

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 2,609 million for January-February 2018, 7 percent lower than the deficit of US\$ 2,796 million registered during the same period of 2017¹. The US\$ 187 million improvement in the trade deficit is rooted in significantly lower imports by US\$ 111 million accompanied by a US\$ 76 million increase in exports during the period under consideration.

Total **imports** reached US\$ 3,141 million during the first two months of 2018, registering a decrease of 3 percent in value and 34 percent in volume, when compared to the same period of 2017.

- This drop in imports was induced by a significantly lower bill of "**Mineral fuel and oil**" by 42 percent (US\$ 374 million), reflecting a 54 percent decrease in terms of volume. In details, EDL fuel imports dropped remarkably by 96 percent² (US\$ 467 million) in January-February 2018 when compared to the same period of 2017. On the other hand, and in terms of value, non-EDL fuel imports registered a rise of 24 percent (US\$ 93 million) during January – February 2018 when compared to last year's figures, yet reflected in a less significant rise of 18 percent³ in terms of their volume.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" witnessed an 8 percent (US\$ 18 million) year-on-year increase in terms of value, while in volume terms the reading widened by 79 percent⁴.
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports improved by 11 percent (US\$ 245 million) during January-February 2018 compared to the same period of 2017. In fact, the main year-on-year increases were witnessed in "**Aircraft engines, Boilers, machinery and mechanical appliances**" and "**Iron and steel**" with 54 percent (US\$ 91 million)⁵ and 71 percent (US\$ 57 million)⁶ respectively. Meanwhile, a slight decrease of 2 percent (US\$ 5 million) was witnessed in imports of "**Vehicles other than railway**"⁷.
- As for the breakdown of imports by country of origin, China and Italy ranked as Lebanon's top import trading partners in January-February 2018 with respective shares of 12 percent and 9 percent of total imports, noting that almost 34 percent of imports from China were "**Aircraft engines, Boilers, machinery and mechanical appliances**" while 41 percent of imports from Italy were "**Mineral fuel and oils**". Greece followed with a share of 8 percent from total imports.

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 Partly due to the reallocation of the Customs declarations rectifying special permits of fuel consignments received by EDL.

³ The discrepancy between value and volume terms is attributed to higher international fuel prices with the Brent price increasing from an average of US\$ 54.72 per barrel in January-February 2017 to US\$ 67.29 per barrel in January-February 2018.

⁴ The relative increase in volume as to that of value is explained by the import of coins by the central bank during January-February 2018 (166 tons) compared to nil during the same period of last year.

⁵ Mainly due to an increase in imports from China by 211 percent (US\$ 90 million).

⁶ This hike is mainly attributed to higher imports from Saudi Arabia, Ukraine and Turkey by US\$ 23 million, US\$ 19 million and US\$ 10 million respectively.

⁷ This decrease can be explained by lower imports from Korea and Germany with respective drops of 43 percent (US\$ 8 million) and 11 percent (US\$ 6 million) partly counterbalanced by an increase in imports from Mexico and the United states by US\$ 7 million each.

Exports amounted to US\$ 531 million during January-February 2018, reflecting a 17 percent increase compared to January-February 2017. This improvement in value is translated by a lesser increase of 1 percent in terms of volume.

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**" increased by 60 percent (US\$ 66 million) in terms of value, while in terms of volume it plunged by 18 percent⁸.
- Excluding "**Unwrought gold, un-mounted diamond & precious stones**", few categories registered year-on-year improvements, mainly exports of "**Iron and steel**" which rose by US\$ 12 million (77 percent)⁹. On the other hand, exports of "**Electrical machinery and equipment**" decreased by 5 million (19 percent).
- **From a regional perspective**, exports to Arab countries witnessed a drop of 3 percent (US\$ 7 million) during January-February 2018 compared to the same period of 2017. It is worth mentioning that this drop is attributed to lower exports to Syria by US\$ 26 million. In contrast, exports to the United Arab Emirates and Qatar increased by US\$ 17 million and US\$ 9 million respectively.
- Lastly, the **breakdown of Lebanese exports by major destination** shows that South Africa was at the top of the list during the first two months of 2018 with a share of 14 percent¹⁰, followed by Switzerland with a share of 12 percent and some regional countries mainly the United Arab Emirates and Turkey with shares of 10 percent and 6 percent respectively.

⁸ Driven by higher exports of "Diamonds" & "Gold including gold plated with platinum" with respective increases of 305 percent (US\$ 24 million) and 44 percent (US\$ 42 million).

⁹ Driven by higher exports to Turkey by 93 percent (US\$ 13 million).

¹⁰ With "Unwrought gold, un-mounted diamond & precious stones" constituting 99.5 percent of exports to this country.

Table 1: Trade activity by value

(US\$ millions)	2017	2018	% Change	2014	2015	2016	2017	2018	% Change
	February	February	Feb 2018/2017	Jan-Feb	Jan-Feb	Jan-Feb	Jan-Feb	Jan-Feb	Jan-Feb 2018/2017
Imports	1,648	1,436	-13%	3,772	2,715	2,908	3,252	3,141	-3%
<i>of which mineral fuel & oil</i>	528	239	-55%	1,235	540	720	885	512	-42%
<i>-EDL registered fuel imports</i>	347	22	-94%	641	55	389	489	22	-96%
<i>-Non EDL fuel imports</i>	181	217	20%	595	485	330	397	490	24%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	75	105	38%	173	117	144	224	242	8%
Exports	226	248	10%	497	486	414	456	531	17%
<i>of which Unwrought gold, un-mounted diamond, & precious metals</i>	38	65	70%	91	82	70	110	175	60%
Trade Balance	-1,422	-1,187	-17%	-3,275	-2,229	-2,494	-2,796	-2,609	-7%

Source: Directorate General of Customs, Ministry of Finance

Table 2: Trade activity by volume

(Millions of kgs)	2017	2018	% Change	2014	2015	2016	2017	2018	% Change
	February	February	Feb 2017/2016	Jan-Feb	Jan-Feb	Jan-Feb	Jan-Feb	Jan-Feb	Jan-Feb 2018/2017
Imports	2,155	1,142	-47.0%	3,057	2,498	3,083	3,618	2,405	-34%
<i>of which mineral fuel & oil</i>	1,178	431	-63%	1,413	1,095	1,596	1,932	893	-54%
<i>-EDL registered fuel imports</i>	854	35	-96%	750	163	687	1,208	35	-97%
<i>-Non EDL fuel imports</i>	324	396	22%	663	932	908	724	858	18%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	82,096	252,701	208%	181,692	156,382	149,661	187,734	336,852	79%
Exports	189	163	-14%	276	325	228	321	323	1%
<i>of which Unwrought gold, un-mounted diamond, & precious metals (Kgs)</i>	5,027	1,814	-64%	7,407	10,836	6,478	7,812	6,432	-18%
Trade Balance	-1,966	-979	-50%	-2,781	-2,173	-2,855	-3,296	-2,082	-37%

Source: Directorate General of Customs, Ministry of Finance

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

Rank	Product	Jan-Feb 2017	% Share	Jan-Feb 2018	% Share	Value Change	% Change
1	Mineral fuels and oils	885	27%	512	16%	-374	-42%
2	Aircraft engines, Boilers, machinery and mechanical appliances	168	5%	258	8%	91	54%
3	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	224	7%	242	8%	18	8%
4	Vehicles and accessories, cranes & lorries	247	8%	241	8%	-5	-2%
5	Pharmaceutical products	197	6%	216	7%	19	9%
6	Iron and steel	80	2%	136	4%	57	71%
7	Electrical machinery and equipment	113	3%	116	4%	3	2%
8	Plastics and articles thereof	95	3%	96	3%	1	1%
9	Articles of apparel and clothing	72	2%	83	3%	11	15%
10	Dairy produce	47	1%	55	2%	8	18%
	Other	1,123	35%	1,185	38%	62	6%
	Total	3,252	100%	3,141	100%	-111	-3%

Source: MOF, DGC

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

Rank	Product	Jan-Feb 2017	% Share	Jan-Feb 2018	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	110	24%	175	33%	66	60%
2	Iron and steel	16	3%	28	5%	12	77%
3	Plastics and articles thereof	20	4%	24	4%	4	22%
4	Electrical machinery and equipment	28	6%	23	4%	-5	-19%
5	Aircraft engines, Boilers, machinery and mechanical appliances	22	5%	21	4%	-1	-4%
6	Preparations of vegetable	17	4%	18	3%	1	7%
7	Essential oils and resinoids	19	4%	17	3%	-2	-10%
8	Copper and articles thereof	12	3%	16	3%	4	34%
9	Fertilisers	10	2%	16	3%	6	64%
10	Edible fruit and nuts	17	4%	14	3%	-3	-19%
	Other	186	41%	179	34%	-7	-4%
	Total	456	100%	531	100%	76	17%

Source: MOF, DGC



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