

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 3,426 million for the first quarter of 2015, 26 percent lower than the deficit of US\$ 4,624 million registered during the same period of 2014. The US\$ 1,198 million improvement in the trade deficit is rooted in significantly lower imports by US\$ 1,226 million despite the slight decrease of US\$ 28 million in exports during the period under consideration.

Total **imports** reached US\$ 4,170 million during the first quarter of 2015, registering a decrease of 23 percent in value and 15 percent in volume, when compared to the same period of 2014.

- This drop in imports was induced by a significantly lower bill of "**Mineral fuel and oil**" of 50 percent (US\$ 708 million)¹, reflecting a 18 percent decline in terms of volume. In details, EDL fuel imports dropped from US\$ 529 million in January-March 2014 to nil during the similar period of the current year. Also Non-EDL fuel imports contracted by 20 percent (US\$ 179 million) when compared to the same period of 2014².
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" witnessed a 22 percent (US\$ 54 million) year-on-year decrease in terms of value, while in volume terms it decreased by a minor 1 percent³.
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports decreased by 12 percent (US\$ 464 million) during January-March 2015 compared to the same period of 2014. In fact, the main decreases were witnessed in "**Iron and steel**", "**Electrical machinery and equipment**" and "**plastic and articles thereof**" with 55 percent (US\$ 162 million)⁴, 33 percent (US\$ 94 million)⁵ and 18 percent (US\$ 30 million)⁶ respectively compared to the previous year, against respective drops of 51 percent, 15 percent and 11 percent in terms of volume. In contrast, imports of "**Cereals**" increased by 18 percent (US\$ 14 million) specifically from Ukraine and Republic of Moldova by US\$ 7 million and US\$ 5 million respectively.
- China ranked as Lebanon's top import trading partner in January-March 2015 with a share of 12 percent of total imports, noting that almost 15 percent of imports from this country are "**Aircraft engines, Boilers, machinery and mechanical appliances**". Italy and Germany followed with shares of 7 percent and 6 percent respectively.

Exports amounted to US\$ 744 million in the first quarter of 2015, reflecting a minor decrease of 4 percent compared to the first quarter of 2014. This drop in value is opposed to an increase of 8 percent in terms of volume.

¹ The large drop in value is mainly attributed to lower international fuel prices with the Brent price dropping to an average of US\$ 53.91 per barrel during Jan-March 2015 from US\$ 108.16 per barrel during the same period of 2014.

² This drop in value of non-EDL fuel imports came despite the 24 percent increase in terms of volume, reflecting the large drop in international fuel prices.

³ The drop in value is more prominent than the volume partly due to lower gold prices during the first quarter of 2015 with an average of US\$ 1,219 per ounce, against US\$ 1,293 per ounce during the same period of 2014.

⁴ Mainly due to a decline in imports from China and Turkey by 67 percent (US\$ 137 million) and 63 percent (US\$ 14 million) respectively.

⁵ This contraction is mainly attributed to lower imports from China and Germany by 44 percent (US\$ 45 million) and 26 percent (US\$ 9 million).

⁶ This drop is attributed to lower imports from Saudi Arabia by 34 percent (US\$ 13 million).

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**" decreased by 16 percent (US\$ 23 million) in terms of value, while in terms of volume it increased by 37 percent⁷.
- Excluding "Unwrought gold, un-mounted diamond & precious stones", exports registered a slight year-on-year decrease of 1 percent (US\$ 5 million). In fact, exports of "**Aircraft engines, Boilers, machinery and mechanical appliances**" and "**Plastic and articles**" declined by 21 percent (US\$ 12 million)⁸ and 19 percent (US\$ 6 million)⁹ respectively.
- On the other hand, few categories registered a year-on-year increase, mainly exports of "**Electrical machinery and equipment**" which rose by US\$ 10 million (21 percent)¹⁰.
- **From a regional perspective**, exports to Arab countries witnessed an increase of 4 percent (US\$ 17 million) during January-March 2015 compared to the same period of 2014. It is worth mentioning that this increase is attributed to higher exports to Saudi Arabia, Egypt and the United Arab Emirates by respective amounts of US\$ 17 million¹¹, US\$ 7 million and US\$ 5 million.
- Lastly, the **breakdown of Lebanese exports by major destination** shows that Saudi Arabia and the United Arab Emirates were at the top of the list during the first quarter of 2015 with respective shares of 13 percent and 10 percent, followed by other regional countries mainly Iraq with a share of 8 percent.

⁷ This is mainly due to the export of a relatively large volume of "articles of goldsmiths or silversmiths wares and parts thereof, of precious metal or/of metal clad with precious metal" with 7,018 Kgs (48 percent of total exports of "Unwrought gold, un-mounted diamond & precious stones") having a value of US\$ 291 thousand (0.2 percent of total exports in this category). In comparison, these exports registered a volume of 2,003 Kgs in January-March 2014 with a value of US\$ 97 thousand.

⁸ Due to lower exports to Iraq by 57 percent (US\$ 7 million).

⁹ This decrease is related to lower exports to USA by US\$ 4 million.

¹⁰ This increase can be explained by higher exports to Saudi Arabia by US\$ 9 million.

¹¹ Mainly due to a y-o-y rise in exports of Electrical products reaching US\$ 14 million in the first quarter of 2015.

Table 1: Trade activity by value

(US\$ millions)	2014	2015	% Change	2011	2012	2013	2014	2015	% Change
	March	March	March 15/14	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar 15/14
Imports	1,792	1,509	-16%	4,578	5,976	5,514	5,396	4,170	-23%
<i>of which mineral fuel & oil</i>	354	229	-35%	1,068	2,273	1,491	1,422	714	-50%
-EDL registered fuel imports	57	0	-100%	324	1,292	348	529	0	-100%
-Non EDL fuel imports	297	229	-23%	745	981	1,143	893	714	-20%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	78	80	3%	323	456	371	252	198	-22%
Exports	275	257	-6%	955	1,154	1,192	772	744	-4%
<i>of which Unwrought gold, un-mounted diamond, & precious metals</i>	52	38	-27%	291	541	316	143	120	-16%
Trade Balance	-1,517	-1,252	-17%	-3,623	-4,822	-4,322	-4,624	-3,426	-26%

Source: Directorate General of Customs, Ministry of Finance

Table 2: Trade activity by volume

(Millions of kgs)	2014	2015	% Change	2011	2012	2013	2014	2015	% Change
	March	March	March 15/14	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar 15/14
Imports	1,293	1,137	-12%	3,651	4,562	3,807	4,100	3,472	-15%
<i>of which mineral fuel & oil</i>	476	403	-15%	1,468	2,545	1,562	1,638	1,335	-18%
-EDL registered fuel imports	60	0	-100%	545	1,505	346	560	0	-100%
-Non EDL fuel imports	416	403	-3%	922	1,041	1,216	1,078	1,335	24%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	31,806	55,939	76%	205,964	181,754	204,941	213,941	212,330	-1%
Exports	137	121	-12%	766	514	769	413	446	8%
<i>of which Unwrought gold, un-mounted diamond, & precious metals (Kgs)</i>	3,204	3,703	16%	35,654	37,856	17,114	10,611	14,539	37%
Trade Balance	-1,156	-1,016	-12%	-2,885	-4,048	-3,038	-3,687	-3,026	-18%

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-March 2014	% Share	Jan-March 2015	% Share	Value Change	% Change
1	Mineral fuels and oils	1,422	26%	714	17%	-707	-50%
2	Vehicles and accessories, cranes & lorries	316	6%	319	8%	4	1%
3	Pharmaceutical products	303	6%	292	7%	-11	-4%
4	Aircraft engines, Boilers, machinery and mechanical appliances	286	5%	275	7%	-11	-4%
5	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	252	5%	198	5%	-54	-21%
6	Electrical machinery and equipment	284	5%	190	5%	-94	-33%
7	Plastics and articles thereof	166	3%	136	3%	-30	-18%
8	Iron and Steel	295	5%	133	3%	-162	-55%
9	Cereals	78	1%	92	2%	14	18%
10	Live animals	89	2%	87	2%	-2	-2%
	Others	1,907	35%	1,735	42%	-172	-9%
	Total	5,396	100%	4,170	100%	-1,226	-23%

Source: MOF, DGC

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

Rank	Product	Jan-March 2014	% Share	Jan-March 2015	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	143	19%	120	16%	-23	-16%
2	Electrical machinery and equipment	47	6%	56	8%	10	21%
3	Aircraft engines, Boilers, machinery and mechanical appliances	56	7%	45	6%	-12	-21%
4	Preparations of vegetables	32	4%	36	5%	4	12%
5	Essential oils and resino	27	4%	32	4%	4	16%
6	Plastic and articles thereof	33	4%	26	4%	-6	-19%
7	Processed and Refined Copper	25	3%	23	3%	-2	-8%
8	Furniture, bedding, mattresses	20	3%	22	3%	2	9%
9	Beverages, spirts and vinegar	22	3%	22	3%	0	2%
10	Paper and paperboard	22	3%	21	3%	0	-2%
	Others	346	45%	340	46%	-5	-1%
	Total	772	100%	744	100%	-28	-4%

Source: MOF, DGC



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