

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 3,988 million for the first quarter of 2016, higher than the deficit of US\$ 3,426 million registered during the same period of 2015. The US\$ 562 million deterioration in the trade deficit is rooted in significantly higher imports by US\$ 452 million coupled with a decrease of US\$ 109 million in exports during the period under consideration.

Total **imports** reached US\$ 4,622 million during the first quarter of 2016, registering an increase of 11 percent in value terms and 31 percent in volume terms, when compared to the same period of 2015.

- This jump in imports was induced by a significantly higher bill of "**Mineral fuel and oil**" by 66 percent (US\$ 472 million), reflecting a 70 percent increase in terms of volume. In details, EDL fuel imports reached 658 US\$ million in January-March 2016 compared to nil during the similar period of 2015, while non-EDL fuel imports contracted by 26 percent (US\$ 186 million)<sup>1</sup> when compared to the same period of 2015.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" witnessed a year-on-year increase of 8 percent (US\$ 15 million) in terms of value, while in volume terms it increased only by 2 percent. Despite the drop in gold prices from an average of US\$ 1,219 per ounce during January-March 2015 to US\$ 1,180 per ounce during the same period of 2016, the year-on-year increase is more pronounced in value terms than in volume terms, mainly due to higher imports of "Gold (including gold plated and platinum) unwrought" by 23 percent (against 28 percent in volume), therefore increasing the share of this high value subcategory from 64 percent from total imports of "Unwrought gold, un-mounted diamond & precious stones" during the first quarter of 2015 to 73 percent during the same period of 2016.
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports decreased by a mere 1 percent (US\$ 35 million) during the first quarter of 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 13 percent (US\$ 25 million)<sup>2</sup> and 9 percent (US\$ 23 million)<sup>3</sup> respectively compared to the previous year. These decreases were counterbalanced by the increase in imports of "**Vehicles other than railway or tramway**" and "**Edible vegetables and cereals**" by 9 percent (US\$ 29 million)<sup>4</sup> and with 45 percent (US\$ 25 million)<sup>5</sup> respectively.
- As for the main import partners, China ranked first during January-March 2016 with a share of 11 percent of total imports, noting that almost 17 percent of imports from this country are "**iron and steel**". The United States and Netherlands followed with respective shares of 8 percent and 7 percent.

<sup>1</sup> Despite the increase in volume terms by 6 percent, the drop in value is mainly attributed to lower international fuel prices with the Brent price dropping from an average of US\$ 53.9 per barrel during the first quarter of 2015 to US\$ 33.7 per barrel during the same period of 2016.

<sup>2</sup> Mainly due to a decline in imports from Germany by 76 percent (US\$ 19 million).

<sup>3</sup> This contraction is mostly attributed to lower imports from the United States by 53 percent (US\$ 16 million).

<sup>4</sup> This increase is mainly due to a hike in imports from the United States and Japan by 18 percent (US\$ 11 million) and 23 percent (US\$ 10 million) respectively.

<sup>5</sup> This is attributed to higher imports from Egypt and Syria by 86 percent (US\$ 18 million) and 179 percent (US\$ 11 million) respectively.

**Exports** amounted to US\$ 634 million during the first quarter of 2016, reflecting a major decrease of 15 percent compared to the first quarter of 2015. This drop in value is reflected in a decrease of 21 percent in terms of volume.

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**" decreased by 9 percent (US\$ 11 million) in terms of value, while in terms of volume it decreased by 31 percent<sup>6</sup>.
- Excluding "Unwrought gold, un-mounted diamond & precious stones", exports registered a significant year-on-year decrease of 16 percent (US\$ 98 million), partly due to a drop in exports of "**Electrical machinery and equipment**" which plunged by 26 percent (US\$ 14 million)<sup>7</sup>.
- On the other hand, few categories registered a year-on-year increase, mainly exports of "**Aircraft engines, Boilers, machinery and mechanical appliances**" which increased by 12 percent (US\$ 5 million)<sup>8</sup>.
- **From a regional perspective**, exports to Arab countries witnessed a decrease of 23 percent (US\$ 96 million) during January-March 2016 compared to the same period of 2015. It is worth mentioning that this decrease is attributed to lower exports to Saudi Arabia, Iraq and the United Arab Emirates by US\$ 25 million for the first two countries<sup>9</sup> and US\$ 18 million for the latter<sup>10</sup>.
- Lastly, the **breakdown of Lebanese exports by major destination** shows that South Africa and Saudi Arabia were at the top of the list during the first quarter of 2016 with 12 percent each, followed by other regional countries mainly the United Arab Emirates with a share of 9 percent.

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<sup>6</sup> 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 7,018 Kgs during the first quarter of 2015 to 3,096 Kgs during the same period of 2016, without any significant drop in their value (US\$ 291 thousand in Q1 2015 compared to US\$ 290 thousand in Q1 2016).

<sup>7</sup> This decrease can be explained by lower exports to Saudi Arabia by US\$ 9 million.

<sup>8</sup> Mainly due to an increase in exports to Germany by US\$ 9 million, partly counterbalanced by a decrease in exports to Egypt and Iraq by US\$ 2 million each.

<sup>9</sup> The y-o-y decrease in exports to Saudi Arabia is partly due to a US\$ 9 million drop in exports of "Electrical machinery and equipment" during Q1 2016. As for the drop in exports to Iraq, it can be partly attributed to lower exports of "Essential oils and resinoids, perfumery, cosmetics" by US\$ 7 million.

<sup>10</sup> This drop is due to a 55 percent y-o-y decrease (US\$ 18 million) in exports of "Unwrought gold, un-mounted diamond & precious stones" to the United Arab Emirates during the aforementioned period.

**Table 1: Trade activity by value**

(US\$ millions)	2015	2016	% Change	2012	2013	2014	2015	2016	% Change
	March	March	March 16/15	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan - Mar 16/15
<b>Imports</b>	<b>1,509</b>	<b>1,750</b>	<b>16%</b>	<b>5,976</b>	<b>5,514</b>	<b>5,396</b>	<b>4,170</b>	<b>4,622</b>	<b>11%</b>
<i>of which mineral fuel &amp; oil</i>	229	502	119%	2,273	1,491	1,422	714	1,186	66%
-EDL registered fuel imports	0	304	NA	1,292	348	529	0	658	NA
-Non EDL fuel imports	229	198	-13%	981	1,143	893	714	528	-26%
<i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals</i>	80	69	-14%	456	371	252	198	213	8%
<b>Exports</b>	<b>257</b>	<b>220</b>	<b>-14%</b>	<b>1,154</b>	<b>1,192</b>	<b>772</b>	<b>744</b>	<b>634</b>	<b>-15%</b>
<i>of which Unwrought gold, un-mounted diamond, &amp; precious metals</i>	38	39	4%	541	316	143	120	109	-9%
<b>Trade Balance</b>	<b>-1,252</b>	<b>-1,530</b>	<b>22%</b>	<b>-4,822</b>	<b>-4,322</b>	<b>-4,624</b>	<b>-3,426</b>	<b>-3,988</b>	<b>16%</b>

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
	March	March	March 16/15	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan – Mar	Jan - Mar 16/15
<b>Imports</b>	<b>1,138</b>	<b>1,675</b>	<b>47%</b>	<b>4,562</b>	<b>3,807</b>	<b>4,100</b>	<b>3,474</b>	<b>4,562</b>	<b>31%</b>
<i>of which mineral fuel &amp; oil</i>	403	873	117%	2,545	1,562	1,638	1,335	2,273	70%
-EDL registered fuel imports	0	359	NA	1,505	346	560	0	851	NA
-Non EDL fuel imports	403	513	27%	1,041	1,216	1,078	1,335	1,422	6%
<i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals (Kgs)</i>	55,939	66,111	18%	181,754	204,941	213,941	212,330	215,773	2%
<b>Exports</b>	<b>121</b>	<b>123</b>	<b>2%</b>	<b>514</b>	<b>769</b>	<b>413</b>	<b>446</b>	<b>351</b>	<b>-21%</b>
<i>of which Unwrought gold, un-mounted diamond, &amp; precious metals (Kgs)</i>	3,703	3,603	-3%	37,856	17,114	10,611	14,539	10,081	-31%
<b>Trade Balance</b>	<b>-1,017</b>	<b>-1,552</b>	<b>53%</b>	<b>-4,048</b>	<b>-3,038</b>	<b>-3,687</b>	<b>-3,028</b>	<b>-4,211</b>	<b>39%</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-March 2015	% Share	Jan-March 2016	% Share	Value Change	% Change
1	Mineral fuels and oils	714	17%	1,186	26%	472	66%
2	Vehicles and accessories, cranes & lorries	319	8%	348	8%	29	9%
3	Pharmaceutical products	292	7%	299	6%	8	3%
4	Aircraft engines, Boilers, machinery and mechanical appliances	275	7%	251	5%	-23	-9%
5	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	198	5%	213	5%	15	8%
6	Electrical machinery and equipment	190	5%	165	4%	-25	-13%
7	Articles of apparel and clothing	138	3%	141	3%	3	2%
8	Iron and steel	133	3%	138	3%	6	4%
9	Plastics and articles thereof	136	3%	138	3%	2	2%
10	Edible vegetables and cereals.	55	1%	80	2%	25	45%
	Others	1,720	41%	1,662	36%	-58	-3%
	<b>Total</b>	<b>4,170</b>	<b>100%</b>	<b>4,622</b>	<b>100%</b>	<b>452</b>	<b>11%</b>

Source: MOF, DGC

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

Rank	Product	Jan-March 2015	% Share	Jan-March 2016	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	120	16%	109	17%	-11	-9%
2	Aircraft engines, Boilers, machinery and mechanical appliances	45	6%	50	8%	5	12%
3	Electrical machinery and equipment	56	8%	42	7%	-14	-26%
4	Preparations of vegetables	36	5%	32	5%	-4	-12%
5	Essential oils and resinoids; perfumery, cosmetics	32	4%	31	5%	-1	-3%
6	Plastics and articles thereof	26	4%	31	5%	4	17%
7	Miscellaneous edible preparations	18	2%	19	3%	1	8%
8	Edible fruit and nuts	18	2%	19	3%	1	3%
9	Printed books, newspapers	19	3%	18	3%	-1	-5%
10	Furniture, bedding, mattress	22	3%	18	3%	-5	-22%
	Others	351	47%	266	42%	-85	-24%
	<b>Total</b>	<b>744</b>	<b>100%</b>	<b>634</b>	<b>100%</b>	<b>-110</b>	<b>-15%</b>

Source: MOF, DGC



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