

Figures released by the Ministry of Finance, Customs Directorate, show a trade deficit of US\$ 11,733 million during January-August 2018, 5 percent higher than the deficit of US\$ 11,192 million registered a year earlier¹. The US\$ 541 million deterioration in the trade deficit is rooted in higher imports by US\$ 623 million partly offset by an increase of US\$ 82 million in exports during the period under consideration.

Total **imports** reached US\$ 13,718 million during January-August 2018, registering a 5 percent increase in value terms, against a drop of 19 percent in volume terms when compared to the same period of 2017.

- Imports of "**Mineral fuel and oil**" witnessed a slight increase of less than 1 percent (US\$ 4 million) in value while it decreased by 30 percent in volume terms². This minor increase was driven by a 9 percent (US\$ 170 million) increase in non-EDL fuel imports to reach a total of US\$ 2,093 million by the end of August 2018 which offset the fall in EDL registered fuel imports by 18 percent (US\$ 166 million).
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" increased by 35 percent (US\$ 234 million) during January-August 2018 mainly due to the increase in imports from the United Arab Emirates , Ghana and Switzerland by US\$ 134 million³, US\$ 55 million and US\$ 46 million respectively, despite the drop in imports from other countries mainly Benin (US\$ 22 million). In terms of volume, these imports witnessed a drop of 8 percent⁴.
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports increased by 4 percent (US\$ 385 million) during January-August 2018 compared to the same period of 2017. In details, the main year-on-year changes were witnessed in the following categories:
 1. Imports of "**Electrical machinery and equipment**" rose up by 49 percent (US\$ 248 million) due to an increase in imports from Turkey and China by US\$ 217 million and US\$ 58 million respectively, placing Turkey as the second import partner in this category after China with respective shares of 30 and 31 percent.
 2. Imports of "**Aircraft engines, Boilers, machinery and mechanical appliances**" jumped up by 11 percent (US\$ 86 million) due to an increase in imports from China and Italy by 36 percent (US\$ 81 million) and 39 percent (US\$ 36 million) respectively, placing them as the main import partners in this category with respective shares of 35 percent and 15 percent.
 3. Imports of "**Live animals**" rose by 26 percent (US\$ 55 million) partly due to an increase in imports from Romania by 213 percent (US\$ 16 million) leading to an increase in its share from 3 percent to 9 percent from imports of this category. However, Spain and Brazil remained the top import partners with respective shares of 19 percent and 14 percent.

¹ Trade figures for the years 2014-2017 differ from those previously published due to the reallocation of the fuel oil consignments received by EDL between 20/11/2011 and 31/10/2017 over the respective months of the covered period, and that were initially recorded as a bulk in December 2017 due to the delay in registering the related Customs declarations.

² The discrepancy between the value and the volume y-o-y change is rooted in higher international fuel prices with the Brent reaching an average of US\$ 71.37 per barrel during January- August of 2018 compared to US\$ 51.21 per barrel during the same period of 2017.

³ This increase placed the United Arab Emirates on top of the import partners when it comes to "Unwrought & semi-manufactured gold, diamonds, precious stones & metals" followed by Switzerland with respective shares of 18 percent and 17 percent.

⁴ Due to the increase in imports of the high value sub-components, mainly "Diamonds" and "Gold (including gold plated with platinum) unwrought" by US\$ 132 million and US\$ 91 million respectively.

4. Imports of "**Pharmaceutical products**" increased by 5 percent (US\$ 46 million) partly due to an increase in imports from Switzerland by 33 percent (US\$ 19 million) and Germany by 10 percent (US\$ 14 million). Germany remained the top import partner in this category with a share of 17 percent followed by the United States with a share of 11 percent.
 5. Imports of "**Vehicles other than railway**" decreased by 10 percent (US\$ 123 million) due to a drop in imports from Germany, Korea and Japan by 23 percent (US\$ 72 million), 50 percent (US\$ 38 million) and 7 percent (US\$ 13 million) respectively, despite higher imports from Mexico (US\$ 16 million).
- As for the main import partners, China ranked first during January-August 2018 with a share of 10 percent from total imports, noting that the main imports from this country were "**Aircraft engines, Boilers, machinery and mechanical appliances**" with a share of 22 percent. Greece and Italy followed with shares of 8 percent each.

Exports amounted to US\$ 1,985 million during January-August 2018, reflecting a 4 percent increase compared to the same period of 2017, yet in volume terms, figures reveal a drop of 10 percent.

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**" were the main reason behind this increase in total exports, inching up by 17 percent (US\$ 67 million)⁵ in terms of value, yet with a 31 percent drop in terms of volume.
- Excluding "Unwrought gold, un-mounted diamond & precious stones", exports increased by 1 percent (US\$ 15 million). This is mainly due to an increase in exports of "**Plastics and articles thereof**" and "**Iron and steel**" which rose by 21 percent (US\$ 20 million)⁶ and 26 percent (US\$ 19 million)⁷ respectively. On the other hand, exports of "**Aircraft engines, Boilers, machinery and mechanical appliances**" dropped by 9 percent (US\$ 9 million)⁸, and "**Printed books, newspaper and pictures**" dropped by 14 percent (US\$ 8 million)⁹.
- **From a regional perspective**, exports to Arab countries witnessed a year-on-year increase of 5 percent (US\$ 45 million) during January-August 2018. It is worth mentioning that this increase is mainly attributed to higher exports to the United Arab Emirates and Qatar by 71 percent (US\$ 114 million)¹⁰ and 51 percent (US\$ 30 million) respectively. On the other hand, exports to Syria, Saudi Arabia and Iraq dropped by 30 percent (US\$ 52 million), 15 percent (US\$ 25 million) and 19 percent (US\$ 23 million) respectively.
- Lastly, the **breakdown of Lebanese exports by major destinations** shows that the United Arab Emirates was at the top of the list during January-August 2018 with a share of 14 percent from total exports, noting that almost 60 percent exports to this country consisted of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**". South Africa and Saudi Arabia followed with respective shares of 8 percent and 7 percent.

⁵ Mainly driven by a considerable y-o-y increase in exports of "Diamond", which rose by 293 percent (US\$ 120 million) during the period under consideration.

⁶ This is mainly due to higher exports to Syria by 60 percent (US\$ 15 million).

⁷ Driven by higher exports to Turkey by 16 percent (US\$ 10 million) and Albania by 100 percent (US\$ 5 million).

⁸ Resulting from a drop of US\$ 8 million in exports to Saudi Arabia.

⁹ Due to the drop in exports to Saudi Arabia and Iraq by US\$ 4 million and US\$ 3 million respectively.

¹⁰ Driven by a significant rise in exports of "Unwrought gold, un-mounted diamond & precious stones" by US\$ 122 million.

Table 1: Trade activity by value

(US\$ millions)	2017	2018	%	2014	2015	2016	2017	2018	%
	August	August	Change August 2018/2017	Jan- Aug	Jan- Aug	Jan- Aug	Jan- Aug	Jan- Aug	Change Jan- Aug 2018/2017
Imports	1,685	1,820	8%	14,724	12,144	13,029	13,095	13,718	5%
<i>of which mineral fuel & oil</i>	344	324	-6%	4,127	2,280	3,053	2,856	2,860	0.2%
<i>-EDL registered fuel imports</i>	89	0	NA	1,501	357	1,585	933	767	-18%
<i>-Non EDL fuel imports</i>	255	324	27%	2,626	1,923	1,468	1,923	2,093	9%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	64	117	83%	646	561	797	671	904	35%
Exports	251	229	-9%	2,219	1,990	1,974	1,903	1,985	4%
<i>of which Unwrought gold, un-mounted diamond, & precious metals</i>	40	40	0%	399	297	560	401	468	17%
Trade Balance	-1,435	-1,591	11%	-12,505	-10,154	-11,055	-11,192	-11,733	5%

Source: Directorate General of Customs, Ministry of Finance

Table 2: Trade activity by volume

(Millions of Kgs)	2017	2018	%	2014	2015	2016	2017	2018	%
	August	August	Change August 2018/2017	Jan- Aug	Jan- Aug	Jan- Aug	Jan- Aug	Jan- Aug	Change Jan- Aug 2018/2017
Imports	1,648	1,262	-23%	11,465	10,949	13,327	13,151	10,685	-19%
<i>of which mineral fuel & oil</i>	758	495	-35%	4,940	4,495	6,818	6,428	4,530	-30%
<i>-EDL registered fuel imports</i>	265	0	NA	1,867	965	3,133	2,465	1,116	-55%
<i>-Non EDL fuel imports</i>	493	495	0.5%	3,073	3,530	3,686	3,963	3,415	-14%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	147,353	66,913	-55%	741,829	690,263	716,128	891,854	822,106	-8%
Exports	218	154	-29%	1,378	1,282	1,031	1,332	1,197	-10%
<i>of which Unwrought gold, un-mounted diamond, & precious metals (Kgs)</i>	2,503	1,892	-24%	49,523	35,097	27,155	53,820	37,043	-31%
Trade Balance	-1,430	-1,108	-23%	-10,086	-9,667	-12,296	-11,819	-9,487	-20%

Source: Directorate General of Customs, Ministry of Finance

Table 3: IMPORT Distribution by Product (in US\$ million)

Rank	Product	Jan-Aug2017	% share	Jan-Aug2018	% share	Value change	% change
1	Mineral fuels, mineral oils and products of their distillation	2,856	22%	2,860	21%	4	0%
2	Vehicles other than railway	1,227	9%	1,105	8%	-123	-10%
3	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	671	5%	904	7%	234	35%
4	Pharmaceutical products	855	7%	901	7%	46	5%
5	Aircraft engines, Boilers, machinery and mechanical appliances	787	6%	872	6%	86	11%
6	Electrical machinery and equipment	509	4%	756	6%	248	49%
7	Iron and steel	423	3%	451	3%	28	7%
8	Plastic and articles thereof	418	3%	422	3%	4	1%
9	Articles of apparel and clothing accessories	332	3%	336	2%	4	1%
10	Live animals	215	2%	270	2%	55	26%
	Others	4,804	37%	4,840	35%	37	1%
	Total	13,095	100%	13,718	100%	623	5%

Source: MOF, DGC

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

Rank	Product	Jan-August 2017	% share	Jan-August 2018	% share	Value change	% change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	401	21%	468	24%	67	17%
2	Plastic and articles thereof	94	5%	114	6%	20	21%
3	Electrical machinery and equipment	118	6%	111	6%	-7	-6%
4	Aircraft engines, Boilers, machinery and mechanical appliances	99	5%	90	5%	-9	-9%
5	Iron and steel	71	4%	90	5%	19	26%
6	Essential oils and resinoids	81	4%	79	4%	-1	-1%
7	Preparations of vegetable	69	4%	69	3%	0	1%
8	Copper and articles thereof	53	3%	65	3%	11	21%
9	Printed books, newspapers	58	3%	50	3%	-8	-14%
10	Paper and paperboard	44	2%	48	2%	4	8%
	Others	815	43%	801	40%	-14	-2%
	Total	1,903	100%	1,985	100%	82	4%

Source: MOF, DGC



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