

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 9,208 million during January-July 2016, 8 percent higher than the deficit of US\$ 8,545 million registered during the same period of 2015. The US\$ 663 million deterioration in the trade deficit is rooted in significantly higher imports by US\$ 526 million coupled with a decrease of US\$ 137 million in exports during the period under consideration.

Total **imports** reached US\$ 10,842 million during January-July 2016, registering an increase of 5 percent in value terms and 18 percent in volume terms, when compared to the same period of 2015.

- This hike in imports was induced by a significantly higher bill of "**Mineral fuel and oil**" by 37 percent (US\$ 620 million), reflecting a 55 percent increase in terms of volume. This is due to the registration of US\$ 1,044 million worth of fuel imports to EDL during the first seven months of 2016 compared to nil during the similar period of 2015, despite the year-on-year contraction in the value of non-EDL fuel imports by 26 percent (US\$ 424 million)¹.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" witnessed a year-on-year increase of 29 percent (US\$ 139 million) in terms of value, while in volume terms it decreased by 2 percent. This discrepancy is partly attributed to a price variation, since average gold prices increased from an average of US\$ 1,193.88 per ounce during January-July 2015 to an average of US\$ 1,236.84 per ounce during the same period of 2016, especially that the main increase was registered in the high value component "Gold (including gold plated with platinum) unwrought" witnessing a 51 percent rise in its volume with a 61 percent (US\$ 180 million) rise in its value.
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports decreased by 3 percent (US\$ 233 million) during January-July 2016 compared to the same period of 2015. In fact, the main decreases were witnessed in "**Electrical machinery and equipment**" and "**Aircraft engines, Boilers, machinery and mechanical appliances**" with 17 percent (US\$ 88 million)² and 6 percent (US\$ 45 million)³ respectively compared to the previous year. This was partly offset by the increase in some other import categories, mainly "**Pharmaceutical products**" with 7 percent (US\$ 48 million)⁴, "**Vehicles other than railway or tramway**" with 4 percent (US\$ 38 million)⁵ and "**Iron and Steel**" with 9 percent (US\$ 28 million)⁶.

¹ Despite the slight increase of non-EDL fuel imports by 5 percent in volume terms, the drop in their value is mainly attributed to lower international fuel prices with the Brent price dropping from an average of US\$ 57.64 per barrel during Jan-July 2015 to US\$ 40.53 per barrel during the same period of 2016.

² Mainly due to a large drop in imports from Germany by 77 percent (US\$ 68 million).

³ This contraction is attributed to lower imports from the United Kingdom and the United States by 53 percent (US\$ 35 million) and 21 percent (US\$ 14 million) respectively.

⁴ This is partly attributed to higher imports from Ireland, Jordan and Germany by 61 percent (US\$ 18 million), 47 percent (US\$ 12 million) and 11 percent (US\$ 11 million) respectively.

⁵ Mainly due to a year-on-year increase in imports from the United States by 12 percent (US\$ 18 million), China by 42 percent (US\$ 13 million) and Slovakia by 104 percent (US\$ 10 million) during the aforementioned period, partly counterbalanced by a decrease in imports from Korea and Germany by 15 percent (US\$ 10 million) and 4 percent (US\$ 9 million) respectively.

⁶ This increase is attributed to higher imports from China by 12 percent (US\$ 20 million) and Russia by 146 percent (US\$ 19 million) despite the drop in imports from Ukraine by 20 percent (US\$ 13 million).

- As for the **main import partners**, China ranked first during Jan-July 2016 with a share of 11 percent of total imports, noting that almost 16 percent of imports from this country are **“Iron and Steel”**. Italy and the United States followed with respective shares of 8 percent and 7 percent.

Exports amounted to US\$ 1,634 million during the period of January-July 2016, reflecting a considerable decrease of 8 percent compared to the same period of 2015⁷. This drop in value is reflected in a higher decrease of 22 percent in terms of volume.

- Despite the above mentioned drop, exports of **“Unwrought gold, un-mounted diamond & precious stones”** increased by 51 percent (US\$ 138 million) in terms of value⁸, in contrast with a 32 percent drop in terms of volume⁹.
- Excluding **“Unwrought gold, un-mounted diamond & precious stones”**, exports registered a remarkable year-on-year decrease of 18 percent (US\$ 275 million), partly due to a drop in exports of **“Electrical machinery and equipment”** by 28 percent (US\$ 36 million)¹⁰ and exports of **“Aircraft engines, Boilers, machinery and mechanical appliances”** by 18 percent (US\$ 23 million)¹¹. On the other hand, few categories registered an increase compared to the previous year, mainly exports of **“Miscellaneous edible preparations”** which rose by 15 percent (US\$ 7 million).
- **From a regional perspective**, exports to Arab countries witnessed a year-on-year decrease of 21 percent (US\$ 200 million) during January-July 2016. It is worth mentioning that this decrease is attributed to lower exports to most Arab countries mainly Saudi Arabia, the United Arab Emirates and Iraq by 27 percent (US\$ 62 million)¹², 23 percent (US\$ 41 million)¹³ and 28 percent (US\$ 36 million)¹⁴ respectively.
- Lastly, the **breakdown of Lebanese exports by major destination** shows that South Africa and Saudi Arabia were at the top of the list during January-July 2016 with respective shares of 19 percent and 10 percent from total exports, followed by other regional countries mainly the United Arab Emirates with a share of 9 percent.

⁷ This year-on-year drop comes despite the 13 percent increase registered in July 2016 compared to the same month a year earlier. In fact, it is attributed to deteriorations during most months compared to 2015, mainly in January and May with 26 percent and 19 percent respectively.

⁸ Driven by a remarkable increase in the high value component related to **“gold (including gold plated with platinum unwrought)”** by 123 percent compared to the same period last year which was reflected by a 100 percent increase in their volume.

⁹ This is mainly due to a large drop in volume of exports of **“articles of goldsmiths or silversmiths wares and parts thereof, of precious metal or/of metal clad with precious metal”** from 13,647 Kgs during Jan-July 2015 to 4,111 Kgs during the same period of 2016, with a less pronounced drop in their modest value (from US\$ 565 thousand in Jan-July 2015 to US\$ 342 thousand in Jan-July 2016).

¹⁰ This decrease is partly attributed to lower exports to Saudi Arabia by 68 percent (US\$ 17 million).

¹¹ Partly driven by lower exports to Netherlands by 98 percent (US\$ 10 million).

¹² Driven by a drop in several categories of exports, mainly **“Electrical machinery and equipment”**, **“furniture, bedding and mattresses”** and **“Unwrought & semi-manufactured gold”** by US\$ 17 million, US\$ 7 million and US\$ 6 million respectively.

¹³ This drop is mainly due to a y-o-y decrease of 51 percent (US\$ 35 million) in exports of **“Unwrought gold, un-mounted diamond & precious stones”**.

¹⁴ With lower exports in most categories of which **“Live animals”**, **“Sugars and sugar confectionery”** and **“Essential oils and resinoids”** by US\$ 8 million, US\$ 7 million and US\$ 5 million respectively.

Table 1: Trade activity by value

(US\$ millions)	2015	2016	% Change	2012	2013	2014	2015	2016	% Change
	July	July	July 16/15	Jan – July	Jan – July	Jan – July	Jan – July	Jan – July	Jan - July 16/15
Imports	1,527	1,447	-5%	12,620	12,511	11,938	10,316	10,842	5%
<i>of which mineral fuel & oil</i>	235	196	-17%	3,627	2,976	2,736	1,657	2,277	37%
-EDL registered fuel imports	0	0	NA	1,292	504	529	0	1,044	NA
-Non EDL fuel imports	235	196	-17%	2,335	2,472	2,206	1,657	1,233	-26%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	76	120	58%	954	751	569	484	623	29%
Exports	218	247	13%	2,489	2,595	1,935	1,771	1,634	-8%
<i>of which Unwrought gold, un-mounted diamond, & precious metals</i>	34	105	210%	961	579	351	271	409	51%
Trade Balance	-1,309	-1,201	-8%	-10,131	-9,916	-10,003	-8,545	-9,208	8%

Source: Directorate General of Customs, Ministry of Finance

Table 2: Trade activity by volume

(Millions of kgs)	2015	2016	% Change	2012	2013	2014	2015	2016	% Change
	July	July	July 16/15	Jan – July	Jan – July	Jan – July	Jan – July	Jan – July	Jan - July 16/15
Imports	1,216	1,265	4%	9,416	8,619	8,840	8,669	10,214	18%
<i>of which mineral fuel & oil</i>	387	469	21%	4,067	3,246	3,145	2,986	4,628	55%
-EDL registered fuel imports	0	0	NA	1,505	507	560	0	1,498	NA
-Non EDL fuel imports	387	469	21%	2,562	2,739	2,586	2,986	3,130	5%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	79,994	78,913	-1%	602,846	788,405	660,155	615,581	606,115	-2%
Exports	131	100	-24%	1,341	1,765	1,154	1,099	858	-22%
<i>of which Unwrought gold, un-mounted diamond, & precious metals (Kgs)</i>	3,190	3,688	16%	79,249	42,742	45,802	32,218	21,944	-32%
Trade Balance	-1,085	-1,165	7%	-8,075	-6,854	-7,686	-7,570	-9,357	24%

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- July 2015	% Share	Jan- July 2016	% Share	Value Change	% Change
1	Mineral fuels and oils	1,657	16%	2,277	21%	620	37%
2	Vehicles and accessories, cranes & lorries	944	9%	982	9%	38	4%
3	Pharmaceutical products	666	6%	714	7%	48	7%
4	Aircraft engines, Boilers, machinery and mechanical appliances	710	7%	665	6%	-45	-6%
5	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	484	5%	623	6%	139	29%
6	Electrical machinery and equipment	510	5%	422	4%	-88	-17%
7	Plastics and articles thereof	363	4%	356	3%	-8	-2%
8	Iron and steel	325	3%	353	3%	28	9%
9	Articles of apparel and clothing	300	3%	282	3%	-18	-6%
10	Optical, photographic	164	2%	166	2%	2	1%
	Others	4,192	41%	4,002	37%	-191	-5%
	Total	10,316	100%	10,842	100%	526	5%

Source: MOF, DGC

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

Rank	Product	Jan- July 2015	% Share	Jan- July 2016	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	271	15%	409	25%	138	51%
2	Aircraft engines, Boilers, machinery and mechanical appliances	126	7%	104	6%	-23	-18%
3	Electrical machinery and equipment	131	7%	95	6%	-36	-28%
4	Essential oils and resinoids; perfumery, cosmetics	74	4%	77	5%	4	5%
5	Plastics and articles thereof	71	4%	73	4%	2	3%
6	Preparations of vegetables	76	4%	67	4%	-10	-13%
7	Miscellaneous edible preparations	47	3%	54	3%	7	15%
8	Furniture, bedding, mattress	50	3%	41	2%	-10	-19%
9	Beverages, spirits	54	3%	41	2%	-13	-24%
10	Processed copper	55	3%	39	2%	-16	-29%
	Others	816	46%	635	39%	-181	-22%
	Total	1,771	100%	1,634	100%	-137	-8%

Source: MOF, DGC



For further information please contact:
Ministry of Finance
Macro fiscal Department – Budget Directorate
Tel: 961 1 956000- ext: 1716- 1731
Website: www.finance.gov.lb