THE MINERAL INDUSTRY OF

LEBANON

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Domestic mineral output was limited in 1996 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 in spite 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 has been met entirely through imports since that time. Petroleum product imports totaled 4.2 million metric tons (Mt) (about 80,000 barrels per day) in 1996 representing a volume increase of about a 5% over 1995. Fuel oil imported by the Government for Electricité du Liban accounted for most of the increase. Lebanon's petroleum import costs in 1996 were $769 million[1] compared with $630 million in 1995, representing a value increase of about 22% (Arab Petroleum Research Center, 1997). In 1996, imports of gasoline, domestic heating oil, and kerosene were appreciably diminished by volume but had little effect on product import costs due to increased prices.

Lebanon was basically a private-sector-oriented economy. Most mineral operations in Lebanon in 1996 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. Consideration is being given to the rehabilitation and upgrading of the refinery at a projected cost of $130 million. Any plan to repair the war-damaged Zahrani Refinery was abandoned in favor of completely scrapping the refinery because of the obsolescence of its equipment. It was decided in early 1996 to transform the Zahrani facility to a petroleum product storage area.

The bulk of cement manufacturing was centered in the north coastal region of Chekka near abundant limestone and silicon deposits and deep-draft port facilities. 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 Société 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, and Société Libanaise des Ciments Blancs. The demand for cement has grown from 1.4 Mt/yr in 1992 to nearly 4 Mt/yr in 1996 as major public reconstruction projects were under way.

Power-generation rationing was abolished on January 1, 1996, following the completion of the rehabilitation of 29 power stations with a combined capacity of 1,057 megawatts (MW). These included nine thermal stations with a combined capacity of 836 MW and 20 hydroelectric stations with a combined capacity of 221 MW. Electricity generation increased by 50% in 1996 reaching 7.5 billion killowatt hours. About one-third of this power was consumed by industry.

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

Reference Cited

Arab Petroleum Research Center, 1997, Arab Oil & Gas Directory: Arab Petroleum Research Center, Paris, p. 223-232.

Major Source of Information

Ministry of Oil and Industry
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[1]Where appropriate, values have been converted from Lebanese pounds to U.S. dollars at the rate of L£1,552=US$1.00.

TABLE 1
LEBANON: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/

Commodity		1992	1993	1994	1995	1996
Cement, hydraulic	thousand metric tons	1,500	2,500	2,800	3,000	4,000
Gypsum	metric tons	2,000	2,000	2,000	2,000	3,000
Iron and steel, metal, semimanufactures	do.	80,000	80,000	80,000	80,000	80,000
Lime	do.	15,000	25,000	28,000	30,000	30,000
Petroleum refinery products: 2/						
Liquefied petroleum gas	thousand 42-gallon barrels	11 3/	--	--	--	--
Gasoline	do.	533 3/	--	--	--	--
Kerosene	do.	30 3/	--	--	--	--
Distillate fuel oil	do.	665 3/	--	--	--	--
Residual fuel oil	do.	1,030 3/	--	--	--	--
Other	do.	200 3/	--	--	--	--
Total	do.	2,469 3/	--	--	--	--
Salt	metric tons	3,000	3,000	3,000	3,000	3,000

1/ Table includes data available through Nov. 1, 1997.

2/ The first of Lebanon's two petroleum refineries ceased operation in 1989 and may be converted to a product storage center. The second refinery suspended operation in mid-1992 and is under consideration for refurbishment.

3/ Reported figure.