

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 8,013 million during the first half of 2016, 11 percent higher than the deficit of US\$ 7,229 million registered during the same period of 2015. The US\$ 784 million deterioration in the trade deficit is rooted in significantly higher imports by US\$ 612 million coupled with a decrease of US\$ 172 million in exports during the period under consideration.

Total **imports** reached US\$ 9,394 million during the first half of 2016, registering an increase of 7 percent in value terms and 20 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 46 percent (US\$ 659 million), reflecting a 60 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 six 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 27 percent (US\$ 384 million)¹.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" witnessed a year-on-year increase of 23 percent (US\$ 95 million) in terms of value, while in volume terms it decreased by 2 percent. This discrepancy is attributed to a price variation, since average gold prices increased from an average of US\$ 1,205.26 per ounce during January-June 2015 to an average of US\$ 1,220.61 per ounce during the same period of 2016.
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports decreased by 2 percent (US\$ 149 million) during January-June 2016 compared to the same period of 2015. In fact, the main decreases were witnessed in "**Aircraft engines, Boilers, machinery and mechanical appliances**" and "**Electrical machinery and equipment**" with 8 percent (US\$ 47 million)² and 8 percent (US\$ 32 million)³ respectively compared to the previous year. This was partly offset by the increase in some other import categories, mainly "**Pharmaceutical products**" with 9 percent (US\$ 50 million)⁴, "**Vehicles other than railway or tramway**" with 6 percent (US\$ 50 million)⁵ and "**Iron and Steel**" with 7 percent (US\$ 18 million)⁶.
- As for the **main import partners**, China ranked first during the first half of 2016 with a share of 11 percent of total imports, noting that almost 15 percent of imports from this country are "**Aircraft engines, Boilers, machinery and mechanical appliances**". Italy and the United States followed with respective shares of 8 percent and 7 percent.

¹ Despite the slight increase of non-EDL fuel imports by 2 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\$ 57.81 per barrel during Jan-June 2015 to US\$ 39.61 per barrel during the same period of 2016.

² This contraction is mostly attributed to lower imports from the United Kingdom and the United States by 56 percent (US\$ 34 million) and 33 percent (US\$ 19 million) respectively.

³ Partly due to a decline in imports from Germany and the United States by 52 percent (US\$ 19 million) and 37 percent (US\$ 8 million), in spite of the increase in imports from France by 82 percent (US\$ 12 million).

⁴ This is partly attributed to higher imports from Ireland, Germany and Jordan by 68 percent (US\$ 16 million), 15 percent (US\$ 12 million) and 33 percent (US\$ 7 million) respectively.

⁵ Mainly due to a year-on-year increase of around US\$ 22 million (40 percent) in "Motor vehicles for the transport of goods" and US\$ 16 million (16 percent) in "Parts and accessories of the motor vehicles of headings" during the aforementioned period.

⁶ This increase is attributed to higher imports from Russia by 85 percent (US\$ 11 million) and Korea by 235 percent (US\$ 7 million).

Exports amounted to US\$ 1,381 million during the first half of 2016, reflecting a major decrease of 11 percent compared to the same period of 2015. 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 28 percent (US\$ 66 million) in terms of value⁷, in contrast with a 37 percent drop in terms of volume⁸.
- Excluding "Unwrought gold, un-mounted diamond & precious stones", exports registered a remarkable year-on-year decrease of 18 percent (US\$ 238 million), partly due to a drop in exports of **"Electrical machinery and equipment"** by 26 percent (US\$ 30 million)⁹ and exports of **"Aircraft engines, Boilers, machinery and mechanical appliances"** by 15 percent (US\$ 18 million)¹⁰. On the other hand, few categories registered a year-on-year increase, mainly exports of **"Miscellaneous edible preparations"** which rose by 17 percent (US\$ 7 million)¹¹.
- **From a regional perspective**, exports to Arab countries witnessed a year-on-year decrease of 20 percent (US\$ 164 million) during the first half of 2016. It is worth mentioning that this decrease is attributed to lower exports to Saudi Arabia, the United Arab Emirates and the Iraq by 26 percent (US\$ 52 million)¹², 22 percent (US\$ 35 million)¹³ and 25 percent (29 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-June 2016 with shares of 16 percent and 11 percent respectively from total exports, followed by other regional countries mainly the United Arab Emirates with a share of 9 percent.

⁷ Driven by a remarkable increase in the high value component related to "gold (including gold plated with platinum unwrought) by 74 percent compared to the same period last year driven by a 58 percent increase in their volume in addition to the rise in average gold prices in H1 2016 compared to H1 2015 (from US\$ 1205.26 in 2015 to US\$ 1220.61 per ounce in 2016).

⁸ 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 13,245 Kgs during Jan-June 2015 to 4,047 Kgs during the same period of 2016, with a less pronounced drop in their modest value (from US\$ 562 thousand in Jan-June 2015 to US\$ 339 thousand in Jan-June 2016).

⁹ This decrease is partly attributed to lower exports to Saudi Arabia by 66 percent (US\$ 14 million).

¹⁰ This decrease is mainly due to lower exports to Netherlands by 98 percent (US\$ 10 million).

¹¹ Driven by a US\$ 7 million increase in exports to Syria.

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\$ 14 million, US\$ 7 million and US\$ 5 million respectively.

¹³ This drop is due to a y-o-y decrease of 49 percent (US\$ 29 million) in exports of "Unwrought gold, un-mounted diamond & precious stones" and 97 percent (US\$ 8 million) in exports of "Copper and articles thereof" during the aforementioned period.

¹⁴ With lower exports in most categories of which "live animals" by US\$ 8 million and "Sugars and sugar confectionery" by US\$ 7 million.

Table 1: Trade activity by value

(US\$ millions)	2015	2016	% Change	2012	2013	2014	2015	2016	% Change
	June	June	June 16/15	Jan – June	Jan – June	Jan – June	Jan – June	Jan – June	Jan - June 16/15
Imports	1,690	1,533	-9%	10,882	10,796	10,280	8,782	9,394	7%
<i>of which mineral fuel & oil</i>	277	183	-34%	3,213	2,657	2,326	1,422	2,082	46%
-EDL registered fuel imports	0	0	NA	1,292	504	529	0	1,044	NA
-Non EDL fuel imports	277	183	-34%	1,921	2,152	1,797	1,422	1,038	-27%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	75	123	63%	834	665	505	408	503	23%
Exports	281	274	-3%	2,172	2,315	1,658	1,553	1,381	-11%
<i>of which Unwrought gold, un-mounted diamond, & precious metals</i>	34	95	178%	854	537	303	237	304	28%
Trade Balance	-1,409	-1,259	-11%	-8,709	-8,481	-8,622	-7,229	-8,013	11%

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
	June	June	June 16/15	Jan – June	Jan – June	Jan – June	Jan – June	Jan – June	Jan - June 16/15
Imports	1,398	1,374	-2%	8,087	7,441	7,533	7,453	8,950	20%
<i>of which mineral fuel & oil</i>	501	463	-8%	3,594	2,878	2,629	2,599	4,159	60%
-EDL registered fuel imports	0	0	NA	1,505	507	560	0	1,498	NA
-Non EDL fuel imports	501	463	-8%	2,089	2,371	2,069	2,599	2,661	2%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	115,533	97,978	-15%	521,122	653,380	546,520	535,587	527,201	-2%
Exports	193	151	-22%	1,151	1,565	955	969	758	-22%
<i>of which Unwrought gold, un-mounted diamond, & precious metals (Kgs)</i>	5,914	3,499	-41%	75,309	38,544	25,750	29,028	18,256	-37%
Trade Balance	-1,205	-1,223	1%	-6,936	-5,875	-6,578	-6,484	-8,192	26%

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- June 2015	% Share	Jan- June 2016	% Share	Value Change	% Change
1	Mineral fuels and oils	1,422	16%	2,082	22%	659	46%
2	Vehicles and accessories, cranes & lorries	784	9%	834	9%	50	6%
3	Pharmaceutical products	569	6%	618	7%	50	9%
4	Aircraft engines, Boilers, machinery and mechanical appliances	613	7%	566	6%	-47	-8%
5	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	408	5%	503	5%	95	23%
6	Electrical machinery and equipment	396	5%	364	4%	-32	-8%
7	Plastics and articles thereof	307	3%	305	3%	-2	-1%
8	Iron and steel	262	3%	279	3%	18	7%
9	Articles of apparel and clothing	261	3%	249	3%	-12	-5%
10	Optical, photographic	140	2%	144	2%	4	3%
	Others	3,620	41%	3,450	37%	-170	-5%
	Total	8,782	100%	9,394	100%	612	7%

Source: MOF, DGC

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

Rank	Product	Jan- June 2015	% Share	Jan- June 2016	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	237	15%	304	22%	66	28%
2	Aircraft engines, Boilers, machinery and mechanical appliances	114	7%	96	7%	-18	-15%
3	Electrical machinery and equipment	115	7%	85	6%	-30	-26%
4	Essential oils and resinoids; perfumery, cosmetics	64	4%	69	5%	5	7%
5	Plastics and articles thereof	61	4%	62	5%	2	3%
6	Preparations of vegetables	67	4%	59	4%	-8	-11%
7	Miscellaneous edible preparations	41	3%	48	3%	7	17%
8	Beverages, spirits	47	3%	37	3%	-10	-21.5%
9	Furniture, bedding, mattress	44	3%	36	3%	-8	-18.4%
10	Processed copper	50	3%	34	2%	-16	-31%
	Others	712	46%	550	40%	-162	-23%
	Total	1,553	100%	1,381	100%	-172	-11%

Source: MOF, DGC



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