

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 13,227 million during the period of January-September of 2014, 3.8 percent higher than the deficit of US\$ 12,740 million registered during the same period of 2013. The US\$ 487 million deterioration in the trade deficit is rooted in significantly lower exports - by US\$ 662 million – partly offset by a US\$ 175 million decrease in imports.

Total **Imports** reached US\$ 15,729 million during the period of January-September 2014, registering a 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 6 percent (US\$ 218 million), that was translated by a 9 percent rise in terms of volume. This increase is driven by the 65 percent increase in EDL registered fuel imports from US\$ 504 million in January- September 2013 to US\$ 834 million in the same period of 2014, which were partly counterbalanced by a decrease of 4 percent of Non- EDL fuel imports¹.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" continued to decrease since February 2013, dropping during January-September 2014 by 17 percent (US\$ 146 million)² as compared to the same period of 2013, while in terms of volume it increased by 7 percent³.
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports decreased nearly by 2 percent (US\$ 248 million) during January-September 2014 compared to the same period of 2013. In fact, the main decreases were witnessed in "**Electrical machinery and equipment**", "**Vehicles and accessories, cranes & lorries**" and "**Aircraft engines, Boilers, machinery and mechanical appliances**" registering drops of 28 percent (US\$ 271 million)⁴, 7 percent (US\$ 78 million)⁵ and 6 percent (US\$ 58 million)⁶ respectively compared to the previous year, against respective declines of 12 percent, 8 percent and 9 percent in terms of volume.
- The impact of these decreases has more than offset the increases in imports of "**Dairy produce; birds' egg**" and "**Pharmaceutical products**" by 17 percent (US\$ 44 million) and 4 percent (US\$ 30 million) respectively. This variation in value is interpreted in respective rises of 7 percent each in terms of volume.
- As for the **breakdown of Lebanese imports by country of origin** during the period of January-September of 2014, China remained Lebanon's top import trading partner with a share of 12 percent of total imports, noting that 22 percent of imports from this country are "**Iron and steel**". Italy and France followed with respective shares of 8 and 7 percent.

¹ The decrease in imports of Non EDL fuel is mainly due to lower exports of fuel to Syria by 97 percent (US\$ 298 million). In fact, a considerable part of fuel imports was exported to Syria during the past year.

² This significant drop is mainly attributed to lower imports from Switzerland and Egypt by 28 percent (US\$ 76 million) and 89 percent (US\$ 66 million) respectively. In contrast, imports from Togo and South Africa increased by 25 percent (US\$ 45 million) and 241 percent (US\$ 22 million) respectively.

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\$ 1,458 in Jan-Sep 2013 to US\$ 1,288 per ounce in Jan-Sep 2014, in addition to the large volume of coins imported during September 2014 (125,011 Kgs with a respective value of US\$ 2 million).

⁴ This decline in imports of Electrical machinery is mainly rooted in 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.

⁵ This decrease is mainly attributed to lower imports from Germany and Korea by 13 percent (US\$ 43 million) and 23 percent (US\$ 31 million) respectively.

⁶ Mainly due to lower imports from the United Kingdom by 38 percent (US\$ 32 million).

Total **exports** reached US\$ 2,501 million during the period of January-September of 2014, reflecting a significant decrease of 21 percent when compared to the same period of 2013, with a decline of 27 percent in terms of volume.

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**" continued to decrease since the beginning of 2013, registering a year-on-year drop of 36 percent (US\$ 240 million)⁷ in terms of value during the first nine months of 2014, compared to an increase of 32 percent in terms of volume⁸.
- Exports of "**Mineral fuel and oil**" continued to register a significant year-on-year decrease since the beginning of 2014, dropping by 93 percent both in terms of value and volume⁹ during the aforementioned period.
- Excluding "**Unwrought gold, un-mounted diamond & precious stones**" and "**Mineral fuel and oil**", exports decreased by 6 percent (US\$ 123 million). The most notable decreases were registered in exports of "**Copper and Articles**", "**Electrical machinery and equipment**" and "**Iron and Steel**" which declined by 55 percent (US\$ 88 million)¹⁰, 21 percent (US\$ 42 million)¹¹ and 30 percent (US\$ 39 million)¹² respectively.
- These above mentioned decreases were slightly counterbalanced by higher exports of "**Printed books and newspapers**" by 47 percent (US\$ 32 million)¹³.
- **From a regional perspective**, exports to Arab countries continued to decrease since the beginning of 2014 with a decline of 20 percent (US\$ 323 million) registered by the end of the third quarter. This drop is mostly driven by lower exports to Syria by 59 percent (US\$ 261 million)¹⁴, the United Arab Emirates by 8 percent (US\$ 21 million) and Iraq by 9 percent (US\$ 18 million).
- Lastly, the **breakdown of Lebanese exports by major destination** shows that Saudi Arabia was at the top of the list during January-September 2014 with a share of 11 percent of total exports, followed by South Africa with 10 percent- noting that almost all exports to South Africa are "unwrought gold, un-mounted diamond & precious stones"; United Arab Emirates and Iraq also registered respective shares of 9 percent and 8 percent from total exports.

⁷ This decrease is mainly attributed to lower exports to South Africa, Switzerland and the United Arab Emirates by 29 percent (US\$ 105 million), 60 percent (US\$ 87 million) and 38 percent (US\$ 37 million) respectively, along with a 12 percent decrease in average gold prices during Jan-Sep 2014 in comparison with the same period a year earlier (US\$ 1,288 million in Jan-Sep 2014 against US\$ 1,458 million in Jan-Sep 2013).

⁸ 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. This is mainly due to the export of a large volume of 12,992 Kgs of "articles of goldsmiths or silversmiths wares and parts thereof, of precious metal or/of metal clad with precious metal" with a relative value of barely US\$ 413 thousand.

⁹ This y-o-y drop in exports of fuel is mostly due to the decrease in exports to Syria by 97 percent (US\$ 298 million) as mentioned in footnote 1.

¹⁰ This decline is driven by respective decreases of 65 percent (US\$ 45 million) and 78 percent (US\$ 14 million) in exports to Korea and China.

¹¹ Driven by a drop in exports to Iraq and Saudi Arabia by 54 percent (US\$ 24 million) and 41 percent (US\$ 17 million) respectively.

¹² Mainly due to a drop in exports to Turkey by 34 percent (US\$ 38 million).

¹³ Mainly due to a rise in exports to Saudi Arabia and Jordan by 295 percent (US\$ 16 million) and 531 percent (US\$ 8 million) respectively.

¹⁴ Kindly refer to footnotes 1 and 9.

Table 1: Trade activity by value

	2013	2014	% Change	2010	2011	2012	2013	2014	% Change
	September	September	September 2014/2013	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep 2014/2013
(US\$ millions)									
Imports	1,565	1,671	7%	13,189	14,419	16,031	15,904	15,729	-1%
<i>of which mineral and fuel oil</i>	314	362	15%	2,523	2,642	4,491	3,604	3,822	6%
<i>-EDL registered fuel imports</i>	0	0	NA	667	324	1,292	504	834	65%
<i>-Non EDL fuel imports</i>	314	362	15%	1,856	2,318	3,199	3,100	2,988	-4%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	59	80	35%	842	1,575	1,232	871	726	-17%
Exports	288	282	-2%	3,017	3,230	3,299	3,163	2,501	-21%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	46	33	-28%	836	1,131	1,313	672	432	-36%
<i>of which mineral and fuel oil</i>	6	3	-55%	5	3	33	322	24	-93%
Trade Balance	-1,276	-1,390	9%	-10,172	-11,189	12,732	12,740	13,227	3.8%

Source: Directorate General of Customs, Ministry of Finance

Table 2: Trade activity by volume

	2013	2014	% Change	2010	2011	2012	2013	2014	% Change
	September	September	September 2014/2013	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep 2014/2013
(million of Kgs)									
Imports	2,142	1,349	-37%	11,042	10,357	11,780	11,991	11,827	-1%
<i>of which mineral and fuel oil</i>	404	422	4%	4,183	3,309	5,036	4,002	4,375	9%
<i>-EDL registered fuel imports</i>	0	0	NA	1,163	545	1,505	507	880	74%
<i>-Non EDL fuel imports</i>	404	422	4%	3,020	2,764	3,531	3,495	3,495	0%
<i>of which Unwrought & semi-manufactured diamonds, precious stones & metals (Kgs)</i>	62,655	236,808	278%	762,531	787,692	893,452	912,034	978,636	7%
Exports	237	243	2%	2,244	2,119	1,844	2,208	1,621	-27%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	3,461	15,325	343%	94,341	107,716	92,590	49,215	64,848	32%
<i>of which mineral and fuel oil</i>	6	2	-56%	6	2	30	318	23	-93%
Trade Balance	-1,906	-1,106	-42%	-8,798	-8,238	-9,936	-9,783	-10,206	4%

Source: Directorate General of Customs, Ministry of Finance

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

Rank	Product	Jan-Sep 2013	% Share	Jan-Sep 2014	% Share	Value Change	% Change
1	Mineral fuels and oils	3,604	23%	3,822	24%	218	6%
2	Vehicles and accessories, cranes & lorries	1,157	7%	1,079	7%	-78	-7%
3	Aircraft engines, Boilers, machinery and mechanical appliances	1,017	6%	959	6%	-58	-6%
4	Pharmaceutical products	833	5%	863	5%	30	4%
5	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	871	5%	726	5%	-146	-17%
6	Electrical machinery and equipment	974	6%	703	4%	-271	-28%
7	Iron and Steel	643	4%	659	4%	16	2%
8	Plastics and articles thereof	530	3%	526	3%	-4	-1%
9	Articles of apparel and clothing	367	2%	377	2%	11	3%
10	Dairy products	264	2%	308	2%	44	17%
	Other	5,642	35%	5,706	36%	64	1%
	Total	15,904	100%	15,729	100%	-175	-1%

Source: MOF, DGC

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

Rank	Product	Jan-Sep 2013	% Share	Jan-Sep 2014	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	672	21%	432	17%	-240	-36%
2	Aircraft engines, Boilers, machinery and mechanical appliances	196	6%	173	7%	-23	-12%
3	Electrical machinery and equipment	206	7%	163	7%	-42	-21%
4	Printed book, newspapers	68	2%	100	4%	32	47%
5	Plastic and articles thereof	101	3%	98	4%	-3	-3%
6	Preparations of vegetables	83	3%	96	4%	13	16%
7	Iron and Steel	129	4%	90	4%	-39	-30%
8	Essential oils and resins	77	2%	85	3%	8	10%
9	Beverages, spirits and vinegar	71	2%	77	3%	6	8%
10	Processed and Refined Copper	162	5%	74	3%	-88	-55%
	Other	1,397	44%	1,114	45%	-283	-20%
	Total	3,162	100%	2,501	100%	-661	-21%

Source: MOF, DGC



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