THE MINERAL INDUSTRY OF

LEBANON

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Domestic mineral output was limited in 1995 to the production of salt and the quarrying of raw materials for the construction industry, particularly limestone and silica for cement manufacture. The petroleum processing industry relied on imported crude oil until the closure of its two refineries; the steel industry relied on imported scrap as raw material. Actual production data have not been reported in recent years, but estimates have been made based upon the best available information. *(See table 1.)*

Trade in mineral commodities increased momentum inspite of the fragile stability of the region. Iraqi crude oil and petroleum products shipments were replaced by Syrian crude oil and, for the most part, Syrian petroleum products. Crude oil imports were suspended in mid-1992 with the closure of the Tripoli refinery. Petroleum product consumption estimated at 60,000 barrels per day (bbl/d) has been met entirely through imports since that time. According to the Ministry of Industry and Petroleum, Lebanon's petroleum product import costs exceed 25% of the total value of all imports and more than 80% of the value of the Nation's exports.

The balance of payments showed a $256 million surplus in 1995 down from $1,130 million in 1994.[1]

Lebanon was basically a private-sector-oriented economy. Most mineral operations in Lebanon in 1995 remained privately owned, including all cement plants, steel mills, and building material quarries. However, petroleum imports, as well as the Nation's inactive refineries near Tripoli and Sidon, were controlled by the Ministry of Industry and Petroleum. The Zahrani Refinery near Sidon suspended operations in mid-1989. The Tripoli refinery supplied about 15% of the Nation's petroleum product consumption requirements until mid-1992, when it also suspended operations, largely due to lack of funds to purchase crude oil. A decision was reached in early 1994 to refrain from war-damage repair at the Zahrani Refinery in favor of completely scrapping the refinery because of the obsolescence of its equipment. A new 100,000 bbl/d capacity refinery was to be constructed on the site. The Tripoli refinery was scheduled for refurbishing and expansion, increasing its effective capacity from 20,000 bbl/d to 50,000 bbl/d.

The Ministry of Industry and Petroleum announced the possible formation of the Lebanese Oil Co. in which the Pritchard Corp. of the United States owns 37.5% interest; the Government, 25%; and the remainder offered for public subscription. The formation of a joint venture between the state and private interests requires approval by the cabinet and parliament.

The bulk of cement manufacturing was centered in the north coastal region of Chekka near abundant limestone and silicon deposits. Cimenterie National obtained a loan through the International Finance Corp. to increase capacity by 50% to 1.5 million metric tons per year (Mt/yr). The additional capacity was to be available by 1997. Other cement producers were the Societe des Ciments Libanais, currently operating a 1.5-Mt/yr-capacity plant with contracts to expand to 2 Mt/yr, and the Sibline Cement Co. operating a 0.32-Mt/yr-capacity plant under expansion to 1.25 Mt/yr. Cement imports approached 500,000 metric tons in 1994. The demand for cement has trebled in the past 2 years as major public reconstruction projects were under way.

The Ports of Tripoli and Sidon were the Mediterranean terminals for two major oil transit pipelines originating, respectively, in Iraq and Saudi Arabia. The pipelines operated intermittently, frequently halted by disputes over pricing and transit agreements or acts of sabotage. The transit of crude oil through the Trans-Arabian Pipeline (TAPline) to the Port of Sidon for shipment to world markets ceased in 1975. Intermittent deliveries of Saudi Arabian crude continued to the Zahrani refinery until 1984, when the portion of TAPline that crossed Syria was closed and the TAPline facilities in Lebanon were transferred to the Government.

As part of their economic recovery plan, Lebanon sought to encourage investment by reducing the corporate income tax by 75% and establishing even more favorable tax structures for holding and offshore companies.

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[1]Where appropriate, values have been converted from Lebanese pounds to U. S. dollars at the rate of L£1,624=US$1.00.

TABLE 1
LEBANON: PRODUCTION OF MINERAL COMMODITIES 1/

Commodity		1991	1992	1993	1994	1995 e/
Cement, hydraulic e/	thousand metric tons	900	1,500	2,500	2,800	3,000
Gypsum e/	metric tons	2,000	2,000	2,000	2,000	2,000
Iron and steel, metal, semimanufactures e/	do.	75,000	80,000	80,000	80,000	80,000
Lime e/	do.	10,000	15,000	25,000 r/	28,000 r/	30,000
Petroleum refinery products: 2/						
Liquefied petroleum gas	thousand 42-gallon barrels	30	11	--	--	--
Gasoline	do.	794	533	--	--	--
Kerosene	do.	45	30	--	--	--
Distillate fuel oil	do.	962	665	--	--	--
Residual fuel oil	do.	1,880	1,030	--	--	--
Other	do.	183	200	--	--	--
Total	do.	3,894	2,469	--	--	--
Salt e/	metric tons	3,000	3,000	3,000	3,000	3,000

e/ Estimated. r/ Revised.

1/ Table includes data available through May 15, 1996.

2/ The first of Lebanon's two petroleum refineries ceased operation in 1989 and was scheduled to be scrapped. The second refinery suspended operation in mid-1992 and was scheduled to be refurbished and expanded.