

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 4,624 million in the first quarter of 2014, 7 percent higher than the deficit of US\$ 4,322 million registered during the same period of 2013. The US\$ 302 million deterioration in the trade deficit is rooted in significantly lower exports - by US\$ 420 million – which were partly counterbalanced by lower imports of US\$ 117 million.

Total **imports** reached US\$ 5,396 million during the period of January-March 2014, registering a decrease of 2 percent in value terms, while in terms of volume it increased by 8 percent when compared to the same period of 2013.

- Imports of "**Mineral fuel and oil**" registered a year-on-year decrease of 5 percent (US\$ 69 million), while in terms of volume they increased by 5 percent. This decrease is driven by the 22 percent drop in non EDL fuel imports¹, that was partly offset by a significant increase of 52 percent in EDL fuel imports from US\$ 348 million in January- March 2013 to US\$ 529 million in the same period of 2014.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" decreased significantly during January-March 2014 by 32 percent (US\$ 119 million) while in terms of volume it increased by 4 percent (Table 1).

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

Description	Jan-March 2013	Jan-March 2014	Value Change	% Change
Diamonds, whether or not worked, but not mounted or set	61	49	-12	-20%
Precious stones (other than diamonds) and semi-precious stones	1	3	2	200%
Gold (including gold plated with platinum)	293	185	-108	-37%
Articles of jewelry and parts	11	8	-3	-27%
Imitation jewelry	3	3	0	0%

- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports increased by 2 percent (US\$ 71 million) during the first quarter of 2014 compared to the same period of 2013. In fact, the main increases were witnessed in "**Iron and steel**", "**Dairy produce ; birds 'eggs ; natural honey**" and "**Pharmaceutical products**" with 55 percent (US\$ 105 million)², 21 percent (US\$ 17 million)³ and 7 percent (US\$

¹ This decrease in imports of Non EDL Fuel can be partly attributed to a decrease in the average oil prices during the first quarter of 2014 (US\$ 108 per barrel of crude oil) when compared to the same period of 2013 (US\$ 112 per barrel).

² Mainly due to an increase in imports from China by US\$ 158 million (329 percent), in contrast, imports from Ukraine decreased by US\$ 49 million (59 percent).

³ This surge in imports of Dairy product is rooted in higher imports from Netherlands by 43 percent (US\$ 5 million).

20 million)⁴ respectively compared to the previous year, against respective rises of 66 percent, 6 percent and 8 percent in terms of volume.

- The impact of these increases has more than offset the decrease in imports of “Electric machinery and equipment”, “Vehicles and accessories, cranes & lorries” and “Aircraft engines, Boilers, machinery and mechanical appliances” which dropped respectively by 30 percent (US\$ 123 million)⁵, 10 percent (US\$ 37 million)⁶ and 8 percent (US\$ 23 million)⁷. This variation in value is interpreted in respective drops of 19 percent, 9 percent and 14 percent in terms of volume.
- For the first quarter of 2014, China ranked as Lebanon’s top import trading partner with a share of 12 percent of total imports, noting that 50 percent of imports from this country are “Iron and steel”. United States and Italy followed with shares of 8 percent each.

Total exports amounted to US\$ 772 million during the first quarter of 2014, reflecting a significant decrease of 35 percent when compared to the first quarter of 2013, along with a decrease of 46 percent in terms of volume.

- Exports of “Unwrought gold, un-mounted diamond & precious stones” decreased significantly by 55 percent (US\$ 172 million)⁸ in terms of value, compared to a decrease of 4 percent in terms of volume (Table 2).

Table 2: Exports of Natural and precious stones (US\$ Million)

Description	Jan-March 2013	Jan-March 2014	Value Change	% Change
Diamonds, whether or not worked, but not mounted or set.	35	21	-14	-40%
Precious stones (other than diamonds) and semi-precious stones.	2	5	3	150%
Gold (including gold plated with platinum).	255	98	-157	-62%
Articles of jewelry and parts.	19	15	-4	-21%

- Exports of “Mineral fuel and oil” registered a significant decrease of 96 percent both in terms of value and volume⁹ during the first quarter of 2014 compared to the same period of 2013.

⁴This increase is attributed to higher imports from Germany and France by 13 percent (US\$ 6 million) and 26 percent (US\$ 7 million) respectively.

⁵ Due to a decrease in imports from Turkey by 98 percent (US\$ 219 million) partly offset by an increase in imports from China by 99 percent (US\$ 51 million).

⁶ This decrease is due to lower imports from Korea by 33 percent (US\$ 16 million) and Germany by 11 percent (US\$ 11 million).

⁷ Mainly driven by a decrease in imports from United Kingdom by 56 percent (US\$ 14 million).

⁸ This decrease is mainly attributed to lower exports to South Africa and Switzerland by 56 percent (US\$ 105 million) and 75 percent (US\$ 52 million) respectively, coupled by a lower price of gold during the period of Jan-Mar 2014 with an average of US\$ 1,293 per ounce compared to an average of US\$ 1,630 during the same period of 2013.

⁹ This y-o-y drop in exports of fuel is mostly due to the decrease in exports to Syria by 98 percent (US\$ 171 million).

- Excluding "Unwrought gold, un-mounted diamond & precious stones", the most notable decreases were registered in exports of "**Processed and refined copper**" and "**Electrical machinery and equipment**" which declined by US\$ 36 million (59 percent)¹⁰ and US\$ 23 million (33 percent)¹¹ respectively.
- These decreases were partly counterbalanced by slightly higher exports of "**Printed books and newspapers**" and "**Beverages, spirits and vinegar**" by 70 percent (US\$ 11 million)¹² and 27 percent (US\$ 5 million)¹³ respectively.
- **From a regional perspective**, exports to Arab countries witnessed a year-on-year decrease of 32 percent (US\$ 184 million) during the first quarter of 2014. This decrease is mostly attributed to lower exports to Syria by 74 percent (US\$ 170 million). Also exports to the United Arab Emirates declined by 15 percent (US\$ 12 million).
- Lastly, the **breakdown of Lebanese exports by major destination** shows that South Africa¹⁴ was at the top of the list during January-March 2014 with a share of 11 percent of total exports - noting that almost all exports to this country are "unwrought gold, un-mounted diamond & precious stones"- followed by other regional countries mainly Saudi Arabia and the United Arab Emirates with a share of 10 percent and 9 percent respectively.

¹⁰ Driven by respective decreases of 63 percent (US\$ 13 million), 89 percent (US\$ 7 million) and 74 percent (US\$ 7 million) in exports to Korea, China and Greece.

¹¹ Due to a drop in exports to Saudi Arabia and Iraq by 71 percent (US\$ 12 million) and 49 percent (US\$ 8 million) respectively.

¹² Mainly to Saudi Arabia with an increase of US\$ 6 million.

¹³ Due to an increase in exports to Iraq by US\$ 2 million.

¹⁴ Although exports to this country decreased by 56 percent (US\$ 105 million) in the first quarter 2014 due to a drop in gold exports.

Table 3: Trade activity by value

(US\$ millions)	2013	2014	% Change	2010	2011	2012	2013	2014	% Change
	March	March	Mar 2014/2013	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar 2014/2013
Imports	2,076	1,792	-14%	4,385	4,578	5,976	5,514	5,396	-2%
<i>of which mineral fuel & oil</i>	433	354	-18%	993	1,068	2,273	1,491	1,422	-5%
-EDL registered fuel imports	110	57	-48%	380	324	1,292	348	529	52%
-Non EDL fuel imports	323	297	-8%	613	745	981	1,143	893	-22%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	117	78	-33%	287	323	456	371	252	-32%
Exports	406	275	-32%	1,029	955	1,154	1,192	772	-35%
<i>of which Unwrought gold, un-mounted diamond, & precious metals</i>	84	52	-38%	279	291	541	316	143	-55%
<i>of which mineral fuel & oil</i>	67	2	-97%	1	1	1	178	7	-96%
Trade Balance	-1,670	-1,517	-9%	-3,356	-3,623	-4,822	-4,322	-4,624	7%

Table 4: Trade activity by volume

(millions of Tons)	2013	2014	% Change	2010	2011	2012	2013	2014	% Change
	March	March	Mar 2014/2013	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar	Jan-Mar 2014/2013
Imports	1,293	1,293	0%	3,768	3,651	4,562	3,807	4,100	8%
<i>of which mineral and fuel oil</i>	437	476	9%	1,660	1,468	2,545	1,562	1,638	5%
-EDL registered fuel imports	114	60	-47%	672	545	1,505	346	560	62%
-Non EDL fuel imports	323	416	29%	988	922	1,041	1,216	1,078	-11%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	67,727	31,806	-53%	200,407	205,964	181,754	204,941	213,941	4%
Exports	290	137	-53%	840	766	514	769	413	-46%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	8,649	3,204	-63%	22,981	35,654	37,856	17,114	10,611	-38%
<i>of which mineral and fuel oil</i>	64	2	-97%	1	1	1	171	6	-96%
Trade Balance	-1,003	-1,156	15%	-2,928	-2,885	-4,048	-3,038	-3,687	21%

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

Rank	Product	Jan-Mar 2013	% Share	Jan-Mar 2014	% Share	Value Change	% Change
1	Mineral fuels and oils	1,491	27%	1,422	26%	-70	-5%
2	Vehicles and accessories, cranes & lorries	353	6%	316	6%	-37	-10%
3	Pharmaceutical products	283	5%	303	6%	20	7%
4	Iron and Steel	190	3%	295	5%	105	55%
5	Aircraft engines, Boilers, machinery and mechanical appliances	309	6%	286	5%	-23	-8%
6	Electrical machinery and equipment	407	7%	284	5%	-123	-30%
7	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	371	7%	252	5%	-119	-32%
8	Plastics and articles thereof	149	3%	166	3%	17	11%
9	Articles of apparel and clothing	129	2%	125	2%	-4	-3%
10	Dairy products	82	1%	99	2%	17	21%
	Other	1,750	32%	1,850	34%	100	6%
	Total	5,514	100%	5,396	100%	-117	-2%

Source: MOF, DGC

Rank	Product	Jan-Mar 2013	% Share	Jan-Mar 2014	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	316	32%	143	19%	-172	-55%
2	Aircraft engines, Boilers, machinery and mechanical appliances	55	6%	56	7%	1	2%
3	Electrical machinery and equipment	69	7%	47	6%	-23	-33%
4	Plastic and articles thereof	30	3%	33	4%	3	9%
5	Preparations of vegetables	28	3%	32	4%	4	16%
6	Essential oils and resins	23	2%	27	4%	4	17%
7	Printed book, newspapers	15	2%	26	3%	11	70%
8	Processed and Refined Copper	60	6%	25	3%	-36	-59%
9	Miscellaneous edible preparations	14	1%	22	3%	8	57%
10	Paper and paperboard	20	2%	22	3%	2	9%
	Other	561	47%	340	44%	-221	-39%
	Total	1,192	100%	772	100%	-420	-35%

Source: MOF, DGC



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