	6	5	5	8	10	16	3.8
Paper and printing	4	5	6	7	11	17	4.0
Textiles	11	22	23	23	20	26	6.6
Precious metals and stones ^{2/}	34	28	21	26	62	57	17.2
Metals	7	11	9	12	20	25	6.5
Machinery	8	9	10	11	22	28	7.2
Transportation equipment	10	5	11	9	18	19	5.3
Other exports	14	18	23	28	37	45	11.8
Total exports	<u>156</u>	<u>192</u>	<u>196</u>	<u>216</u>	<u>324</u>	<u>369</u>	<u>100.0</u>

^{1/} Excluding re-exports.

^{2/} This item is considerably underestimated because of non-registered exports. Real exports in this category are presumably equal to imports less some LL 7 mln. for domestic use.

Source: Statistiques du Commerce Extérieur du Liban, 1960-1965; Ministry of Planning.

Table 9

Geographic Distribution of Foreign Trade% of total
imports or
exports(average
1965/1966)

Millions of Lebanese Pounds

IMPORTS

	1960	1961	1962	1963	1964	1965	1966	
Japan	16	17	20	29	34	40	49	2.5
Other Asia	19	20	17	19	21	24	33	1.6
Africa	11	11	7	9	10	7	15	0.6
United States	125	223	265	126	209	181	233	11.5
Other North America	3	3	5	6	4	4	6	0.3
Latin America	18	15	13	11	17	19	18	1.0
Western Germany	103	110	94	109	126	144	161	8.4
Italy	70	79	75	84	104	110	131	6.7
Belgium	32	37	35	39	40	37	42	2.2
France	92	98	89	112	124	252	209	12.8
Netherlands	27	28	30	33	35	36	74	3.0
Great Britain	256	272	294	296	364	245	305	15.2
Switzerland	19	22	24	21	37	55	110	4.6
Turkey	36	68	49	41	42	44	44	2.4
Other Europe	78	74	74	73	79	87	104	5.3
Australasia	5	20	23	19	5	32	12	1.2
Czechoslovakia	12	16	14	21	37	36	33	1.9
Other Comecon countries	41	46	52	77	78	93	124	6.0
Syria	45	35	82	88	93	86	108	5.4
Iraq	10	10	21	29	32	48	59	3.0
Saudi Arabia	52	39	35	34	35	36	39	2.1
Other Arab countries	43	35	47	39	47	46	40	2.4
Total Imports	1,112	1,272	1,366	1,314	1,574	1,667	1,948	100.0

EXPORTS 1/

Asia	12	25	11	10	9	16	16	4.6
Africa	1	1	2	4	2	3	5	1.2
United States	8	6	9	11	9	12	11	3.3
Other North America	-	-	-	-	-	-	1	0.1
Latin America	-	1	1	-	-	1	9	1.4

Table 9 (continued)

Italy	5	4	9	9	7	11	11	3.2
France	2	2	5	8	5	9	7	2.3
Great Britain	6	7	9	6	8	16	15	4.5
Other Europe	11	10	22	24	24	26	30	8.1
Australasia	-	-	-	-	-	-	-	-
Comecon countries	10	11	15	17	18	18	22	5.8
Syria	19	17	28	22	24	23	24	6.8
Iraq	16	11	9	7	13	23	29	7.5
Kuwait	13	16	18	17	19	18	28	6.6
Jordan	17	22	18	19	20	27	29	8.1
Saudi Arabia	13	14	23	24	35	84	79	23.5
Other Arab countries	20	8	17	14	16	25	39	9.2
Supply to planes	-	-	-	4	4	16	12	4.0
Total exports	<u>153</u>	<u>155</u>	<u>192</u>	<u>196</u>	<u>216</u>	<u>324</u>	<u>369</u>	<u>100.0</u>

1/ Excluding re-exports.

Note: Only those countries which accounted for 2 per cent or more of total imports or exports are mentioned individually.

Source: Statistique du Commerce Extérieur du Liban, 1960-1965; Ministry of Planning

Table 10

Central Government Revenue
(Millions of Lebanese Pounds)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	Budget estimates <u>1967</u>
I. <u>Direct Taxes</u>								
Building Tax	15.1	17.0	20.9	21.0	26.4	29.2	31.7	34.0
Income Tax	23.1	27.5	31.8	37.8	43.2	52.0	58.7	65.0
Inheritance Tax	<u>0.9</u>	<u>1.1</u>	<u>2.1</u>	<u>2.1</u>	<u>1.6</u>	<u>2.4</u>	<u>2.4</u>	<u>3.0</u>
TOTAL	39.1	45.6	54.7	61.0	71.2	83.7	92.8	102.0
II. <u>Fees and Dues</u>								
Taxes on Legal Actions	2.1	2.2	2.5	3.2	3.6	3.9	4.6	4.7
Registration taxes	13.5	15.3	14.5	17.6	18.2	20.8	24.3	22.0
Stamp taxes	9.9	11.0	11.6	13.5	14.6	16.5	17.9	17.5
Traffic fees	4.1	3.5	2.4	1.5	4.6	3.8	2.8	5.0
Miscellaneous	<u>2.5</u>	<u>3.3</u>	<u>3.1</u>	<u>3.4</u>	<u>3.3</u>	<u>4.0</u>	<u>4.0</u>	<u>5.2</u>
TOTAL	32.1	35.3	34.2	39.3	44.4	48.8	53.7	54.4
III. <u>Consumption Taxes</u>								
Customs Duties	112.7	115.8	114.7	131.1	145.6	164.0	176.3	200.0
Tax on Cars	5.7	6.6	6.9	8.2	10.7	11.1	11.3	14.2
Tax on gasoline, etc.	22.9	27.5	31.5	43.0	44.5	46.2	52.3	52.0
Tax on tobacco	26.2	29.0	26.2	31.4	26.7	26.1	28.3	32.0
Tax on cement	3.8	4.1	4.3	4.4	4.8	5.2	5.3	6.0
Tax on Alcoholic Beverages	2.0	1.9	2.0	2.0	2.1	2.1	2.1	2.2
Others	<u>0.2</u>	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>	<u>2.3</u>	<u>2.5</u>	<u>7.0</u>	<u>3.9</u>
TOTAL	173.5	185.1	185.6	220.3	236.9	257.4	282.5	310.2
IV. <u>Revenues from Government Properties and Enterprises</u>	6.6	13.4	6.9	11.5	12.1	13.3	14.5	15.0
V. <u>Petroleum Royalties</u>	42.5	17.6	47.2	25.2	25.3	29.4	30.7	35.0
VI. <u>Revenues on Con- cessions</u>	3.8	3.6	5.7	10.4	10.6	24.2	16.4	16.2
VII. <u>Deductions for Re- tirement</u>	6.0	7.8	7.0	6.9	5.2	10.2	10.5	12.5
VIII. <u>Other</u>	<u>13.0</u>	<u>5.1</u>	<u>18.8</u>	<u>38.1</u>	<u>39.7</u>	<u>13.1</u>	<u>23.4</u>	<u>15.8</u>
IX. <u>Total Revenue</u>	<u>316.6</u>	<u>313.4</u>	<u>360.1</u>	<u>412.7</u>	<u>445.4</u>	<u>480.1</u>	<u>524.5</u>	<u>561.2</u>

Source: Ministries of Finance and Planning

Table 11

Central Government Expenditure by Ministry
(Millions of Lebanese Pounds)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	Budget estimates <u>1967</u>	Budget estimates ^{1/} <u>1968</u>
Presidency of the Republic	0.5	0.5	0.6	0.5	0.7	0.8	0.8	0.9	0.9
Parliament	2.1	2.7	2.7	2.9	2.8	4.1	4.1	4.1	3.9
Presidency of the Council of Ministers	3.5	4.8	5.7	7.4	9.6	13.4	13.0	26.8	25.5
Ministry of Justice	6.0	7.0	8.6	8.4	8.9	10.0	10.0	10.6	10.8
Ministry of Foreign Affairs	8.0	9.7	9.9	11.5	12.7	20.0	22.4	27.1	26.8
Ministry of Interior	24.6	27.6	35.7	36.4	43.0	43.4	44.8	49.9	53.1
Ministry of Finance	16.7	14.2	21.0	16.2	18.5	19.5	20.3	22.5	22.4
Ministry of Defense	47.7	56.4	80.6	68.9	76.6	90.1	105.9	128.9	135.9
Ministry of Education	28.7	36.4	42.2	55.7	59.5	78.7	82.2	97.3	101.5
Ministry of Public Health	9.1	10.6	12.9	13.8	13.7	16.6	19.2	24.1	23.5
Ministry of Labor and Social Affairs	6.4	8.4	9.4	8.4	12.7	21.1	18.4	11.9	13.9
Ministry of Information	5.7	5.5	8.7	8.7	9.7	12.3	10.8	6.6	7.2
Ministry of Public Works	40.7	37.3	124.7	151.0	143.3	137.8	133.5	86.9	87.7
Ministry of Agriculture	6.2	6.0	7.4	8.4	15.5	13.5	16.2	16.7	16.1
Ministry of National Economy	2.6	9.0	8.8	2.3	10.8	6.2	2.1	2.3	2.4
Ministry of P.T.T.	4.6	5.6	6.4	7.2	8.2	9.2	9.4	11.2	11.7
Ministry of Planning	0.7	0.8	2.6	3.0	2.4	2.2	2.2	2.5	2.6
Ministry of Tourism	-	-	-	-	-	-	-	14.0	13.4
Ministry of Electricity and Water	-	-	-	-	-	-	-	35.0	18.3
Public Debt (mostly pension payments)	29.2	26.8	27.3	19.7	24.5	27.1)	32.4	30.3	32.3
Other and unallocated expenses	-	-	-	-	-	-)	-	23.4	21.4
Total expenditure	<u>243.1</u>	<u>269.3</u>	<u>415.3</u>	<u>430.3</u>	<u>473.0</u>	<u>526.2</u>	<u>547.7</u>	<u>632.9</u>	<u>631.3</u>

Source: Ministries of Finance and Planning

^{1/} Subject to Parliamentary approval.

Table 12

Revenue and Expenditure of the Independent Agencies
(Millions of Lebanese Pounds)

Office	1960		1961		1962		1963		1964		1965		1966	
	Rev.	Exp.	Rev.	Exp.	Rev.	Exp.	Rev.	Exp.	Rev.	Exp.	Rev.	Exp.	Rev.	Exp.
Off. de l'Electricité	24.0	19.6	40.0	40.0	32.2	28.6	40.6	40.6	43.8	40.8	60.6	60.6	63.4	63.4
Off. du Litani	22.8	22.8	25.7	21.7	38.5	35.3	43.2	43.2	32.2	32.2	42.1	31.3	25.5	25.5
Off. des Chemins de Fer	-	-	10.1	9.9	17.0	15.1	16.7	14.7	28.3	25.0	24.8	20.5	21.0	21.0
Off. de la Reconstruction ^{1/}	19.1	4.5	18.9	10.5	20.1	17.3	51.5	51.5	23.0	22.0	25.8	15.6	21.8	20.8
Off. du Dévept. Social ^{2/}	5.1	3.0	6.5	5.0	10.2	7.7	10.2	10.2	12.6	10.5	18.2	13.2	11.4	9.3
Off. des Eaux de Beyrouth	5.4	3.9	5.8	4.3	6.5	4.1	7.3	4.6	7.9	4.6	8.3	5.9	8.6	6.8
Off. des Recherches Scient. Agricoles	0.8	0.8	1.2	1.2	1.2	1.2	1.3	1.3	2.6	2.4	3.8	2.9	3.3	3.3
Off. Fruitier	0.4	0.4	1.8	0.6	1.8	0.8	1.8	1.3	1.9	1.6	1.9	1.5	2.6	1.5
Off. de la Soie	1.2	0.4	0.6	0.5	0.6	0.5	0.6	0.5	0.9	0.9	0.5	1.0	1.5	1.5
Off. des Eaux Ain El Dalbe	0.6	0.6	0.9	0.7	1.0	0.8	1.4	1.4	1.2	1.1	1.5	1.2	1.4	1.3
Off. des Eaux de Tripoli	0.7	0.4	0.5	0.6	0.8	0.6	0.9	0.9	1.0	0.8	1.3	1.0	1.1	1.1
Off. des Eaux de Barouk	0.4	0.3	0.4	0.4	0.6	0.5	0.7	0.7	0.9	0.9	1.1	1.0	1.3	1.3
Off. des Eaux du Metn	0.4	0.2	0.5	0.5	0.4	0.4	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6
Off. des Eaux du Kasrah-Ras- El-Ain	0.2	0.1	0.4	0.2	0.4	0.2	0.4	0.4	0.5	0.5	0.6	0.4	0.4	0.4
Off. des Eaux de Jabal Amel	-	-	0.1	0.1	0.2	0.2	0.6	0.4	0.3	0.3	0.3	0.3	0.4	0.4
Off. des Eaux du Kesrouan	0.3	0.2	0.4	0.3	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.4
Off. des Eaux de Sour	0.2	0.2	0.5	0.5	0.3	0.3	0.2	0.2	0.1	0.1	0.2	0.2	0.3	0.2
Off. du Port de Tripoli	-	-	0.1	0.0	0.2	0.1	0.3	0.1	0.3	0.1	0.3	0.1	0.6	0.6
Off. de la Cité Sportive	0.1	0.1	0.2	0.1	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.2	0.3	0.3
Off. des Eaux de Saïda	0.1	0.1	0.2	0.1	0.2	0.0	0.2	0.1	0.3	0.3	0.5	0.3	0.3	0.3
Off. des Eaux de Zahle	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2
Adm. du Téléphone ^{3/}	16.4	18.2	22.7	14.5	27.1	18.6	29.8	18.7	34.3	22.0	38.8	26.4	47.8	28.0
Adm. de la Loterie Nat.	9.3	9.4	11.9	11.2	11.5	11.0	12.1	11.2	13.2	13.1	12.5	12.7	15.4	14.8
Off. du Ble	6.7	1.9	5.3	0.9	5.7	7.3	3.4	6.6	3.1	1.2	5.8	4.2	4.7	2.1
Total	<u>114.2</u>	<u>87.1</u>	<u>154.5</u>	<u>123.9</u>	<u>177.2</u>	<u>151.5</u>	<u>224.8</u>	<u>210.1</u>	<u>209.9</u>	<u>181.9</u>	<u>250.3</u>	<u>201.7</u>	<u>234.4</u>	<u>205.1</u>

^{1/} Established in 1956 after an earthquake to reconstruct the distressed areas and now engages in construction of community buildings throughout the country (schools, post offices, etc.). Its revenues consist of special taxes.

^{2/} Established in 1959. Engages in social welfare and community development.

^{3/} Telephones only. Excludes post and telegraph services.

Source: Ministries of Finance and Planning.

Table 13

Revenue and Expenditure of the Municipality of Beirut

(Millions of Lebanese Pounds)

	<u>Revenue</u>	<u>Expenditure</u>
1961	25.8	23.6
1962	58.6 ^{1/}	25.3
1963	43.7 ^{2/}	89.9 ^{4/}
1964	62.9 ^{3/}	54.3 ^{4/}
1965	54.6	61.6 ^{4/}
1966	65.2	58.0 ^{4/}

^{1/} Includes LL 26.8 million in loans

^{2/} Includes LL 10.5 million in proceeds of sales of municipal lands

^{3/} Includes LL 25.7 million in loans

^{4/} Include the following capital outlays by the Conceil Executive des Grands Projets de Beyrouth (LL mln.):

1963 - 20.8;

1964 - 13.0;

1965 - 14.7;

1966 - 9.6.

Source: Ministry of Planning.

Table 14

Assets and Liabilities of the
Bank of Lebanon (Central Bank)
and the Commercial Banks
(Millions of Lebanese Pounds)

	<u>December</u> <u>1964</u>	<u>December</u> <u>1965</u>	<u>December</u> <u>1966</u>
<u>BANK OF LEBANON</u>			
<u>Assets:</u>			
Gold	594	561	594
Net IMF position	5	5	5
Foreign Exchange	153	213	274
Claims on Government	56	79	73
Claims on Private Sector	82	83	81
Claims on Commercial Banks	18	24	166
<u>Liabilities:</u>			
Currency in Circulation	604	659	834
(of which: outside banks)	(500)	(547)	(645)
Government Deposits	276	260	308
Other Liabilities (net of other assets)	29	46	52
<u>COMMERCIAL BANKS</u>			
<u>Assets:</u>			
Cash and Other Reserves	100	108	188
Foreign Assets	1,460	1,848	1,584
Claims on Private Sector	1,945	2,310	2,336
<u>Liabilities:</u>			
Demand Deposits	890	962	894
Time and Foreign Currency Deposits	1,271	1,705	1,891
Foreign Liabilities	1,023	1,156	820
Other Liabilities (net of other assets)	322	443	503

Source: International Financial Statistics

Table 15

Assets and Liabilities of the
Banque de Credit Agricole, Industriel
et Foncier (BCAIF)

(Millions of Lebanese Pounds)

	<u>Dec.</u> <u>1962</u>	<u>Dec.</u> <u>1964</u>	<u>Dec.</u> <u>1966</u>
<u>Assets:</u>			
Loans outstanding	76.3	92.3	119.4
of which for: Agriculture	(40.1)	(41.8)	(39.1)
Industry	(26.3)	(38.7)	(50.7)
Real Estate ^{1/}	(9.9)	(11.7)	(16.6)
Other Loans ^{2/}	(-)	(-)	(13.0)
Interest Due and Prepaid Expenses	1.5	2.5	5.2
Sundry Debtors	0.2	0.3	0.5
Cash and Banks	5.7	2.6	7.9
Fixed Assets and Furniture	<u>0.1</u>	<u>0.1</u>	<u>0.2</u>
Total	<u>83.9</u>	<u>97.8</u>	<u>133.3</u>
<u>Liabilities:</u>			
Capital	5.0	5.0	5.0
Legal Reserve	0.2	0.4	0.5
Balance Profit and Loss Account	0.4	0.4	-
Special Reserves and Provisions	5.0	8.8	8.8
Interest Received in Advance	1.7	2.2	8.0
Banks ^{2/}	71.2	78.1	86.8
Creditors	0.3	0.4	3.3
Public Sector	<u>-</u>	<u>2.5</u>	<u>20.9</u>
Total	<u>83.9</u>	<u>97.8</u>	<u>133.3</u>

^{1/} Loans on behalf of the Lebanese Fruit Office and the Green Plan

^{2/} Mainly long-term advances by the Bank of Lebanon guaranteed
by the Government

Source: Ministry of Planning and BCAIF

Table 16

Number of Tourists and Region of Origin
(Thousands)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
Jordan	46	55	64	76	93	121	134
Iraq	10	21	15	40	36	58	59
Saudi Arabia	14	17	21	24	25	33	38
Kuwait	7	12	10	18	19	20	31
Palestine	10	11	10	11	13	17	22
U.A.R.	11	15	13	11	10	11	24
Other Arab Countries (Except Syria)	6	8	9	11	11	15	17
TOTAL ARAB COUNTRIES (EXCEPT SYRIA)	104	139	142	191	207	275	326
Great Britain	18	23	25	28	35	38	44
France	8	11	15	19	27	36	45
Germany	11	13	14	16	20	30	32
Other European Countries	33	36	38	41	51	67	77
TOTAL EUROPE	70	83	92	104	133	171	198
United States	31	38	41	48	68	77	94
Other North America	2	3	4	4	6	7	9
TOTAL NORTH AMERICA	33	41	45	52	74	84	103
LATIN AMERICA	4	6	5	5	7	7	8
AUSTRALASIA	1	2	3	3	4	6	6
ASIA (EXCEPT ARAB COUNTRIES)	18	20	28	27	34	35	37
AFRICA (EXCEPT ARAB COUNTRIES)	-	1	1	1	2	2	2
MISCELLANEOUS AND UNDETERMINED	3	3	16	6	11	21	21
TOTAL (EXCEPT SYRIA)	233	294	332	390	472	601	701
SYRIA	300	235	294	340	491	620	812
TOTAL	533	529	626	730	963	1,221	1,513

Note: Exclusive of transit passengers. Syrians should be excluded from tourist statistics since they usually come to Lebanon for other than touristic purposes.

Source: Conseil National du Tourisme au Liban.

Table 17

Miscellaneous Statistics

	<u>Unit</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>
1. Power								
Hydraulic - capacity	MW	65	73	126	126	126	198	198
- production	GWH	109	174	224	350	375	505	556
Thermal - capacity	MW	82	146	157	159	159	159	177
- production	GWH	313	301	301	274	317	260	309
Total - capacity	MW	146	219	283	285	285	357	374
- production	GWH	442	475	525	624	692	765	865
2. Port of Beirut								
Tonnage discharged	1,000 m.t.	1,443	1,229	1,359	1,363	1,538	1,716	1,776
Tonnage loaded	1,000 m.t.	280	282	403	377	448	453	461
3. Port of Tripoli								
Petroleum loaded	1,000 m.t.	9,101	11,109	12,971	14,537	13,180	15,103	14,453
Merchandise handled				215	346	260	325	348
4. Port of Saida								
Petroleum loaded	1,000 m.t.	12,960	14,472	15,309	18,088	20,607	20,691	
5. Railways								
Earnings	LL mln.					4.0	3.6	4.0
Passenger traffic	mln. pass. km.	4.6	5.6	6.0	5.3	5.8	6.8	6.6
Freight	mln. t. km.	36.2	33.7	36.9	43.0	49.0	39.5	45.6
Freight	1,000 m.t.			509	590	659	562	572
of which:								
Building mat.	1,000 m.t.			245	327	356	305	299
Live animals	1,000 m.t.			53	59	63	73	86
Fuel	1,000 m.t.			93	93	114	75	70
Phosphates	1,000 m.t.			47	34	68	60	65
Other	1,000 m.t.			71	77	58	49	52
6. Road Transport								
Automobiles: Private	1,000 1/	44	54	62	73	84	89	96
taxes	1,000 1/	3.2	3.2	3.2	3.2	3.2	9.5	9.5
Buses	1,000 1/	1.4	1.5	1.5	1.6	1.9	2.2	2.1
Trucks	1,000 1/	7.1	7.9	8.9	9.8	10.8	11.8	12.0
Highway user taxes	LL mln.			45.2	54.6	62.8	65.5	73.3
7. Climat								
Rainfall: Beirut Airport	mm	478	693	647	851	911	912	778
Marjeyoun	mm	657	931	562	838	936	737	909
8. Real Estate								
Transfer of Property	Number				8,901	8,542	9,667	10,563
Transfer of Property	LL 1,000,000				226	247	283	360
Mortgages: engaged	LL 1,000,000				123	154	158	210
redeemed	LL 1,000,000				70	66	78	97
9. Transit Trade								
Total	LL 1,000,000	813	891	800	892	933	997	
of which: from Iraq	LL 1,000,000	193	227	323	328	279	317	
from Saudi Arabia	LL 1,000,000	276	306	268	309	434	436	
from other countries	LL 1,000,000	344	358	209	175	220	244	

1/ At the end of the period.

Sources: 1. Electricité du Liban
2.3. Bulletin Statistique Mensuel
4. Statistique du Commerce Extérieur du Liban
5. Ministry of Finance
6.7.8. Bulletin Statistique Mensuel
9. Statistique du Commerce Extérieur du Liban

Table 18

Planned Development Expenditure during 1965-1969

<u>Type of Project</u>	<u>Amount (LL Million)</u>
Urban water supply	65
Land registry	12
Power	42
Urban development	22
Flood control	20
Roads	155
Airport	17
Port of Beirut	16
Railways	12
Agriculture	72
Fishery	10
Irrigation	123
Industry	27
Tourism	45
Education	49
Antiquities	19
Research	27
Public health	45
Social development	65
Low cost housing	60
Social security	60
Government buildings (including the Lebanese University)	92
Insurance for Government employees	15
Miscellaneous	10
Total	<u>1,080</u>

Source: Ministry of Planning

