

Figures released by the Ministry of Finance, Customs Directorate, show a trade deficit of US\$ 8,041 million during the first half of 2018, 3 percent lower than the deficit of US\$ 8,305 million registered a year earlier¹. The US\$ 263 million improvement in the trade deficit is rooted in higher exports by US\$ 104 million, coupled with a US\$ 159 million decrease in imports during the period under consideration.

Total **imports** reached US\$ 9,581 million during H1 2018, registering a 2 percent decrease in value terms along with a more pronounced drop of 27 percent in volume terms when compared to the same period of 2017².

- Imports of "**Mineral fuel and oil**" witnessed a considerable drop of 27 percent (US\$ 603 million), along with a more prominent decrease of 45 percent in volume terms³. This drop was driven by a considerable fall in EDL registered fuel imports by 85 percent (US\$ 679 million) that was partly offset by a 5 percent (US\$ 76 million) increase in non-EDL fuel imports, reaching a total of US\$ 1,484 million by the end of H1 2018.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" increased by 22 percent (US\$ 118 million) in H1 2018 mainly due to the increase in imports from the United Arab Emirates and Ghana by US\$ 78 million⁴ and US\$ 43 million respectively, despite the drop in imports from other countries mainly Benin (US\$ 24 million). This increase in value was reflected in a smaller rise of 7 percent in volume terms⁵.
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports increased by 5 percent (US\$ 326 million) during H1 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 "**Aircraft engines, Boilers, machinery and mechanical appliances**" jumped up by 18 percent (US\$ 101 million) due to an increase in imports from China and Italy by 56 percent (US\$ 90 million) and 55 percent (US\$ 37 million) respectively, placing them as the main import partners in this category with respective shares of 37 percent and 15 percent.
 2. Imports of "**Live animals**" rose by 49 percent (US\$ 70 million) partly due to an increase in imports from Spain by 102 percent (US\$ 21 million) which also moved up to become the top import partner in this category with a share of 20 percent from total imports, followed by Croatia and Brazil with respective shares of 14 percent and 12 percent.
 3. Imports of "**Vehicles other than railway**" decreased by 7 percent (US\$ 60 million) due to a drop in imports from Germany and Korea by 21 percent (US\$ 49 million) and 45 percent (US\$ 25 million) respectively, despite higher imports from Mexico (US\$ 15 million).

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 With the major drop in volume being registered in "Mineral fuel and oil" (2,243,087 tons) followed by the drop in "Iron and Steel" (139,071 tons) and "Salt; Sulphur; earths and stone; lime and cement" (126,037 tons).

³ The discrepancy between the y-o-y relative drops in value and volume terms is rooted in higher international fuel prices with the Brent reaching an average of US\$ 70.67 per barrel during the first half of 2018 compared to US\$ 51.57 per barrel during the same period of 2017.

⁴ This increase placed the United Arab Emirates on the top of the import partners when it comes to "Unwrought & semi-manufactured gold, diamonds, precious stones & metals" along with Togo with a share of 15 percent each.

⁵ Due to the increase in imports of the high value sub-components, mainly "Diamonds" and "Gold (including gold plated with platinum) unwrought" by US\$ 79 million and US\$ 29 million respectively.

- As for the main import partners, China ranked first during the first half of 2018 with a share of 11 percent from total imports, noting that the main imports from this country were “**Aircraft engines, Boilers, machinery and mechanical appliances**” with a share of 24 percent. Italy and Greece followed with shares of 9 percent and 8 percent respectively.

Exports amounted to US\$ 1,539 million during H1 2018, reflecting an increase of 7 percent compared to the same period of 2017. The rise in value was opposed to a decrease of 3 percent in terms of volume⁶.

- 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\$ 58 million)⁷ in terms of value, and by 42 percent in terms of volume⁸.
- Excluding “Unwrought gold, un-mounted diamond & precious stones”, exports increased by 4 percent (US\$ 47 million). This is mainly due to an increase in exports of “Iron and steel” and “Plastics and articles thereof” which rose by 47 percent (US\$ 22 million)⁹ and 28 percent (US\$ 18 million)¹⁰ respectively. On the other hand, exports of “Miscellaneous edible preparations” decreased by 22 percent (US\$ 10 million)¹¹.
- **From a regional perspective**, exports to Arab countries witnessed a year-on-year increase of 4 percent (US\$ 29 million) during the first half of 2018. It is worth mentioning that this increase is mainly attributed to higher exports to the United Arab Emirates and Qatar by 64 percent (US\$ 80 million)¹² and 87 percent (US\$ 33 million) respectively. On the other hand, exports to Syria and Iraq dropped by 37 percent (US\$ 50 million) and 23 percent (US\$ 20 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 H1 2018 with a share of 13 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 10 percent and 7 percent.

⁶ With the largest drops in volume being registered in “Sugars and sugar confectionery” and “Mineral fuel and oil” with respective decreases of 60,211 tons and 49,877 tons.

⁷ Mainly driven by a considerable y-o-y increase in exports of “Diamond”, which rose by 256 percent (US\$ 85 million) during the period under consideration.

⁸ With the biggest increase in volume being in the “Imitation Jewelry” sub-category, increasing by 5.4 tons and accounting for 54 percent of the total increase in exports of “Unwrought gold, un-mounted diamond & precious stones”.

⁹ Driven by higher exports to Turkey by 41 percent (US\$ 17 million).

¹⁰ This is mainly due to higher exports to Syria by 88 percent (US\$ 13 million).

¹¹ With a US\$ 9 million drop in exports to Syria.

¹² Driven by a significant rise in exports of “Unwrought gold, un-mounted diamond & precious stones” by US\$ 86 million.

Table 1: Trade activity by value

(US\$ millions)	2017	2018	%	2014	2015	2016	2017	2018	%
	June	June	Change June 2018/2017	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Change Jan-Jun 2018/2017
Imports	1,533	1,616	5%	8,839	9,052	9,529	9,740	9,581	-2%
<i>of which mineral fuel & oil</i>	345	271	-22%	2,211	1,692	2,217	2,202	1,599	-27%
-EDL registered fuel imports	148	0	-100%	1,022	270	1,179	794	115	-85%
-Non EDL fuel imports	198	271	37%	1,189	1,422	1,038	1,408	1,484	5%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	61	93	53%	505	408	503	533	651	22%
Exports	230	215	-7%	1,658	1,553	1,381	1,435	1,539	7%
<i>of which Unwrought gold, un-mounted diamond, & precious metals</i>	58	51	-11%	303	237	304	338	395	17%
Trade Balance	-1,303	-1,401	8%	-7,181	-7,499	-8,148	-8,305	-8,041	-3%

Source: Directorate General of Customs, Ministry of Finance

Table 2: Trade activity by volume

(Millions of Kgs)	2017	2018	%	2014	2015	2016	2017	2018	%
	June	June	Change June 2018/2017	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Jan-Jun	Change Jan-Jun 2018/2017
Imports	1,559	1,186	-24%	8,259	8,160	9,598	9,961	7,278	-27%
<i>of which mineral fuel & oil</i>	816	441	-46%	3,354	3,307	4,807	4,951	2,707	-45%
-EDL registered fuel imports	375	0	-100%	1,285	707	2,146	2,041	223	-89%
-Non EDL fuel imports	442	441	-0.09%	2,069	2,599	2,661	2,909	2,484	-15%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	114,684	53,451	-53%	536,909	535,587	527,201	661,175	708,811	7%
Exports	135	120	-11%	955	969	758	925	896	-3%
<i>of which Unwrought gold, un-mounted diamond, & precious metals (Kgs)</i>	4,218	10,175	141%	25,750	29,028	18,256	23,647	33,648	42%
Trade Balance	-1,424	-1,066	-25%	-7,304	-7,191	-8,841	-9,036	-6,382	-29%

Source: Directorate General of Customs, Ministry of Finance

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

Rank	Product	Jan-Jun 2017	% share	Jan-Jun 2018	% share	Value change	% change
1	Mineral fuels, mineral oils and products of their distillation	2,202	23%	1,599	17%	-603	-27%
2	Vehicles other than railway	882	9%	822	9%	-60	-7%
3	Pharmaceutical products	623	6%	681	7%	58	9%
4	Aircraft engines, Boilers, machinery and mechanical appliances	576	6%	677	7%	101	18%
5	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	533	5%	651	7%	118	22%
6	Electrical machinery and equipment	385	4%	394	4%	9	2%
7	Iron and steel	306	3%	316	3%	10	3%
8	Plastic and articles thereof	299	3%	303	3%	4	1%
9	Articles of apparel and clothing accessories	239	2%	257	3%	18	8%
10	Live animals	143	1%	213	2%	70	49%
	Others	3,553	36%	3,667	38%	114	3%
	Total	9,740	100%	9,581	100%	-159	-2%

Source: MOF, DGC

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

Rank	Product	Jan-Jun 2017	% share	Jan-Jun 2018	% share	Value change	% change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	338	24%	395	26%	58	17%
2	Electrical machinery and equipment	86	6%	84	5%	-1	-2%
3	Plastic and articles thereof	64	4%	82	5%	18	28%
4	Iron and steel	47	3%	69	4%	22	47%
5	Aircraft engines, Boilers, machinery and mechanical appliances	73	5%	67	4%	-5	-8%
6	Essential oils and resinoids	62	4%	59	4%	-3	-5%
7	Preparations of vegetable	53	4%	55	4%	2	4%
8	Copper and articles thereof	40	3%	53	3%	12	31%
9	Paper and paperboard	33	2%	37	2%	4	14%
10	Miscellaneous edible preparations	47	3%	36	2%	-10	-22%
	Others	594	41%	602	39%	8	1%
	Total	1,435	100%	1,539	100%	104	7%

Source: MOF, DGC



For further information please contact:
Ministry of Finance
Macroeconomic Analysis & Studies Department - Budget Directorate
Tel: 961 1 956000 - ext. 1718-1729
Website: www.finance.gov.lb