

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 2,796 million for January-February 2017, 14 percent higher than the deficit of US\$ 2,458 million registered during the same period of 2016. The US\$ 339 million increase in the trade deficit is rooted in significantly higher imports by US\$ 380 million softened by a US\$ 42 million increase in exports during the period under consideration.

Total **imports** reached US\$ 3,252 million during the first two months of 2017, registering an increase of 13 percent in value and 25 percent in volume, when compared to the same period of 2016.

- This hike in imports was induced by a significantly higher bill of "**Mineral fuel and oil**" by 30 percent (US\$ 202 million), reflecting a 38 percent increase in terms of volume. In details, Non-EDL fuel imports hiked up remarkably by 79 percent (US\$ 260 million) in January-February 2017 amounting to US\$ 590 million. On the other hand, EDL fuel imports contracted by 16 percent (US\$ 58 million) in January – February 2017 when compared to the same period of 2016<sup>1</sup>.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" witnessed a 56 percent (US\$ 80 million) year-on-year increase in terms of value, while in volume terms it widened by 25 percent<sup>2</sup>.
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports improved by 5 percent (US\$ 98 million) during January-February 2017 compared to the same period of 2016. In fact, the main year-on-year increases were witnessed in "**Pharmaceutical products**", "**Aircraft engines, Boilers, machinery and mechanical appliances**" and "**Plastics and articles thereof**" with 14 percent (US\$ 24 million)<sup>3</sup>, 9 percent (US\$ 14 million)<sup>4</sup> and 15 percent (US\$ 13 million)<sup>5</sup> respectively. These increases were partly counterbalanced by the decrease in imports of "**Articles of apparel and clothing**" by 12 percent (US\$ 9 million)<sup>6</sup> and "**Iron and steel**" by 5 percent (US\$ 4 million)<sup>7</sup>.
- As for the breakdown of imports by country of origin, China and Greece ranked as Lebanon's top import trading partner in January-February 2017 with a share of 9 percent of total imports each, noting that almost 15 percent of imports from China were "Aircraft engines, Boilers, machinery and mechanical appliances" while 96 percent of Greece imports were "Mineral fuel and oils". Russia followed with a share of 7 percent.

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<sup>1</sup> This surge in value is translated in a lower increase of 34 percent in terms of volume. The discrepancy between these variations is attributed to higher international fuel prices with the Brent price increasing from an average of US\$ 31.44 per barrel in January-February 2016 to US\$ 54.73 per barrel in January-February 2017.

<sup>2</sup> This is partially explained by the increase in international gold prices from an average of US\$ 1,148 per ounce during January-February 2016 to US\$ 1,212 per ounce during the same period of 2017.

<sup>3</sup> Mainly due to an increase in imports from Germany, France and United states by 22 percent (US\$ 7 million), 48 percent (US\$ 7 million) and 32 percent (US\$ 6 million) respectively partly counterbalanced by a decrease of 42 percent (US\$ 5 million) in imports from Jordan..

<sup>4</sup> This hike is mainly attributed to higher imports from United States and Germany by 88 percent (US\$ 8 million) and 15 percent (US\$ 3 million) respectively.

<sup>5</sup> This increase is attributed to higher imports from Saudi Arabia and UAE by 33 percent (US\$ 5 million) and 41 percent (US\$ 2 million) respectively.

<sup>6</sup> This decrease can be explained by lower imports from Turkey and China with respective drops of 20 percent (US\$ 2 million) and 11 percent (US\$ 2 million).

<sup>7</sup> This decrease is reflected by the drop in imports from China by 76 percent (US\$ 42 million) counterbalanced by the increase in imports from Ukraine, Turkey and Russia by US\$ 20 million for the first country and US\$ 9 million each for the other two.

**Exports** amounted to US\$ 456 million during January-February 2017, reflecting a 10 percent increase compared to January-February 2016. This improvement in value is translated by a higher increase of 41 percent in terms of volume.

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**" increased by 57 percent (US\$ 40 million) in terms of value, while in terms of volume it increased by only 21 percent.
- Excluding "Unwrought gold, un-mounted diamond & precious stones", few categories registered year-on-year variations, mainly exports of "**Sugars and sugar confectionery**" which rose by US\$ 11 million (115 percent)<sup>8</sup> and "**Iron and steel**" which rose by US\$ 10 million (164 percent)<sup>9</sup>. On the other hand, exports of "**Aircraft engines, Boilers, machinery and mechanical appliances**" decreased by 11 million (34 percent)<sup>10</sup>.
- **From a regional perspective**, exports to Arab countries witnessed an improvement of 2 percent (US\$ 5 million) during January-February 2017 compared to the same period of 2016. It is worth mentioning that this increase is attributed to higher exports to Syria and Kuwait with respective increases of US\$ 24 million and US\$ 5 million. In contrast, exports to Saudi Arabia and United Arab Emirates contracted by US\$ 9 million and US\$ 5 million respectively.
- Lastly, the **breakdown of Lebanese exports by major destination** shows that South Africa was at the top of the list during the first two months of 2017 with a share of 14 percent, followed by some regional countries mainly Syria and the United Arab Emirates with shares of 11 percent and 8 percent respectively.

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<sup>8</sup> This is mainly due to higher exports to Syria by US\$ 10 million.

<sup>9</sup> Driven by higher exports to Turkey by 172 percent (US\$ 9 million).

<sup>10</sup> Mostly due to lower exports to Germany by 97 percent (US\$ 12 million) slightly counterbalanced by the increase in exports to Saudi Arabia by 134 percent (US\$ 2 million).

**Table 1: Trade activity by value**

(US\$ millions)	2016	2017	% Change	2013	2014	2015	2016	2017	% Change
	February	February	Feb 17/16	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb 17/16
<b>Imports</b>	1,377	1,648	20%	3,437	3,605	2,661	2,872	3,252	13%
<i>of which mineral fuel &amp; oil</i>	316	528	67%	1,058	1,067	485	684	885	30%
-EDL registered fuel imports	157	214	36%	238	473	0	354	296	-16%
-Non EDL fuel imports	159	314	97%	820	594	485	330	590	79%
<i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals</i>	76	75	-1%	254	173	117	144	224	56%
<b>Exports</b>	228	226	-1%	785	497	486	414	456	10%
<i>of which Unwrought gold, un-mounted diamond, &amp; precious metals</i>	42	38	-10%	232	91	82	70	110	57%
<b>Trade Balance</b>	<b>-1,149</b>	<b>-1,422</b>	<b>24%</b>	<b>-2,652</b>	<b>-3,108</b>	<b>-2,174</b>	<b>-2,458</b>	<b>-2,796</b>	<b>14%</b>

Source: Directorate General of Customs, Ministry of Finance

**Table 2: Trade activity by volume**

(Millions of kgs)	2016	2017	% Change	2013	2014	2015	2016	2017	% Change
	February	February	Feb 17/16	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb	Jan – Feb 17/16
<b>Imports</b>	1,405	2,155	53%	2,514	2,807	2,335	2,887	3,618	25%
<i>of which mineral fuel &amp; oil</i>	663	1,178	78%	1,125	1,162	932	1,400	1,932	38%
-EDL registered fuel imports	199	523	163%	232	499	0	492	718	46%
-Non EDL fuel imports	464	654	41%	893	663	932	908	1,214	34%
<i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals (Kgs)</i>	71,312	82,096	15%	137,204	181,692	156,382	149,661	187,734	25%
<b>Exports</b>	123	189	53%	479	276	325	228	321	41%
<i>of which Unwrought gold, un-mounted diamond, &amp; precious metals (Kgs)</i>	4,198	5,027	20%	8,466	7,407	10,836	6,478	7,812	21%
<b>Trade Balance</b>	<b>-1,282</b>	<b>-1,966</b>	<b>53%</b>	<b>-2,035</b>	<b>-2,530</b>	<b>-2,010</b>	<b>-2,659</b>	<b>-3,296</b>	<b>24%</b>

Source: Directorate General of Customs, Ministry of Finance

✚ The distribution of the top traded products is as follows:

**Table 3: IMPORT Distribution by Product (in US\$ million)**

Rank	Product	Jan-Feb 2016	% Share	Jan-Feb 2017	% Share	Value Change	% Change
1	Mineral fuels and oils	684	24%	885	27%	202	30%
2	Vehicles and accessories, cranes & lorries	235	8%	247	8%	11	5%
3	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	144	5%	224	7%	80	56%
4	Pharmaceutical products	173	6%	197	6%	24	14%
5	Aircraft engines, Boilers, machinery and mechanical appliances	154	5%	168	5%	14	9%
6	Electrical machinery and equipment	105	4%	113	3%	8	8%
7	Plastics and articles thereof	83	3%	95	3%	13	15%
8	Iron and steel	84	3%	80	2%	-4	-5%
9	Articles of apparel and clothing	82	3%	72	2%	-9	-12%
10	Cereals	47	2%	52	2%	5	10%
	Other	1082	38%	1118	34%	36	3%
	<b>Total</b>	<b>2,872</b>	<b>100%</b>	<b>3,252</b>	<b>100%</b>	<b>380</b>	<b>13%</b>

Source: MOF, DGC

**Table 4: EXPORT Distribution by Product (in US\$ million)**

Rank	Product	Jan-Feb 2016	% Share	Jan-Feb 2017	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	70	17%	110	24%	40	57%
2	Electrical machinery and equipment	28	7%	28	6%	0	1%
3	Aircraft engines, Boilers, machinery and mechanical appliances	33	8%	22	5%	-11	-34%
4	Sugars and sugar confectionery	9	2%	20	4%	11	115%
5	Plastics and articles	19	5%	20	4%	0	2%
6	Essential oils and resino	21	5%	19	4%	-2	-10%
7	Preparations of vegetable	21	5%	17	4%	-4	-19%
8	Edible fruit and nuts	13	3%	17	4%	4	33%
9	Iron and steel	6	1%	16	3%	10	164%
10	Printed books, newspapers	14	3%	14	3%	0	-2%
	Other	180	44%	174	38%	-6	-3%
	<b>Total</b>	<b>414</b>	<b>100%</b>	<b>456</b>	<b>100%</b>	<b>42</b>	<b>10%</b>

Source: MOF, DGC



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