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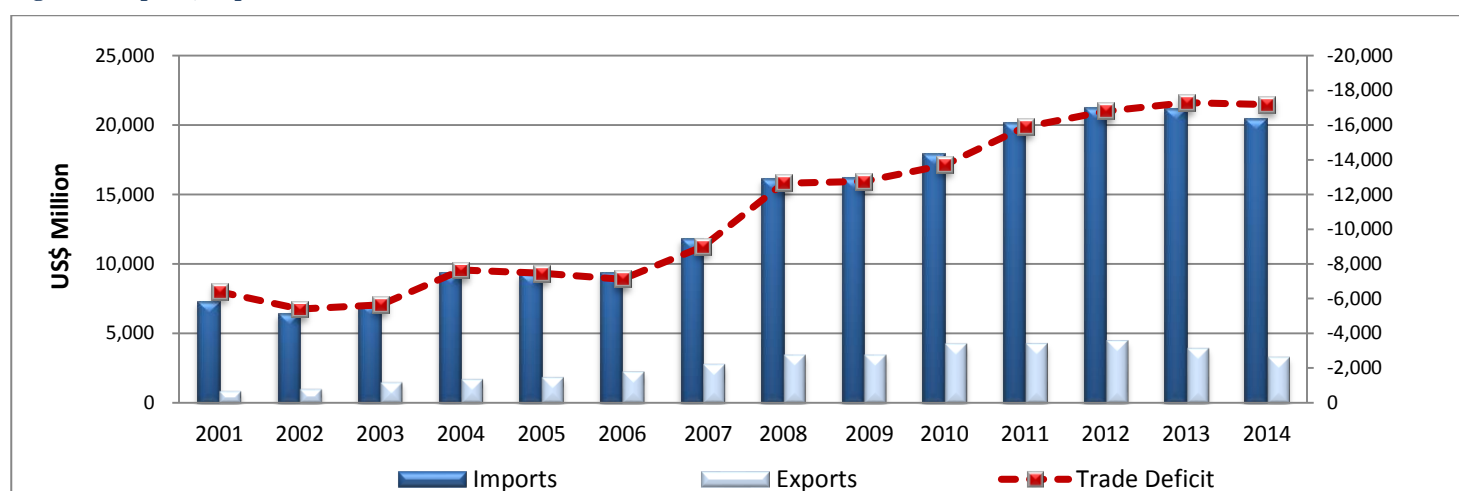
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## Introduction

Year 2014 registered a **trade deficit** of US\$ 17,181 million, 0.6 percent lower than the deficit of US\$ 17,293 million registered a year earlier, according to the figures released by the Ministry of Finance, Customs Directorate. The US\$ 112 million improvement in the trade deficit is rooted in a US\$ 735 million contraction in imports that was partly offset by a deterioration of US\$ 623 million in exports during the period under consideration.

It is worth mentioning that the export-import coverage ratio<sup>1</sup> fell from 18.5 percent in 2013 to 16.2 percent in 2014, the lowest during the past decade. Lebanon's foreign trade activity witnessed thus an overall contraction in terms of volume by 5.1 percent, reflecting the 5.4 percent drop in value as the sum of exports and imports went down from US\$ 25,164 million in 2013 to US\$ 23,807 million by the end of year 2014.

**Figure 1: Imports, Exports and Trade Balance evolution**



Source: Directorate General of Customs, Ministry of Finance

## Imports

Total **imports** amounted to US\$ 20,494 million in 2014, registering a 3.5 percent decrease in value when compared to the previous year, which was reflected by a 2.6 percent drop in volume terms. This year-on-year change is a result of opposite evolutions in several import categories, coupled with the fluctuation of some imports prices.

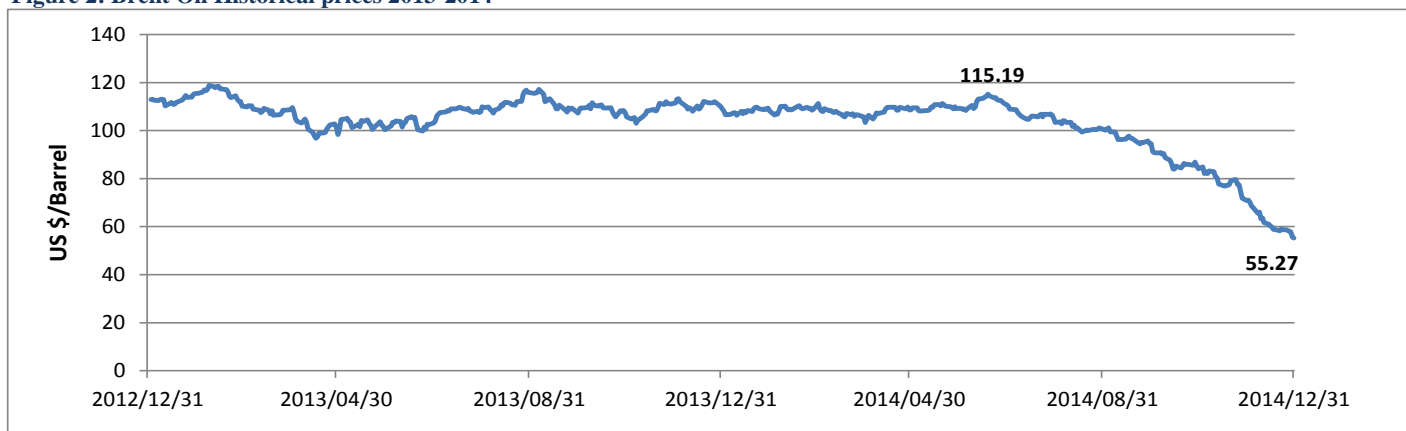
- Imports of "**Mineral fuel and oil**" declined by 5 percent (US\$ 252 million) compared to the previous year; however, it increased by 2.1 percent in terms of volume. This drop is partly induced by lower EDL fuel imports, mainly due to their delayed registration<sup>2</sup>. Non-EDL fuel imports registered a 3.6 percent year-on-year decrease reaching US\$ 3,913 million by the end of 2014, compared to US\$ 4,060 million during the year 2013. In contrast, these imports increased by 5 percent in volume terms, owing to lower international oil prices that started to diminish since June, 12, 2014 from US\$/Barrel 115.19 to US\$/Barrel 55.27 at end of December 2014 (as shown in figure 2 below).

<sup>1</sup> The export import coverage ratio is total exports over total imports in a specific year.

<sup>2</sup> During 2013, US\$ 940 million worth of oil imports by EDL were registered, while this year, only US\$ 834 million were registered reflecting a drop of 11 percent in value terms and 9 percent in volume terms.

For further information, please contact: (00961-1) 956000-ext: 1716-1731

**Figure 2: Brent Oil Historical prices 2013-2014**



Source: Brent Europe Price

- Imports of “Unwrought & semi-manufactured gold, diamonds, precious stones & metals” continued to witness a decrease since February 2013, dropping by 14.1 percent (US\$ 160 million) in terms of value during the period of January-December 2014, whereas in terms of volume it increased by 7 percent<sup>3</sup>. The major decrease was in gold ingots which dropped by 23 percent. In contrast, imports of Diamonds and Precious stones witnessed respective increases of 13 percent and 87 percent (as shown in Table 1).

It is worth mentioning that during 2014, imports of “Imitation jewelry” increased by 7 percent in value reaching a total of US\$ 15 million, whereas in terms of volume it registered a hike of 14 percent in comparison with the previous year, increasing its share from total “Unwrought & semi-manufactured gold, diamonds, precious stones & metals” imports from 79.8 percent to 85.4 percent in volume<sup>4</sup>.

International gold prices also witnessed some fluctuation during 2014, but remained below the average prices registered in 2012 and 2013<sup>5</sup>, where the highest monthly average was registered in October 2012 reaching US\$ 1,747 per ounce, while the lowest average price was recorded in November 2014 amounting US\$/Ounce 1,176 (Figure 3).

**Table 1: Imports break down of Natural and precious stones (US\$ Million)**

Description	Jan-Dec 2013	Jan-Dec 2014	Value Change	% Change
Diamonds, whether or not worked, but not mounted or set	199	224	25	13%
Precious stones (other than diamonds) and semi-precious stones	15	28	13	87%
Gold (including gold plated with platinum)	852	658	-194	-23%
Articles of jewelry and parts	48	41	-7	-15%
Imitation jewelry	14	15	1	7%

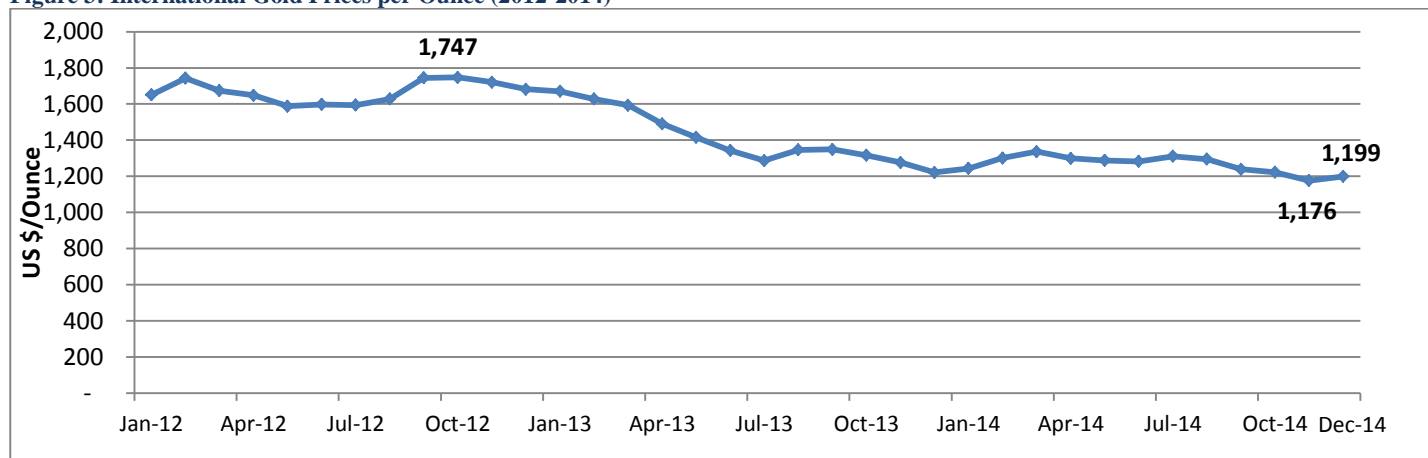
Source: Directorate General of Customs, Ministry of Finance

<sup>3</sup> This can be explained by a lower price of gold during the period of January-December 2014 with an average of US\$ 1,266 per ounce compared to an average of US\$ 1,411 during the year 2013.

<sup>4</sup> Against a rise in value from 1.2 percent of total “Unwrought & semi-manufactured gold, diamonds, precious stones & metals” imports in 2013 to 1.5 percent in 2014.

<sup>5</sup> The average gold price during 2012 was US\$ 1,668 per ounce, while it reached US\$ 1,411 per ounce in 2013.

**Figure 3: International Gold Prices per Ounce (2012-2014)**



Source: [http://ycharts.com/indicators/gold\\_price](http://ycharts.com/indicators/gold_price)

- Excluding "Mineral fuel and oil" and "Unwrought gold, un-mounted diamond & precious stones", imports decreased by 2 percent (US\$ 323 million) during 2014 compared to 2013. This contraction results from decreases in many sub-categories (as shown in Table 10) of imports, mainly the following:
1. **Electrical machinery and equipment** which registered a year-on-year drop of 27 percent (US\$ 339 million) in value against 10 percent in terms of volume. This is mainly due to the remarkable decrease of electrical machinery and equipment imports from Turkey (US\$ 233 million) that can be explained by the importation of equipment related to the Turkish electricity production barges in 2013. Also, imports from China – the biggest import partner in this category with a share of 36 percent of total Electrical imports – have witnessed a fall of 17 percent (US\$ 68 million) during the aforementioned period.

**Table 2: Imports of Electrical machinery and equipment by country of origin (Millions US\$)**

Description	Jan-Dec 2013	Jan-Dec 2014	Value Change	% Change	Share in total imports of Electrics
China	396	328	-67	-17%	36%
Germany	39	68	29	73%	7%
Italy	55	61	7	12%	7%
United Kingdom	79	61	-18	-23%	7%
Korea, Republic of	48	51	2	5%	6%

Source: Directorate General of Customs, Ministry of Finance

2. **Vehicles and accessories, cranes & Lorries** dropped by 6 percent (US\$ 91 million) during the period under consideration amounting to US\$ 1,473 million by the end of 2014, against a decrease of 6 percent in volume terms. Although imports from Germany have decreased by 7 percent compared to the previous year, it remained the top import partner in this category followed by Japan and the United States with respective shares of 27 percent, 16 percent and 15 percent of total imports of vehicles. The year-on-year change in these imports from the top partners is detailed in the Table 3 below.

**Table 3: Imports of Vehicles and accessories by country of origin (US\$ Million)**

Description	Jan-Dec 2013	Jan-Dec 2014	Value Change	% Change	Share in total imports of Vehicles
Germany	431	400	-32	-7%	27%
Japan	251	242	-9	-3%	16%
United States	234	219	-15	-6%	15%
South Korea	182	129	-53	-29%	9%
United Kingdom	143	118	-25	-18%	8%

Source: Directorate General of Customs, Ministry of Finance

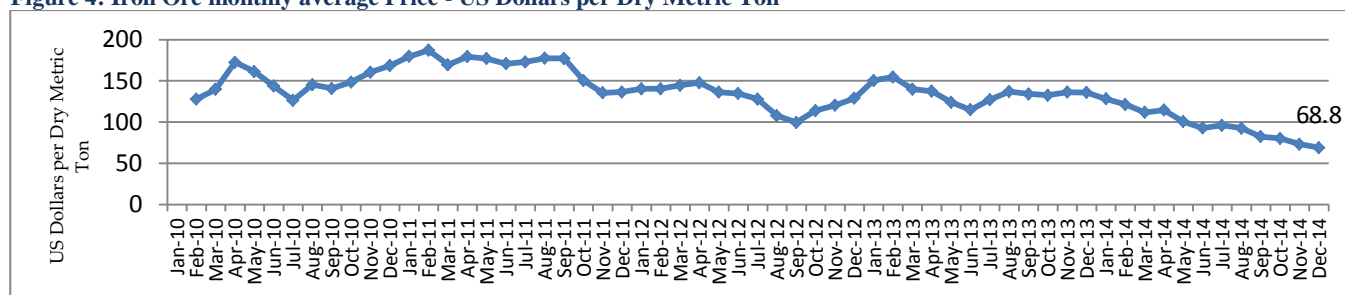
3. **Aircraft engines, boilers, machinery and mechanical appliances** plunged down by 5 percent (US\$ 63 million), coupled with a decrease of 8 percent in terms of volume. In details, this drop is chiefly due to a decrease in imports from the United Kingdom by 25 percent (US\$ 28 million) - mainly aircraft engines and parts of engines - followed by a 6 percent (US\$ 21 million) decline in imports from China- mainly aircraft accessories. On the other hand, imports from United States witnessed an improvement by 24 percent (US\$ 28 million).

**Table 4: Imports of Aircraft engines by country of origin (US\$ Million)**

Description	Jan-Dec 2013	Jan-Dec 2014	Value Change	% Change	Share in total imports of Aircraft engines
China	356	334	-21	-6%	26%
United States	116	144	28	24%	11%
Italy	156	144	-12	-8%	11%
Germany	137	136	-1	-1%	11%
United Kingdom	111	83	-28	-25%	7%

Source: Directorate General of Customs, Ministry of Finance

4. Lastly, imports of **Iron and steel** contracted by 6 percent (US\$ 48 million) in value, against a 1 percent increase in volume, most probably due to a decrease in the Iron Ore monthly average Price during 2014 reaching US\$ 68.8 in December 2014. This decline is attributed to lower imports from Ukraine, Turkey and Egypt by 48 percent (US\$ 98 million), 59 percent (US\$ 90 million) and 86 percent (US\$ 61 million) respectively, despite the significant increase in imports from China by 84 percent (US\$ 237 million) reaching US\$ 519 million by the end of 2014<sup>6</sup>.

**Figure 4: Iron Ore monthly average Price - US Dollars per Dry Metric Ton**

Source: The Steel Index (TSI) via the IMF

<sup>6</sup> China is the main import partner in this category with a share of 64 percent of Lebanon's Iron and Steel imports during 2014 (Table 5).

**Table 5: Imports of Iron and Steel by country of origin (US\$ Million)**

Description	Jan-Dec 2013	Jan-Dec 2014	Value Change	% Change	Share in total imports of Aircraft engines
China	283	519	237	84%	64%
Ukraine	205	107	-98	-48%	13%
Turkey	153	63	-90	-59%	8%
Russian Federation	20	17	-3	-16%	2%
Italy	21	14	-7	-32%	2%

Source: Directorate General of Customs, Ministry of Finance

- The above decreases were slightly counterbalanced by an increase in imports of **Pharmaceutical products** that inched up by 5 percent (US\$ 50 million) in terms of value amounting to US\$ 1,141 million in 2014, while in terms of volume the increase was more pronounced with 10 percent compared to the previous year. It is noteworthy to mention that 52 percent of these products were imported from the Eurozone during 2014. Germany and France remained the top import partners in this category with respective shares of 16 percent and 13 percent from total.

**Table 6: Imports of Pharmaceutical products from the Eurozone (US\$ Million)**

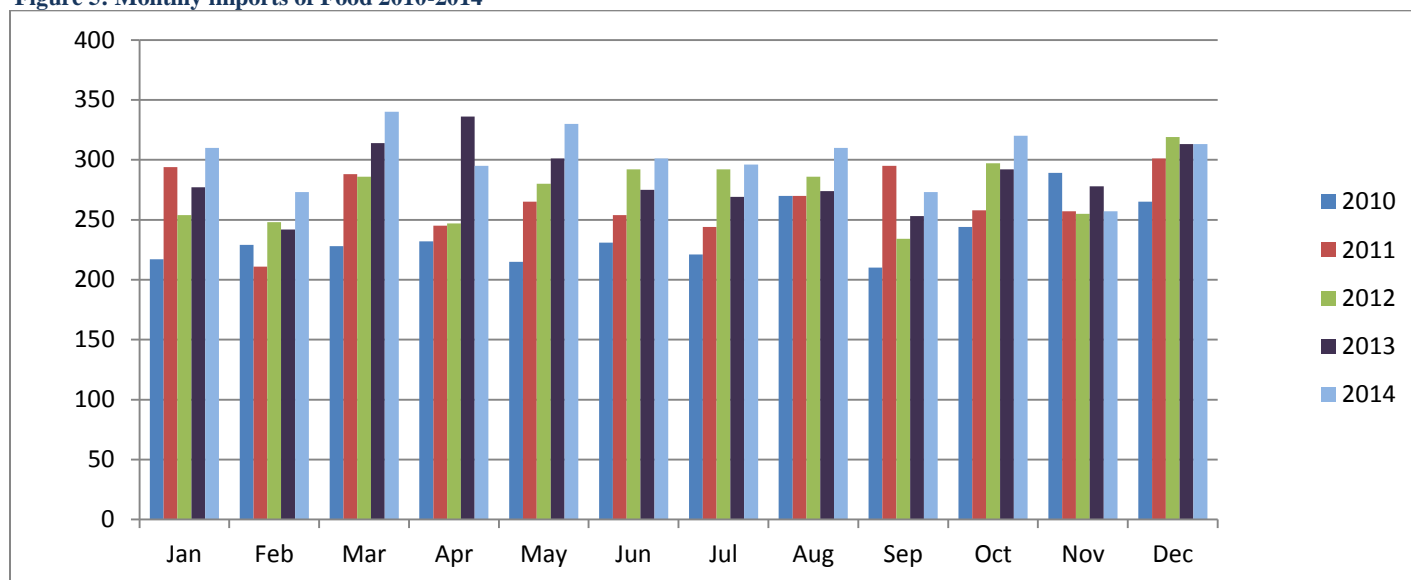
Description	Jan-Dec 2013	Jan-Dec 2014	Value Change	% Change
Germany	161	179	18	11%
France	142	151	9	6%
Italy	80	86	6	8%
Ireland	34	42	8	24%
Spain	38	40	3	7%
Belgium	35	28	-7	-20%
Austria	23	23	0	0%
Netherlands	15	15	0	0%
Greece	6	7	0	6%
Portugal	6	6	0	-3%
Cyprus	4	5	1	38%
Finland	2	3	1	46%
Slovenia	2	2	0	17%
Malta	-	-	-	-
Slovakia	-	-	-	-
Estonia	-	-	-	-
Luxembourg	-	-	-	-
<b>Total imports from the Eurozone</b>	<b>549</b>	<b>588</b>	<b>40</b>	<b>7%</b>
<b>Share of total Imports of Pharmaceutical products</b>	<b>50%</b>	<b>52%</b>		

Source: Directorate General of Customs, Ministry of Finance

- Although they do not constitute relatively a great share of total imports, imports of **food and related derivatives** witnessed a significant rise in some of its sub-categories during 2014 compared to the same period of 2013, mainly in “dairy products, bird’s eggs and natural honey” (14 percent) and “Live animals” (26 percent).

It is worth mentioning that 18 percent of Lebanon's total imports during 2014 consisted of Food products, and that the highest peak was registered in March 2014 amounting US\$ 340 million.

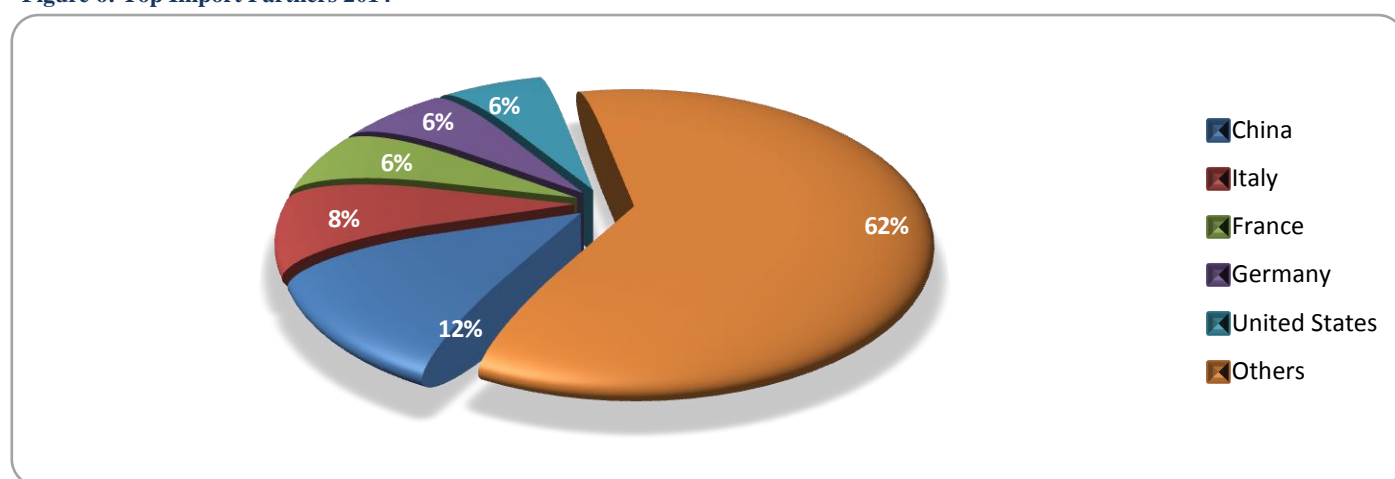
**Figure 5: Monthly imports of Food 2010-2014<sup>7</sup>**



Source: Directorate General of Customs, Ministry of Finance

- As for the **breakdown of Lebanese imports by country of origin**, China remains at the top of the list during 2014 with a share of 12 percent of the total imports, noting that almost 21 percent of imports from this country are "Iron and Steel". Italy, France and Germany followed with respective shares of 8 percent for the first country, and 6 percent for each of the last two countries (Figure 6).

**Figure 6: Top Import Partners 2014**



Source: Directorate General of Customs, Ministry of Finance

<sup>7</sup> Imports of food include the following categories as per the customs' classification: "live animals; animal products" (HS 1-5), "vegetable products" (HS 6-14), "animal vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes" (HS 15) and "Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes" (HS 16-24).  
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## Exports

Total **Exports** amounted to US\$ 3,313 million during 2014, with a year-on-year decrease of 16 percent (US\$ 623 million) in value and 19 percent in volume. This drop can be explained by the deterioration in the following categories:

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**", witnessing a decreasing trend since 2013, fell by 30 percent (US\$ 228 million) in terms of value compared to 2013<sup>8</sup>, whereas in terms of volume it increased remarkably by 41 percent. The hike in volume terms is mainly attributed to exports of large volumes of Articles of goldsmiths' or silversmiths' wares specifically in months of September and November 2014 with low respective values<sup>9</sup>. In details, most of its subcategories slid down, mainly exports of gold, diamonds and jewelry.

**Table 7: Exports of Natural and precious stones – main items (US\$ Million)**

Description	Jan-Dec 2013	Jan-Dec 2014	Value Change	% Change
Diamonds, whether or not worked, but not mounted or set.	110	91	-19	-17%
Precious stones (other than diamonds) and semi-precious stones.	11	20	9	82%
Gold (including gold plated with platinum).	558	366	-192	-34%
Articles of jewelry and parts.	82	57	-25	-30%

Source: Directorate General of Customs, Ministry of Finance

- Exports of "**Mineral fuel and oil**" dropped during 2014 amounting US\$ 32 million by end of 2014 compared to US\$ 337 million a year earlier; this is mainly due to an exceptional increase in this category witnessed in 2013 due to exports to Syria which decreased this year by US\$ 304 million (96 percent).
- Excluding "natural stones" and "Mineral fuel and oil", exports decreased by 3.2 Percent (US\$ 91) during 2014 compared to 2013. This resulted mainly from declines (as shown in Table 11) in exports of the following:
  - Processed and Refined Copper** exports amounted US\$ 100 million during 2014, US\$ 92 million (48 percent) lower than exports of 2013<sup>10</sup>. In details, exports to South Korea, Japan and China diminished by US\$ 44 million (58 percent), US\$ 15 million (53 percent) and US\$ 14 million (69 percent) respectively.
  - Iron and steel** exports declined significantly by US\$ 63 million (39 percent) during 2014 reaching US\$ 99 million<sup>11</sup>. The main reason behind this decrease is rooted in lower exports to Turkey which dropped by US\$ 61 million (43 percent).
  - Other decreases were witnessed in exports of "**Electric machinery and equipment**" and "**Aircraft engines, Boilers, machinery and mechanical appliances**" which dropped by 14 percent (US\$ 37 million) and 10 percent (US\$ 24

<sup>8</sup> This fall in gold exports is rooted in lower exports mainly to South Africa, Switzerland and the United Arab Emirates by US\$ 100 million (25 percent), US\$ 87 million (53 percent) and US\$ 32 million (26 percent) respectively.

<sup>9</sup> Export of "articles of goldsmiths or silversmiths wares and parts thereof, of precious metal or/of metal clad with precious metal" registered 12,992 Kgs in September 2014 and 8,305 Kgs in November 2014, with respective values of US\$ 413 thousand and US\$ 384 thousand.

<sup>10</sup> These imports registered a comparable year-on-year drop of 42 percent in volume terms.

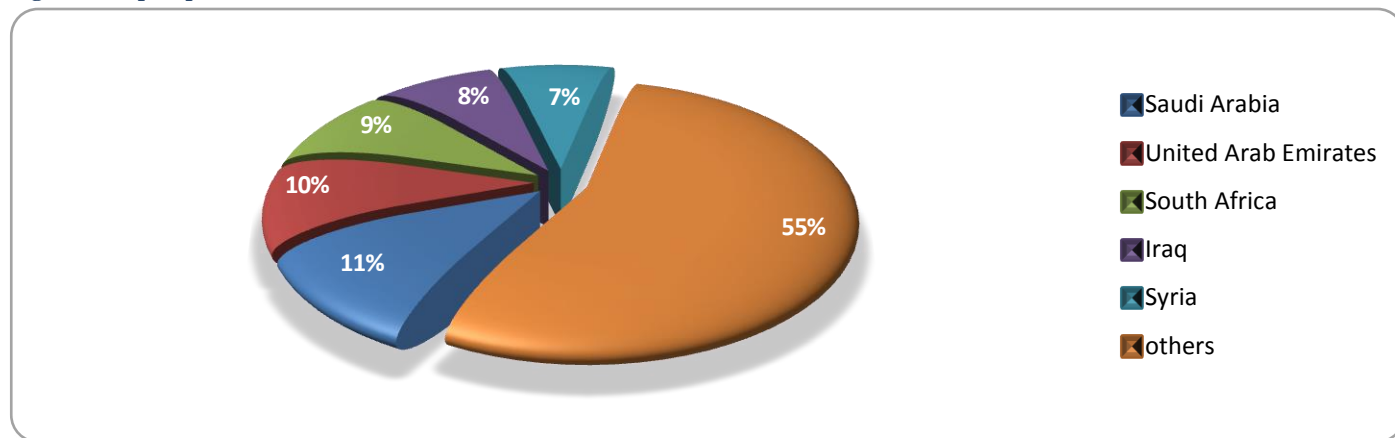
<sup>11</sup> These exports dropped by 38 percent in volume terms during 2014 compared to 2013.



million) respectively. The decline in the first category is rooted to lower exports to Iraq and Saudi Arabia by US\$ 27 million and US\$ 16 million, while the latter is due to lower exports to Nigeria by US\$ 21 million.

- In contrast, exports of **“Printed books, newspapers”** and **“Essential oils and resins”** climbed up by US\$ 38 million (44 percent) and US\$ 13 million (13 percent) respectively. Saudi Arabia was behind the first increase (US\$ 17 million), whereas the second increase was due to higher exports to the regional countries mainly Jordan (US\$ 4 million).
- **From a regional perspective**, exports to Arab countries continued to decrease during year 2014 compared to 2013, registering a drop of 14 percent (US\$ 287 million) mainly attributed to lower exports to Syria by US\$ 282 million (54 percent)<sup>12</sup>.
- Lastly, **the breakdown of Lebanese exports by major destination** shows that Saudi Arabia was at the top of the list during year 2014 with a share of 11 percent of total exports. United Arab Emirates ranked second with a share of 10 percent, while South Africa and Iraq followed with respective shares of 9 percent and 8 percent of total exports.

**Figure 7: Top Export Partners 2014**



Source: Directorate General of Customs, Ministry of Finance

<sup>12</sup> This drop is mainly due to the decrease in fuel exports to this country by US\$ 304 million as stated above that was partly counterbalanced by an increase in exports of Electric machinery and equipment (US\$ 11 million) and Sugars and sugar confectionery (US\$ 9 million). For further information, please contact: (00961-1) 956000-ext: 1716-1731

Table 8: Trade activity by value

	2013	2014	% Change	2010	2011	2012	2013	2014	% Change
(US\$ millions)	Dec	Dec	Dec 2014/2013	Jan- Dec	Jan- Dec	Jan- Dec	Jan- Dec	Jan- Dec	Jan-Dec 2014/2013
<b>Imports</b>	<b>1,797</b>	<b>1,649</b>	<b>-8%</b>	<b>17,964</b>	<b>20,158</b>	<b>21,280</b>	<b>21,228</b>	<b>20,494</b>	<b>-3.5%</b>
<i>of which mineral fuel &amp; oil</i>	439	310	-29%	3,673	4,469	5,892	5,000	4,747	-5.0%
<i>-EDL registered fuel imports</i>	56	0	-100%	1,101	1,189	1,594	940	834	-11%
<i>-Non EDL fuel imports</i>	383	310	-19%	2,572	3,280	4,299	4,060	3,913	-3.6%
<i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals</i>	81	76	-6%	1,159	2,141	1,585	1,136	976	-14.1%
<b>Exports</b>	<b>243</b>	<b>268</b>	<b>10%</b>	<b>4,253</b>	<b>4,265</b>	<b>4,483</b>	<b>3,936</b>	<b>3,313</b>	<b>-16%</b>
<i>of which Unwrought gold, un-mounted diamond, &amp; precious metals</i>	24	31	32%	1,109	1,492	1,724	770	542	-30%
<i>of which mineral fuel &amp; oil</i>	6	3	-55%	6	4	90	337	32	-90%
<b>Trade Balance</b>	<b>-1,554</b>	<b>-1,381</b>	<b>-11%</b>	<b>-13,711</b>	<b>-15,893</b>	<b>-16,797</b>	<b>-17,293</b>	<b>-17,181</b>	<b>-0.6%</b>

Source: Directorate General of Customs, Ministry of Finance

Table 9: Trade activity by Volume

	2013	2014	% Change	2010	2011	2012	2013	2014	% Change
(millions of Kgs)	Dec	Dec	Dec 2014/2013	Jan- Dec	Jan- Dec	Jan- Dec	Jan- Dec	Jan- Dec	Jan-Dec 2014/2013
<b>Imports</b>	<b>1,347</b>	<b>1,337</b>	<b>-1%</b>	<b>15,003</b>	<b>15,050</b>	<b>15,623</b>	<b>15,868</b>	<b>15,452</b>	<b>-2.6%</b>
<i>of which mineral and fuel oil</i>	487	469	-4%	5,957	5,551	6,583	5,552	5,670	2.1%
<i>-EDL registered fuel imports</i>	59	0	-100%	1,918	1,713	1,820	971	880	-9%
<i>-Non EDL fuel imports</i>	428	469	10%	4,040	3,838	4,764	4,581	4,790	5%
<i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals (Kgs)</i>	118,943	98,122	-18%	1,054,564	1,101,183	1,126,899	1,198,971	1,282,673	7.0%
<b>Exports</b>	<b>171</b>	<b>178</b>	<b>4%</b>	<b>3,109</b>	<b>2,717</b>	<b>2,602</b>	<b>2,776</b>	<b>2,236</b>	<b>-19%</b>
<i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals (Kgs)</i>	3,196	4,453	39%	132,918	130,259	120,770	60,485	85,427	41%
<i>of which mineral and fuel oil</i>	6	3	-37%	7	3	86	332	33	-90%
<b>Trade Balance</b>	<b>-1,176</b>	<b>-1,159</b>	<b>-1%</b>	<b>-11,894</b>	<b>-12,332</b>	<b>-13,021</b>	<b>-13,091</b>	<b>-13,216</b>	<b>0.9%</b>

Source: Directorate General of Customs, Ministry of Finance

**Table 10: IMPORT Distribution by Product (in US\$ million)**

Rank	Product	Jan-Dec 2013	% Share	Jan-Dec 2014	% Share	Value Change	% Change
1	Mineral fuels and oils	5,000	24%	4,747	23%	-252	-5%
2	Vehicles and accessories, cranes & lorries	1,565	7%	1,473	7%	-91	-6%
3	Aircraft engines, Boilers, machinery and mechanical appliances	1,329	6%	1,266	6%	-63	-5%
4	Pharmaceutical products	1,091	5%	1,141	6%	50	5%
5	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	1,136	5%	976	5%	-160	-14%
6	Electrical machinery and equipment	1,261	6%	922	4%	-339	-27%
7	Iron and Steel	861	4%	814	4%	-48	-6%
8	Plastics and articles thereof	684	3%	695	3%	11	2%
9	Articles of apparel and clothing	479	2%	508	2%	28	6%
10	Dairy products	351	1.7%	402	2%	51	14%
	Other	7,471	35%	7,550	37%	79	1%
	<b>Total</b>	<b>21,228</b>	<b>100%</b>	<b>20,494</b>	<b>100%</b>	<b>-735</b>	<b>-3.5%</b>

Source: MOF, DGC

**Table 11: EXPORT Distribution by Product (in US\$ million)**

Rank	Product	Jan-Dec 2013	% Share	Jan-Dec 2014	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	770	20%	542	16%	-228	-30%
2	Aircraft engines, Boilers, machinery and mechanical appliances	248	6%	223	7%	-24	-10%
3	Electrical machinery and equipment	259	7%	222	7%	-37	-14%
4	Plastic and articles thereof	137	3%	131	4%	-6	-4%
5	Preparations of vegetables	116	3%	128	4%	12	10%
6	Printed book, newspapers	86	2%	125	4%	38	44%
7	Essential oils and resins	102	3%	115	3%	13	13%
8	Beverages, spirits and vinegar	100	3%	102	3%	2	2%
9	Processed and Refined Copper	191	5%	100	3%	-92	-48%
10	Iron and Steel	162	4%	99	3%	-63	-39%
	Other	1,765	45%	1,527	46%	-237	-13%
	<b>Total</b>	<b>3,936</b>	<b>100%</b>	<b>3,313</b>	<b>100%</b>	<b>-623</b>	<b>-15.8%</b>

Source: MOF, DGC