

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 14,660 million during the period of January-October of 2014, 3 percent higher than the deficit of US\$ 14,230 million registered during the same period of 2013. The US\$ 430 million deterioration in the trade deficit is rooted in significantly lower exports – by US\$ 639 million – partly counterbalanced by a decrease in imports of US\$ 209 million.

Total **Imports** reached US\$ 17,452 million during the first ten months of 2014, registering a slight decrease of 1 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 increase of 4 percent (US\$ 164 million) that was reflected in a 9 percent rise in terms of volume. This increase is driven by the 35 percent increase in EDL registered fuel imports from US\$ 616 million in January- October 2013 to US\$ 834 million during the same period of 2014, which were partly counterbalanced by a 2 percent (US\$ 53 million) decrease in Non- EDL fuel imports<sup>1</sup>.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" continued to decline since February 2013, dropping during January-October 2014 by 15 percent (US\$ 141 million)<sup>2</sup> as compared to the same period of 2013, while in terms of volume it increased by 8 percent<sup>3</sup>.
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports decreased by 2 percent (US\$ 232 million) during January-October 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 26 percent (US\$ 282 million)<sup>4</sup>, 7 percent (US\$ 81 million)<sup>5</sup> and 5 percent (US\$ 62 million)<sup>6</sup> compared to the previous year, against respective drops of 11 percent for the first two categories and 6 percent for the latter in terms of volume.
- The impact of these decreases has offset the increases in imports of "**Dairy produce; birds' egg**" and "**Pharmaceutical products**" by 16 percent (US\$ 47 million)<sup>7</sup> and 4 percent (US\$ 41 million)<sup>8</sup> respectively. This variation in value is interpreted in respective rises of 7 percent and 8 percent in terms of volume.
- As for the **breakdown of Lebanese imports by country of origin** during the period of January-October of 2014, China remained Lebanon's top import trading partner with a share of 12 percent of total imports, noting that 21

<sup>1</sup> The decrease in Non EDL fuel imports in value terms can be attributed to lower fuel prices represented by a 3.6 percent decrease in Brent prices from an average of US\$ 108.5 per barrel during Jan-Oct 2013 to US\$ 104.7 in Jan-Oct 2014. Knowing that, in terms of volume, these imports witnessed a 4 percent y-o-y rise during the aforementioned period.

<sup>2</sup> This significant drop is mainly attributed to lower imports from Switzerland and Egypt by 28 percent (US\$ 87 million) and 89 percent (US\$ 66 million) respectively. In contrast, imports from Togo and South Africa increased by 25 percent (US\$ 50 million) and 241 percent (US\$ 22 million) respectively.

<sup>3</sup> 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\$ 1,444 per ounce in Jan-Oct 2013 to US\$ 1,282 per ounce in Jan-Oct 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).

<sup>4</sup> This decline in imports of Electrical machinery is mainly due to lower imports from Turkey by 95 percent (US\$ 218 million) mostly due to the importation of equipment related to the Turkish electricity production barges during 2013.

<sup>5</sup> Mainly due to lower imports from China and the United Kingdom by 10 percent (US\$ 31 million) and 35 percent (US\$ 30 million) respectively.

<sup>6</sup> This decrease is attributed to lower imports from Germany and Korea by 10 percent (US\$ 35 million) and 21 percent (US\$ 30 million) respectively.

<sup>7</sup> The surge in imports was mainly from Morocco, Netherlands and Denmark by 24 percent, 14 percent and 13 percent respectively (US\$ 6 million for each).

<sup>8</sup> This hike can be explained mainly by the increase of imports from Germany and France by 12 percent (US\$ 16 million) and 7 percent (US\$ 9 million) respectively.

percent of imports from this country are **“Iron and steel”**. Italy and France followed with respective shares of 8 and 7 percent.

Total **exports** reached US\$ 2,792 million during the period of January-October of 2014, decreasing by 19 percent in terms of value and by 22 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 33 percent (US\$ 232 million)<sup>9</sup> in terms of value during the first ten months of 2014, while in terms of volume they increased by 35 percent<sup>10</sup>.
- Exports of **“Mineral fuel and oil”** continued to register a significant year-on-year decrease since the beginning of 2014, dropping by 92 percent both in terms of value and volume<sup>11</sup> during the aforementioned period.
- Excluding **“Unwrought gold, un-mounted diamond & precious stones”** and **“Mineral fuel and oil”**, exports decreased by 5 percent (US\$ 107 million). The most notable decreases were registered in exports of **“Copper and Articles”**, **“Iron and Steel”** and **“Electrical machinery and equipment”** which declined by 52 percent (US\$ 92 million)<sup>12</sup>, 33 percent (US\$ 45 million)<sup>13</sup> and 20 percent (US\$ 44 million)<sup>14</sup> respectively.
- These above mentioned decreases were slightly counterbalanced by higher exports of **“Printed books and newspapers”** by 45 percent (US\$ 35 million)<sup>15</sup>.
- **From a regional perspective**, exports to Arab countries continued to decrease since the beginning of 2014 with a decline of 17 percent (US\$ 305 million) registered by the end of October 2014. This drop is mostly driven by lower exports to Syria by 57 percent (US\$ 262 million)<sup>16</sup> and to a lesser extent to Iraq by 9 percent (US\$ 20 million)<sup>17</sup>.
- Lastly, the **breakdown of Lebanese exports by major destination** shows that Saudi Arabia was at the top of the list during January-October 2014 with a share of 11 percent of total exports<sup>18</sup>, 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.

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<sup>9</sup> This decrease is mainly attributed to lower exports to South Africa, Switzerland and the United Arab Emirates by 27 percent (US\$ 101 million), 58 percent (US\$ 87 million) and 30 percent (US\$ 33 million) respectively.

<sup>10</sup> This discrepancy between the y-o-y change in terms of value and volume is mainly due to exports related to the month of September, where gold exports registered a drop of 28 percent in value against an increase of 343 percent in terms of volume. (For further information, please refer to September 2014 Trade brief report).

<sup>11</sup> This y-o-y drop in exports of fuel is mostly due to the decrease in exports to Syria by 97 percent (US\$ 300 million).

<sup>12</sup> This decline is driven by respective decreases of 62 percent (US\$ 45 million) and 75 percent (US\$ 15 million) in exports to Korea and China.

<sup>13</sup> Mainly due to a drop in exports to Turkey by 36 percent (US\$ 43 million).

<sup>14</sup> Driven by a drop in exports to Iraq and Saudi Arabia by 53 percent (US\$ 25 million) and 38 percent (US\$ 16 million) respectively.

<sup>15</sup> Mainly due to a rise in exports to Saudi Arabia and Jordan by 281 percent (US\$ 16 million) and 537 percent (US\$ 8 million) respectively.

<sup>16</sup> Mainly due to a drop in fuel exports to Syria, as mentioned in footnote 11 above, that was partly offset by an increase in several other categories mainly **“Sugars and sugar confectionery”** and **“Electrical machinery and equipment”** by US\$ 16 million and US\$ 9 million respectively.

<sup>17</sup> Due to a drop in exports of **“Electrical machinery and equipment”** by 53 percent (US\$ 25 million).

<sup>18</sup> 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
	October	October	October 2014/2013	Jan- Oct	Jan- Oct	Jan- Oct	Jan- Oct	Jan- Oct	Jan- Oct 2014/2013
(US\$ millions)									
<b>Imports</b>	<b>1,757</b>	<b>1,724</b>	<b>-2%</b>	<b>14,676</b>	<b>16,915</b>	<b>17,805</b>	<b>17,661</b>	<b>17,452</b>	<b>-1%</b>
<i>of which mineral and fuel oil</i>	419	366	-13%	2,779	3,813	4,963	4,023	4,187	4%
<i>-EDL registered fuel imports</i>	112	0	NA	667	1,189	1,444	616	834	35%
<i>-Non EDL fuel imports</i>	307	366	19%	2,112	2,624	3,519	3,407	3,354	-2%
<i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals</i>	95	100	5%	985	1,754	1,401	967	825	-15%
<b>Exports</b>	<b>272</b>	<b>279</b>	<b>3%</b>	<b>3,452</b>	<b>3,581</b>	<b>3,739</b>	<b>3,431</b>	<b>2,792</b>	<b>-19%</b>
<i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals</i>	42	50	21%	934	1,248	1,504	714	482	-33%
<i>of which mineral and fuel oil</i>	5	3	-44%	5	4	45	326	26	-92%
<b>Trade Balance</b>	<b>-1,485</b>	<b>-1,445</b>	<b>-3%</b>	<b>-11,224</b>	<b>-13,333</b>	<b>-14,066</b>	<b>-14,230</b>	<b>-14,660</b>	<b>3.0%</b>

Source: Directorate General of Customs, Ministry of Finance

**Table 2: Trade activity by volume**

	2013	2014	% Change	2010	2011	2012	2013	2014	% Change
	October	October	October 2014/2013	Jan- Oct	Jan- Oct	Jan- Oct	Jan- Oct	Jan- Oct	Jan- Oct 2014/2013
(millions of Kgs)									
<b>Imports</b>	<b>1,201</b>	<b>1,248</b>	<b>4%</b>	<b>12,195</b>	<b>12,899</b>	<b>12,977</b>	<b>13,192</b>	<b>13,074</b>	<b>-1%</b>
<i>of which mineral and fuel oil</i>	433	481	11%	4,573	4,806	5,528	4,435	4,856	9%
<i>-EDL registered fuel imports</i>	114	0	-100%	1,163	1,713	1,663	621	880	42%
<i>-Non EDL fuel imports</i>	319	481	51%	3,410	3,093	3,865	3,814	3,976	4%
<i>of which Unwrought &amp; semi-manufactured diamonds, precious stones &amp; metals (Kgs)</i>	100,796	117,061	16%	856,480	877,723	958,389	1,012,830	1,095,697	8%
<b>Exports</b>	<b>203</b>	<b>249</b>	<b>23%</b>	<b>2,542</b>	<b>2,349</b>	<b>2,135</b>	<b>2,411</b>	<b>1,870</b>	<b>-22%</b>
<i>of which Unwrought &amp; semi-manufactured gold, diamonds, precious stones &amp; metals</i>	2,987	5,884	97%	100,263	113,340	104,982	52,203	70,732	35%
<i>of which mineral and fuel oil</i>	4	3	-38%	6	3	42	322	25	-92%
<b>Trade Balance</b>	<b>-998</b>	<b>-999</b>	<b>0.1%</b>	<b>-9,653</b>	<b>-10,550</b>	<b>-10,842</b>	<b>-10,781</b>	<b>-11,204</b>	<b>4%</b>

Source: Directorate General of Customs, Ministry of Finance

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

Rank	Product	Jan-Oct 2013	% Share	Jan-Oct 2014	% Share	Value Change	% Change
1	Mineral fuels and oils	4,023	23%	4,187	24%	165	4%
2	Vehicles and accessories, cranes & lorries	1,287	7%	1,225	7%	-62	-5%
3	Aircraft engines, Boilers, machinery and mechanical appliances	1,135	6%	1,054	6%	-81	-7%
4	Pharmaceutical products	921	5%	962	6%	41	4%
5	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	967	5%	825	5%	-141	-15%
6	Electrical machinery and equipment	1,066	6%	784	4%	-282	-26%
7	Iron and Steel	701	4%	694	4%	-7	-1%
8	Plastics and articles thereof	584	3%	584	3%	0	0%
9	Articles of apparel and clothing	417	2%	433	2%	16	4%
10	Dairy products	294	2%	341	2%	47	16%
	Other	6,266	35%	6,363	36%	97	2%
	<b>Total</b>	<b>17,661</b>	<b>100%</b>	<b>17,452</b>	<b>100%</b>	<b>-209</b>	<b>-1%</b>

Source: MOF, DGC

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

Rank	Product	Jan-Oct 2013	% Share	Jan-Oct 2014	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	714	21%	482	17%	-232	-32%
2	Aircraft engines, Boilers, machinery and mechanical appliances	212	6%	190	7%	-21	-10%
3	Electrical machinery and equipment	225	7%	181	6%	-44	-20%
4	Printed books, newspapers	76	2%	111	4%	35	45%
5	Plastic and articles thereof	113	3%	109	4%	-4	-3%
6	Preparations of vegetables	93	3%	106	4%	13	14%
7	Essential oils and resino	86	3%	95	3%	9	10%
8	Iron and Steel	138	4%	93	3%	-45	-33%
9	Beverages, spirits and vinegar	81	2%	84	3%	3	4%
10	Processed and Refined Copper	176	5%	84	3%	-92	-52%
	Other	1,517	44%	1,257	45%	-260	-17%
	<b>Total</b>	<b>3,431</b>	<b>100%</b>	<b>2,792</b>	<b>100%</b>	<b>-639</b>	<b>-19%</b>

Source: MOF, DGC



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