

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 6,754 million during January-May 2016, 16 percent higher than the deficit of US\$ 5,828 million registered during the same period of 2015. The US\$ 926 million deterioration in the trade deficit is rooted in significantly higher imports by US\$ 763 million coupled with a decrease of US\$ 163 million in exports during the period under consideration.

Total **imports** reached US\$ 7,862 million during January-May 2016, registering an increase of 11 percent in value terms and 25 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 66 percent (US\$ 753 million), reflecting a 76 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 five months of 2016 compared to nil during the similar period of 2015, despite the contraction in the value of non-EDL fuel imports by 25 percent (US\$ 290 million)<sup>1</sup> when compared to the same period a year earlier.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" witnessed a year-on-year increase of 14 percent (US\$ 47 million) in terms of value, while in volume terms it increased by 2 percent. This discrepancy cannot be attributed to a price variation, since average gold prices remained almost the same with an average of US\$ 1,210.15 per ounce registered during January-May 2015 compared to US\$ 1,209.24 per ounce during the same period of 2016. In fact, the pronounced year-on-year increase in value terms is mainly due to higher imports of "**Gold (including gold plated and platinum) unwrought**" by 37 percent (against 26 percent in volume), therefore increasing the share of this high value subcategory from 60 percent from total imports of "**Unwrought gold, un-mounted diamond & precious stones**" during January-May 2015 to 72 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\$ 38 million) during January-May 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 10 percent (US\$ 50 million)<sup>2</sup> and 10 percent (US\$ 33 million)<sup>3</sup> respectively compared to the previous year. On the other hand, some categories of imports witnessed a year-on-year increase, mainly "**Vehicles other than railway or tramway**" and "**Pharmaceutical products**" with 9 percent (US\$ 55 million)<sup>4</sup> and with 10 percent (US\$ 46 million)<sup>5</sup> respectively.
- As for the main import partners, China ranked first during January-May 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**

<sup>1</sup> Despite the increase in volume terms by 5 percent, the drop in value is mainly attributed to lower international fuel prices with the Brent price dropping from an average of US\$ 57.07 per barrel during Jan-May 2015 to US\$ 37.9 per barrel during the same period of 2016.

<sup>2</sup> This contraction is mostly attributed to lower imports from the United Kingdom and the United States by 60 percent (US\$ 34 million) and 33 percent (US\$ 16 million) respectively.

<sup>3</sup> Mainly due to a decline in imports from Germany by 65 percent (US\$ 22 million).

<sup>4</sup> This increase is mostly due to a hike in imports from the United States by 22 percent (US\$ 21 million)

<sup>5</sup> This is attributed to higher imports from the United States, Ireland and Germany by 29 percent (US\$ 15 million), 59 percent (US\$ 12 million) and 17 percent (US\$ 12 million) respectively.

**and mechanical appliances**". Italy and the United States followed with respective shares of 8 percent and 7 percent.

**Exports** amounted to US\$ 1,108 million during January-May 2016, reflecting a major decrease of 13 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 3 percent (US\$ 6 million) in terms of value, in contrast with a 36 percent drop in terms of volume<sup>6</sup>.
- Excluding "Unwrought gold, un-mounted diamond & precious stones", exports registered a remarkable year-on-year decrease of 16 percent (US\$ 169 million), partly due to a drop in exports of **"Electrical machinery and equipment"** by 26 percent (US\$ 25 million)<sup>7</sup> and exports of **"Processed copper"** by 28 percent (US\$ 12 million)<sup>8</sup>. On the other hand, few categories registered a year-on-year increase, mainly exports of **"Plastics and articles"** which rose by 10 percent (US\$ 5 million)<sup>9</sup>.
- **From a regional perspective**, exports to Arab countries witnessed a year-on-year decrease of 22 percent (US\$ 149 million) during January-May 2016. It is worth mentioning that this decrease is attributed to lower exports to Saudi Arabia, Iraq and the United Arab Emirates by 25 percent (US\$ 41 million)<sup>10</sup>, 33 percent (US\$ 33 million)<sup>11</sup> and 23 percent (32 million)<sup>12</sup> 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-May 2016 with a share from total exports of 13 percent and 11 percent respectively, 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 10,202 Kgs during Jan-May 2015 to 3,515 Kgs during the same period of 2016, with a 29 percent drop in their value (from US\$ 449 thousand in Jan-May 2015 to US\$ 320 thousand in Jan-May 2016).

<sup>7</sup> This decrease is partly attributed to lower exports to Saudi Arabia by 67 percent (US\$ 13 million).

<sup>8</sup> This decrease is mainly due to lower exports to South Korea by 42 percent (US\$ 9 million).

<sup>9</sup> Driven by an increase in exports to Syria by US\$ 8 million.

<sup>10</sup> Driven by a drop in several categories of exports, mainly "Electrical machinery and equipment", "furniture, bedding and mattresses" and "printed books, newspapers" by US\$ 13 million, US\$ 6 million and US\$ 4 million respectively.

<sup>11</sup> With lower exports in most categories of which "live animals" by US\$ 8 million and "Sugars and sugar confectionery" by US\$ 7 million.

<sup>12</sup> This drop is due to a y-o-y decrease of 52 percent (US\$ 28 million) in exports of "Unwrought gold, un-mounted diamond & precious stones" and 96 percent (US\$ 7 million) in exports of "Copper and articles thereof" during the aforementioned period.

**Table 1: Trade activity by value**

| (US\$ millions)  | 2015          | 2016          | % Change    | 2012          | 2013          | 2014          | 2015          | 2016          | % Change        |
|--|---------------|---------------|-------------|---------------|---------------|---------------|---------------|---------------|-----------------|
|  | May           | May           | May 16/15   | Jan – May     | Jan – May     | Jan – May     | Jan – May     | Jan – May     | Jan - May 16/15 |
| <b>Imports</b>   | <b>1,486</b>  | <b>1,630</b>  | <b>10%</b>  | <b>9,169</b>  | <b>9,160</b>  | <b>8,713</b>  | <b>7,099</b>  | <b>7,862</b>  | <b>11%</b>      |
| <i>of which mineral fuel &amp; oil</i>   | 244           | 346           | 42%         | 2,854         | 2,279         | 2,038         | 1,145         | 1,899         | 66%             |
| -EDL registered fuel imports   | 0             | 177           | NA          | 1,292         | 454           | 529           | 0             | 1,044         | NA              |
| -Non EDL fuel imports  | 244           | 169           | -31%        | 1,562         | 1,825         | 1,508         | 1,145         | 855           | -25%            |
| <i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals</i> | 64            | 87            | 35%         | 707           | 601           | 435           | 333           | 380           | 14%             |
| <b>Exports</b>   | <b>293</b>    | <b>237</b>    | <b>-19%</b> | <b>1,827</b>  | <b>1,967</b>  | <b>1,387</b>  | <b>1,272</b>  | <b>1,108</b>  | <b>-13%</b>     |
| <i>of which Unwrought gold, un-mounted diamond, &amp; precious metals</i>                      | 50            | 59            | 19%         | 755           | 482           | 260           | 203           | 209           | 3%              |
| <b>Trade Balance</b>   | <b>-1,192</b> | <b>-1,393</b> | <b>17%</b>  | <b>-7,342</b> | <b>-7,193</b> | <b>-7,326</b> | <b>-5,828</b> | <b>-6,754</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        |
|--|---------------|---------------|-------------|---------------|---------------|---------------|---------------|---------------|-----------------|
|  | May           | May           | May 16/15   | Jan – May     | Jan – May     | Jan – May     | Jan – May     | Jan – May     | Jan - May 16/15 |
| <b>Imports</b>   | <b>1,244</b>  | <b>1,516</b>  | <b>22%</b>  | <b>6,850</b>  | <b>6,221</b>  | <b>6,389</b>  | <b>6,057</b>  | <b>7,577</b>  | <b>25%</b>      |
| <i>of which mineral fuel &amp; oil</i>   | 439           | 736           | 68%         | 3,199         | 2,435         | 2,340         | 2,098         | 3,695         | 76%             |
| -EDL registered fuel imports   | 0             | 360           | NA          | 1,505         | 455           | 560           | 0             | 1,498         | NA              |
| -Non EDL fuel imports  | 439           | 376           | -14%        | 1,694         | 1,980         | 1,781         | 2,098         | 2,198         | 5%              |
| <i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals (Kgs)</i> | 157,992       | 166,037       | 5%          | 391,438       | 544,688       | 420,714       | 420,054       | 429,233       | 2%              |
| <b>Exports</b>   | <b>207</b>    | <b>125</b>    | <b>-40%</b> | <b>929</b>    | <b>1,287</b>  | <b>762</b>    | <b>775</b>    | <b>607</b>    | <b>-22%</b>     |
| <i>of which Unwrought gold, un-mounted diamond, &amp; precious metals (Kgs)</i>                      | 5,077         | 3,082         | -39%        | 58,623        | 34,110        | 18,958        | 23,114        | 14,757        | -36%            |
| <b>Trade Balance</b>   | <b>-1,037</b> | <b>-1,391</b> | <b>34%</b>  | <b>-5,921</b> | <b>-4,934</b> | <b>-5,627</b> | <b>-5,281</b> | <b>-6,970</b> | <b>32%</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- May<br>2015 | %<br>Share  | Jan-May<br>2016 | %<br>Share  | Value<br>Change | %<br>Change |
|------|--|------------------|-------------|-----------------|-------------|-----------------|-------------|
| 1    | Mineral fuels and oils   | 1,145            | 16%         | 1,899           | 24%         | 753             | 66%         |
| 2    | Vehicles and accessories, cranes & lorries                             | 618              | 9%          | 674             | 9%          | 55              | 9%          |
| 3    | Pharmaceutical products  | 470              | 7%          | 516             | 7%          | 46              | 10%         |
| 4    | Aircraft engines, Boilers, machinery and mechanical appliances         | 508              | 7%          | 458             | 6%          | -50             | -10%        |
| 5    | Unwrought & semi-manufactured gold, diamonds, precious stones & metals | 333              | 5%          | 380             | 5%          | 47              | 14%         |
| 6    | Electrical machinery and equipment                                     | 329              | 5%          | 296             | 4%          | -33             | -10%        |
| 7    | Plastics and articles thereof  | 248              | 3%          | 250             | 3%          | 2               | 1%          |
| 8    | Iron and steel   | 211              | 3%          | 226             | 3%          | 15              | 7%          |
| 9    | Articles of apparel and clothing                                       | 224              | 3%          | 221             | 3%          | -3              | -1%         |
| 10   | Dairy produce; birds' egg  | 132              | 2%          | 119             | 2%          | -13             | -10%        |
|      | Others   | 2,881            | 41%         | 2,824           | 36%         | -57             | -2%         |
|      | <b>Total</b>   | <b>7,099</b>     | <b>100%</b> | <b>7,862</b>    | <b>100%</b> | <b>763</b>      | <b>11%</b>  |

Source: MOF, DGC

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

| Rank | Product  | Jan- May<br>2015 | %<br>Share  | Jan- May<br>2016 | %<br>Share  | Value<br>Change | %<br>Change |
|------|--|------------------|-------------|------------------|-------------|-----------------|-------------|
| 1    | Unwrought & semi-manufactured gold, diamonds, precious stones & metals | 203              | 16%         | 209              | 19%         | 6               | 3%          |
| 2    | Aircraft engines, Boilers, machinery and mechanical appliances         | 79               | 6%          | 80               | 7%          | 0               | 0%          |
| 3    | Electrical machinery and equipment                                     | 96               | 8%          | 71               | 6%          | -25             | -26%        |
| 4    | Essential oils and resinoids; perfumery, cosmetics                     | 55               | 4%          | 58               | 5%          | 4               | 6%          |
| 5    | Plastics and articles thereof  | 47               | 4%          | 52               | 5%          | 5               | 10%         |
| 6    | Preparations of vegetables   | 57               | 4%          | 52               | 5%          | -5              | -9%         |
| 7    | Miscellaneous edible preparations                                      | 35               | 3%          | 41               | 4%          | 5               | 15%         |
| 8    | Beverages, spirits   | 39               | 3%          | 30               | 3%          | -9              | -23%        |
| 9    | Furniture, bedding, mattress   | 37               | 3%          | 30               | 3%          | -7              | -20%        |
| 10   | Processed copper   | 41               | 3%          | 30               | 3%          | -12             | -28%        |
|      | Others   | 580              | 46%         | 456              | 41%         | -125            | -21%        |
|      | <b>Total</b>   | <b>1,272</b>     | <b>100%</b> | <b>1,108</b>     | <b>100%</b> | <b>-163</b>     | <b>-13%</b> |

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](http://www.finance.gov.lb)