

THE MINERAL INDUSTRY OF

LEBANON

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Lebanon's industrial facilities and infrastructure, including those related to its minerals sector, were seriously damaged during the course of the civil war that spanned more than 15 years. Most seriously affected was the fuel supply network and, consequently, the generation of electric power.

Mineral output, entirely from indigenous deposits, was limited in 1994 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 and 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 I.*)

Trade in mineral commodities increased momentum with the returning stability to the region and to the Lebanese economy. Iraqi crude oil and petroleum products shipments were replaced by Syrian crude oil and, for the most part, Syrian products. Crude oil imports were suspended in mid-1992 with the closure of the Tripoli refinery. Kuwait may be the major source of petroleum product imports in the near future pending current negotiations.

The Government was the sole importer of crude oil and petroleum products until June 1987, when private companies were authorized to import gasoline for the domestic market. With the return of a centralized Government, the import of both crude oil and all petroleum products was reestablished under the sole authority of the Government in early 1993. Petroleum product imports were reported at approximately 16 million barrels (Mbbbl), with gasoline accounting for about one-half of all petroleum product imports.

Lebanon was basically a private-sector-oriented economy. Most mineral operations in Lebanon in 1994 remained privately owned, including all cement plants, steel mills, and building material quarries. However, petroleum imports, as well as the Nation's 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. The lack of funds to purchase crude oil was one of the reasons for these closures. Furthermore, the Zahrani Refinery suffered extensive war damage. A decision was reached in early 1994

to refrain from war-damage repair in favor of completely scrapping the refinery because of the obsolescence of its equipment. The Tripoli refinery was scheduled for refurbishing and expansion, increasing its effective capacity from 20,000 barrels per day (bbl/d) to 50,000 bbl/d at an estimated cost of \$150 million.² The Ministry of Industry and Petroleum planned to engage in a joint venture with a foreign partner to undertake the project.

The bulk of cement manufacturing was centered in the north coastal region of Chekka. Production in recent years has been curtailed for lack of electric power and equipment; however, as Lebanon's regional conflicts have diminished, the increased stability has resulted in the expansion of the construction industry and an improved outlook for the industrial minerals sector.

The Railways & Transport Authority invited tenders for the construction of an electrified railway along much of the Lebanese coastline. The line was expected to run from Tyre in the south for 205 kilometers (km) to the Syrian border in the north. Construction was scheduled to be completed in 1997 and would service both passengers and freight.

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. At the close of 1988, Iraq announced that it had decided to abandon all plans to reactivate the Iraq Petroleum Co. (IPC) pipeline. 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 Lebanese Government.

The country was expected to enjoy a high rate of economic growth for the remaining decade as a result of the economic stimulus encouraged by newly available financing. The International Finance Corp. provided five Lebanese commercial banks with a US\$45 million long-term credit line for local small- and medium-sized businesses for projects that were too small for IFC's direct involvement. The line of credit was designed to assist in the reconstruction of Lebanon. Specifically, it was expected to aid small- and medium-scale enterprises that have survived the civil war to

replace or modernize plant and equipment or expand their scale of operation.

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²Where appropriate, values have been converted from Lebanese pounds to U. S. dollars at the rate of L£1,713=US\$1.00.

Major Sources of Information

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TABLE 1
LEBANON: PRODUCTION OF MINERAL COMMODITIES 1/ 2/

Commodity	1990	1991	1992	1993	1994 e/
Cement, hydraulic e/ thousand metric tons	900	900	1,500	2,500	2,800
Gypsum e/ metric tons	2,000	2,000	2,000	2,000	2,000
Iron and steel: Metal, semimanufactures e/ do.	75,000	75,000	80,000	80,000	80,000
Lime e/ do.	10,000	10,000	15,000	15,000	15,000
Petroleum refinery products: 3/					
Liquefied petroleum gas thousand 42-gallon barrels	3	30	11	--	--
Gasoline do.	74	794	533	--	--
Kerosene do.	2	45	30	--	--
Distillate fuel oil do.	74	962	665	--	--
Residual fuel oil do.	142	1,880	1,030	--	--
Other do.	12	183	200	--	--
Total do.	313	3,890	2,470	--	--
Salt e/ metric tons	3,000	3,000	3,000	3,000	3,000

e/Estimated.

1/ Previously published and 1994 data are rounded by the U. S. Bureau of Mines to three significant digits; may not add to totals shown.

2/ Table includes data available through June 15, 1995.

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