

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 15,805 million during the period of January-November 2014, 0.4 percent higher than the deficit of US\$ 15,736 million registered during the same period of 2013. This drop in the trade deficit by US\$ 69 million is rooted in significantly lower exports – by US\$ 656 million – mostly offset by a comparable decrease in imports by US\$ 587 million.

Total **Imports** reached US\$ 18,845 million during the period of January-November 2014, registering a decrease of 3 percent both in value and volume terms when compared to the same period of 2013.

- Imports of "**Mineral fuel and oil**" registered a year-on-year decrease of 2.7 percent (US\$ 123 million) while it increased by 2.7 percent in terms of volume, most probably due to international oil prices that have been decreasing since Q3 2014. In details, EDL registered fuel imports decreased by 6 percent from US\$ 888 million in January-November 2013 to US\$ 834 million during the same period of 2014; Non-EDL fuel imports also witnessed a decrease of 2 percent (US\$ 69 million)¹.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" continued to decline since February 2013, dropping during January-November 2014 by 15 percent (US\$ 154 million)² as compared to the same period of 2013, while in terms of volume it increased by 10 percent³.
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports decreased by 2 percent (US\$ 309 million) during January-November 2014 compared to the same period of 2013. In fact, the main decreases were witnessed in "**Electrical machinery and equipment**", "**Aircraft engines, boilers, machinery and mechanical appliances**" and "**Vehicles and accessories, cranes & lorries**" registering respective declines of 27 percent (US\$ 313 million)⁴, 7 percent (US\$ 80 million)⁵ and 5 percent (US\$ 66 million)⁶ compared to the previous year, against respective drops of 11 percent, 9 percent and 6 percent in terms of volume.
- The impact of these decreases has offset the increases in imports of "**Dairy produce; birds' egg**" and "**Pharmaceutical products**" by 14 percent (US\$ 45 million)⁷ and 4 percent (US\$ 36 million)⁸ respectively. This variation in value is interpreted in respective rises of 7 percent and 8 percent in terms of volume.

¹ The decrease in Non EDL fuel imports in value terms can be attributed to lower fuel prices with the Brent price falling from 105.51 US\$ per barrel in July 2014 to 69.49 US\$ by the end of November 2014, diminishing therefore by 34 percent. This can explain the 4 percent volume increase in non-EDL fuel imports witnessed during the period of Jan-Nov 2014 compared to the same period of 2013.

² This significant drop is mainly attributed to lower imports from Switzerland, Egypt and Ghana by 27 percent (US\$ 96 million), 89 percent (US\$ 66 million) and 93 percent (US\$ 40 million) respectively. In contrast, imports from Togo increased by 23 percent (US\$ 49 million).

³ This discrepancy between the evolution in terms of volume and value can be attributed to a certain extent to the drop in average gold prices from US\$ 1,428 per ounce in Jan-Nov 2013 to US\$ 1,272 per ounce in Jan-Nov 2014, in addition to the large volume of coins imported during September 2014 (for more information, kindly refer to the Trade brief - September 2014 report).

⁴ This decline in imports of Electrical machinery is mainly due to lower imports from Turkey by 94 percent (US\$ 218 million) - mostly due to the importation of equipment related to the Turkish electricity production barges during 2013 and from China by 15 percent (US\$ 54 million).

⁵ Mainly due to lower imports from the United Kingdom and China by 32 percent (US\$ 29 million) and 7 percent (US\$ 24 million) respectively.

⁶ This decrease is attributed to lower imports from Korea and Germany by 23 percent (US\$ 36 million) and 9 percent (US\$ 35 million) respectively.

⁷ The surge in imports was mainly from Denmark, Belgium and Saudi Arabia with 15 percent (US\$ 7 million), 63 percent (US\$ 5 million) and 32 percent (US\$ 4 million) respectively.

⁸ This hike can be explained mainly by the increase of imports from Germany and France by 11 percent (US\$ 16 million) and 6 percent (US\$ 8 million) respectively.

- As for the **breakdown of Lebanese imports by country of origin** during the period of January-November of 2014, China remained Lebanon's top import trading partner with a share of 12 percent of total imports, noting that 21 percent of imports from this country are "**Iron and steel**". Italy and France followed with respective shares of 8 and 6 percent.

Total **exports** reached US\$ 3,040 million during the period of January-November of 2014, decreasing by 18 percent in terms of value and by 21 percent in terms of volume when compared to the same period of 2013.

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**" continued to decrease since the beginning of 2013, registering a year-on-year drop of 32 percent (US\$ 235 million)⁹ in terms of value during the aforementioned period of 2014, while in terms of volume they increased by 41 percent¹⁰.
- Exports of "**Mineral fuel and oil**" continued to register a significant year-on-year decrease since the beginning of 2014, dropping by 91 percent both in terms of value and volume¹¹ during the aforementioned period.
- Excluding "**Unwrought gold, un-mounted diamond & precious stones**" and "**Mineral fuel and oil**", exports decreased by 5 percent (US\$ 119 million). The most notable decreases were registered in exports of "**Copper and Articles**", "**Iron and Steel**" and "**Electrical machinery and equipment**" which declined by 51 percent (US\$ 93 million)¹², 37 percent (US\$ 56 million)¹³ and 16 percent (US\$ 38 million)¹⁴ respectively.
- These above mentioned decreases were slightly counterbalanced by higher exports of "**Printed books and newspapers**" by 47 percent (US\$ 38 million)¹⁵.
- **From a regional perspective**, exports to Arab countries continued to decrease since the beginning of 2014 with a year-on-year decline of 16 percent (US\$ 309 million) registered by the end of November 2014. This drop is mostly owned to lower exports to Syria by 55 percent (US\$ 271 million)¹⁶.
- Lastly, the **breakdown of Lebanese exports by major destination** shows that Saudi Arabia was at the top of the list during January-November 2014 with a share of 11 percent of total exports¹⁷, followed by South Africa and the United Arab Emirates with a share of 10 percent each - noting that almost all exports to South Africa are "unwrought gold, un-mounted diamond & precious stones" - Iraq came fourth with a share of 8 percent from total exports.

⁹ This decrease is mainly attributed to lower exports to South Africa, Switzerland and the United Arab Emirates by 27 percent (US\$ 105 million), 56 percent (US\$ 88 million) and 31 percent (US\$ 36 million) respectively.

¹⁰ This discrepancy between the y-o-y change in terms of value and volume is mainly due to exports related to the months of September and November 2014, where gold exports registered respective drops of 28 percent and 11 percent in value against respective increases of 343 percent and 101 percent in terms of volume when compared with the same period of 2013. This is mainly due to the export of a large volume of "articles of goldsmiths or silversmiths wares and parts thereof, of precious metal or/of metal clad with precious metal" amounting to 12,992 Kgs in September 2014 and 8,305 Kgs in November 2014, with respective values of US\$ 413 thousand and US\$ 384 thousand.

¹¹ This y-o-y drop in exports of fuel is mostly due to the decrease in exports to Syria by 96 percent (US\$ 302 million).

¹² This decline is driven by respective decreases of 60 percent (US\$ 45 million), 74 percent (US\$ 15 million), 53 percent (US\$ 14 million) and 59 percent (US\$ 13 million) in exports to Korea, China, Japan and Greece.

¹³ Mainly due to a drop in exports to Turkey by 41 percent (US\$ 54 million).

¹⁴ Driven by a drop in exports to Iraq and Saudi Arabia by 49 percent (US\$ 24 million) and 35 percent (US\$ 15 million) respectively.

¹⁵ Mainly due to a rise in exports to Saudi Arabia and Jordan by 533 percent (US\$ 17 million) and 524 percent (US\$ 8 million) respectively.

¹⁶ Mainly due to a drop in fuel exports to Syria, as mentioned in footnote 11 above.

¹⁷ The main items exported to Saudi Arabia being: "Electrical machinery and equipment", "Aircraft engines, Boilers, machinery and mechanical appliances", "Preparations of vegetables" and "Printed books, newspapers" with shares of 8 percent from total exports for the first category and 7 percent for each of the 3 other items.

Table 1: Trade activity by value

	2013	2014	% Change	2010	2011	2012	2013	2014	% Change
	November	November	November 2014/2013	Jan-Nov	Jan-Nov	Jan-Nov	Jan-Nov	Jan-Nov	Jan-Nov 2014/2013
(US\$ millions)									
Imports	1,772	1,393	-21%	16,486	18,494	19,408	19,432	18,845	-3%
<i>of which mineral and fuel oil</i>	538	250	-54%	3,427	4,159	5,364	4,561	4,438	-2.7%
<i>-EDL registered fuel imports</i>	269	0	NA	1,101	1,189	1,444	888	834	-6%
<i>-Non EDL fuel imports</i>	269	250	-7%	2,326	2,970	3,921	3,673	3,604	-2%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	88	74	-15%	1,071	1,932	1,481	1,054	900	-15%
Exports	263	248	-6%	3,768	3,928	4,102	3,696	3,040	-18%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	32	29	-11%	1,025	1,390	1,620	746	511	-32%
<i>of which mineral and fuel oil</i>	5	3	-28%	5	4	59	331	30	-91%
Trade Balance	-1,509	-1,145	-24%	-12,718	-14,566	-15,306	-15,736	-15,805	0.4%

Source: Directorate General of Customs, Ministry of Finance

Table 2: Trade activity by volume

	2013	2014	% Change	2010	2011	2012	2013	2014	% Change
	November	November	November 2014/2013	Jan-Nov	Jan-Nov	Jan-Nov	Jan-Nov	Jan-Nov	Jan-Nov 2014/2013
(millions of Kgs)									
Imports	1,329	1,040	-22%	13,957	13,989	14,208	14,521	14,114	-3%
<i>of which mineral and fuel oil</i>	631	345	-45%	5,609	5,199	5,988	5,065	5,201	2.7%
<i>-EDL registered fuel imports</i>	291	0	NA	1,918	1,713	1,663	912	880	-3%
<i>-Non EDL fuel imports</i>	340	345	2%	3,691	3,485	4,326	4,153	4,321	4%
<i>of which Unwrought & semi-manufactured diamonds, precious stones & metals (Kgs)</i>	67,198	88,854	32%	949,150	983,898	1,026,592	1,080,028	1,184,551	10%
Exports	195	187	1%	2,819	2,522	2,387	2,606	2,057	-21%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	5,086	10,242	101%	114,763	119,962	116,383	57,289	80,974	41%
<i>of which mineral and fuel oil</i>	4	4	-12%	6	3	55	327	29	-91%
Trade Balance	-1,134	-852	-25%	-11,138	-11,467	-11,821	-11,915	-12,057	1.2%

Source: Directorate General of Customs, Ministry of Finance

Table 3: Import distribution by Product (in \$US million)

Rank	Product	Jan-Nov 2013	% Share	Jan-Nov 2014	% Share	Value Change	% Change
1	Mineral fuels and oils	4,561	23%	4,438	24%	-123	-3%
2	Vehicles and accessories, cranes & lorries	1,411	7%	1,345	7%	-66	-5%
3	Aircraft engines, Boilers, machinery and mechanical appliances	1,222	6%	1,142	6%	-80	-7%
4	Pharmaceutical products	1,008	5%	1,045	6%	36	4%
5	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	1,054	5%	900	5%	-155	-15%
6	Electrical machinery and equipment	1,164	6%	851	5%	-313	-27%
7	Iron and Steel	771	4%	733	4%	-37	-5%
8	Plastics and articles thereof	633	3%	638	3%	5	1%
9	Articles of apparel and clothing	448	2%	473	3%	25	5%
10	Dairy products	323	2%	368	2%	45	14%
	Other	6,837	35%	6,912	37%	75	1%
	Total	19,432	100%	18,845	100%	-587	-3%

Source: MOF, DGC

Table 4: Export distribution by Product (in \$US million)

Rank	Product	Jan-Nov 2013	% Share	Jan-Nov 2014	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	746	20%	511	17%	-236	-32%
2	Aircraft engines, Boilers, machinery and mechanical appliances	230	6%	205	7%	-25	-11%
3	Electrical machinery and equipment	239	6%	201	7%	-38	-16%
4	Plastic and articles thereof	126	3%	120	4%	-6	-4%
5	Printed books, newspapers	81	2%	119	4%	38	47%
6	Preparations of vegetables	105	3%	117	4%	12	11%
7	Essential oils and resins	95	3%	102	3%	7	7%
8	Iron and Steel	152	4%	96	3%	-56	-37%
9	Beverages, spirits and vinegar	91	2%	93	3%	1	1%
10	Processed and Refined Copper	184	5%	91	3%	-93	-51%
	Other	1,647	45%	1,386	46%	-261	-16%
	Total	3,696	100%	3,040	100%	-656	-18%

Source: MOF, DGC



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