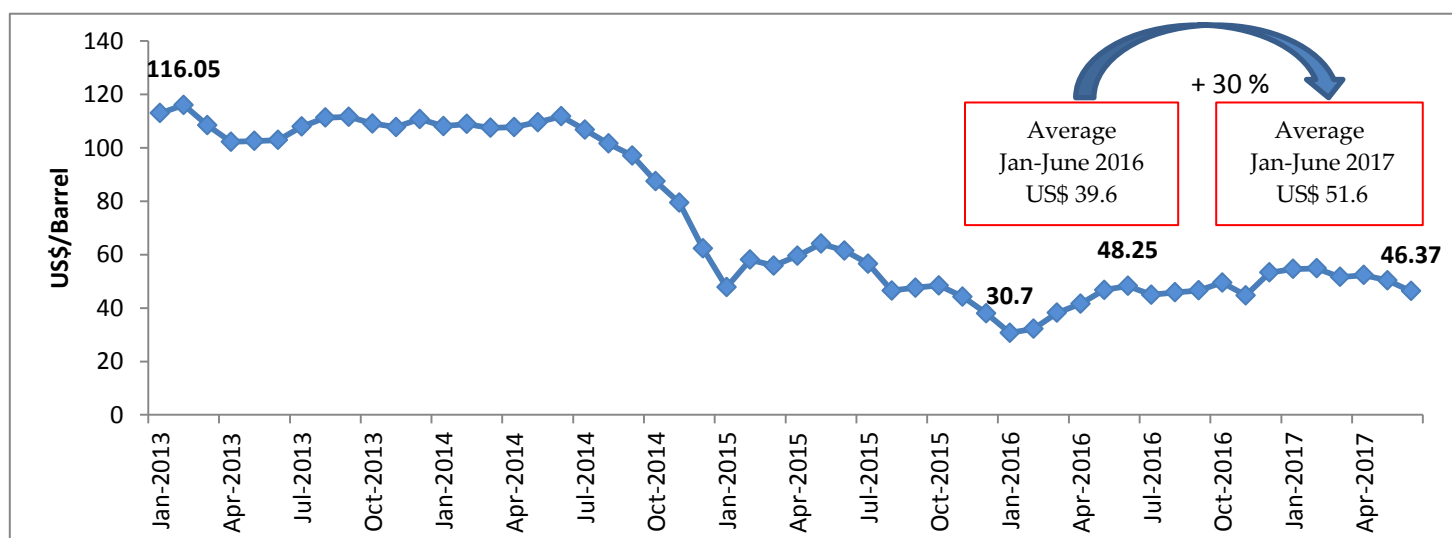


Figures released by the Ministry of Finance, Customs Directorate, show a trade deficit of US\$ 7,943 million during the first half of 2017, 1 percent lower than the deficit of US\$ 8,013 million registered during the same period of 2016. The US\$ 71 million improvement in the trade deficit is rooted in significantly higher exports by US\$ 54 million, coupled by the decrease of US\$ 17 million in imports during the period under consideration.

Total **imports** reached US\$ 9,378 million during H1 2017; registering a slight decrease of 0.2 percent in value terms, while in volume it increased by 0.1 percent, when compared to the same period of 2016.

- Imports of "**Mineral fuel and oil**" witnessed a significant drop of 12 percent (US\$ 241 million), along a less prominent decrease of 5 percent in volume terms. In details, EDL fuel imports contracted by 56 percent (US\$ 582 million) in H1 2017 when compared to the same period of 2016, partly counterbalanced by a hike of 33 percent (US\$ 340 million) in non-EDL fuel imports which amounted to US\$ 1,378 million. The latter rise can be explained by the increase in the average Brent prices by 30 percent in January-June 2017 compared to the same period of 2016.

Figure 1: Europe Brent Monthly Spot prices FOB from January 2013 till June 2017



Source: http://www.eia.gov/dnav/pet/pet_pri_spt_s1_m.htm

- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" increased by 6 percent (US\$ 30 million) year-on-year in terms of value¹, while in volume terms it increased by 25 percent.

¹ Mainly due to the increase in "diamonds, whether or not worked, but not mounted or set" as shown in Table 1.

Table 1: Imports of Natural and precious stones breakdown (US\$ Million)

Description	Jan-June 2016	Jan-June 2017	Value Change	% Change
Diamonds, whether or not worked, but not mounted or set	78	95	17	22%
Precious stones (other than diamonds) and semi-precious stones	11	13	2	18%
Gold (including gold plated with platinum)	372	374	2	1%
Articles of jewelry and parts thereof	32	42	10	33%
Imitation jewelry	7	6	-1	-11%

Source: Directorate General of Customs, Ministry of Finance

- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports increased by 3 percent (US\$ 194 million) during H1 2017 compared to the same period of 2016. In details, the main year-on-year increases were witnessed in:
 1. Imports of "**Vehicles other than railway**" which rose by 6 percent (US\$ 47 million) in H1 2017 mainly due to the increase in imports from Germany, the United States and Canada by 11 percent (US\$ 23 million), 10 percent (US\$ 14 million) and 68 percent (US\$ 12 million) respectively. These increases were partly offset by the decrease in imports from Japan by 11 percent (US\$ 15 million). As for the top import partners, Germany ranked first with a share of 26 percent of total imports of vehicles followed by the United States and Japan with shares of 18 percent and 15 percent respectively.
 2. Imports of "**Iron and Steel**" which jumped up by 9 percent (US\$ 26 million) due to an increase in imports from Ukraine, Turkey and Italy by 128 percent (US\$ 62 million), 108 percent (US\$ 23 million) and 330 percent (US\$ 12 million) respectively. It is worth mentioning that imports from China witnessed a significant decrease of 58 percent (US\$ 79 million) during H1 2017 compared to the same period of 2016. As for the top import partners in this category, Ukraine ranked first with a share of 36 percent of total imports of Iron, followed by China and Turkey with respective shares of 19 and 14 percent.
 3. Although they witnessed a decrease of 37 percent (US\$ 12 million) from United Kingdom, imports of "**Electrical machinery and equipment appliances**" rose by 6 percent (US\$ 21 million) partly due to an increase in imports from China by 9 percent (US\$ 11 million) which also remained as the top import partner in this category with a share of 35 percent from total imports, followed by Italy and the United Kingdom with respective shares of 7 percent and 5 percent.
 4. The above increases were offset by the decrease in imports of "**Articles of apparel and clothing**" and "**Plastics and articles**" by 4 percent (US\$ 10 million) and by 2 percent (US\$ 6 million).
- As for the main import partners, China ranked first during the first half of 2017 with a share of 10 percent from total imports, noting that almost 18 percent of imports from this country are "**Aircraft engines, Boilers, machinery and mechanical appliances**". Italy and Greece followed with shares of 8 and 7 percent respectively.

Exports amounted to US\$ 1,435 million during H1 2017, reflecting an increase of 4 percent compared to the same period of 2016. The rise in value was in-turn reflected in a much higher increase of 22 percent in terms of volume.

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**" increased remarkably by 11 percent (US\$ 34 million)² in terms of value, while in terms of volume the increase was more prominent with 30 percent. The discrepancy between value and volume can be explained by the increase in exports of the sub-category "Articles of goldsmiths' or silversmiths' wares" from 4,047 Kgs in H1 2016 to 8,196 Kgs in H1 2017 (103 percent), thus representing a share of 35 percent in volume terms against 0.6 percent in terms of value from total exports of "Unwrought gold, un-mounted diamond & precious stones" during H1 2017.
- Excluding "**Unwrought gold, un-mounted diamond & precious stones**", exports increased by 2 percent (US\$ 20 million). This is mainly due to an increase in exports of "**Sugars and sugar confectionery**" and "**Iron and steel**" which rose by 81 percent (US\$ 21 million)³ and 75 percent (US\$ 20 million)⁴ respectively. On the other hand, exports of "**Aircraft engines, Boilers, machinery and mechanical appliances**" decreased by 25 percent (US\$ 24 million)⁵.
- **From a regional perspective**, exports to Arab countries witnessed a year-on-year increase of 3 percent (US\$ 23 million) during the first half of 2017. It is worth mentioning that this increase is attributed to higher exports to Syria and Kuwait by 56 percent (US\$ 48 million) and 33 percent (US\$ 11 million) respectively.
- Lastly, the **breakdown of Lebanese exports by major destination** shows that South Africa was at the top of the list during H1 2017 with a share of 13 percent from total exports noting that almost all exports to this country consisted of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**". Syria, the United Arab Emirates and Saudi Arabia followed with a share of 9 percent for the first two and 8 percent for the latter.

² Mostly driven by the increase of 11 percent (US\$ 26 million) in exports of "Gold (including gold plated with platinum)".

³ Driven by higher exports to Syria by 107 percent (US\$ 19 million).

⁴ This is mainly due to higher exports to Turkey by 86 percent (US\$ 20 million).

⁵ Mostly due to lower exports to Germany by 87 percent (US\$ 13 million) and Egypt by 44 percent (US\$ 3 million).

Table 2: Trade activity by value

(US\$ millions)	2016	2017	%	2013	2014	2015	2016	2017	% Change
	June	June	Change June 17/16	Jan – June	Jan – June	Jan – June	Jan – June	Jan – June	Jan - June 17/16
Imports	1,533	1,454	-5%	10,796	10,280	8,782	9,394	9,378	-0.2%
<i>of which mineral fuel & oil</i>	183	267	46%	2,657	2,326	1,422	2,082	1,840	-12%
<i>-EDL registered fuel imports</i>	0	82	NA	504	529	0	1044	462	-56%
<i>-Non EDL fuel imports</i>	183	185	1%	2,152	1,797	1,422	1,038	1,378	33%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	123	61	-50%	665	505	408	503	533	6%
Exports	274	230	-16%	2,315	1,658	1,553	1,381	1,435	4%
<i>of which Unwrought gold, un-mounted diamond, & precious metals</i>	95	58	-39%	537	303	237	304	338	11%
Trade Balance	-1,259	-1,224	-3%	-8,481	-8,622	-7,229	-8,013	-7,943	-1%

Source: Directorate General of Customs, Ministry of Finance

Table 3: Trade activity by volume

(millions of Kgs)	2016	2017	%	2013	2014	2015	2016	2017	% Change
	June	June	Change June 17/16	Jan – June	Jan – June	Jan – June	Jan – June	Jan – June	Jan - June 17/16
Imports	1,374	1,329	-3%	7,441	7,533	7,453	8,950	8,961	0.1%
<i>of which mineral fuel & oil</i>	463	587	27%	2,878	2,629	2,599	4,159	3,950	-5%
<i>-EDL registered fuel imports</i>	0	180	NA	507	560	0	1498	1,092	-27%
<i>-Non EDL fuel imports</i>	463	407	-12%	2,371	2,069	2,599	2,661	2,858	7%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	97,978	114,684	17%	653,380	546,520	535,587	527,201	661,175	25%
Exports	151	135	-11%	1,565	955	969	758	925	22%
<i>of which Unwrought gold, un-mounted diamond, & precious metals (Kgs)</i>	3,499	4,218	21%	38,544	25,750	29,028	18,256	23,647	30%
Trade Balance	-1,223	-1,194	-2%	-5,875	-6,578	-6,484	-8,192	-8,036	-2%

Source: Directorate General of Customs, Ministry of Finance

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

Rank	Product	Jan- June 2016	% Share	Jan- June 2017	% Share	Value Change	% Change
1	Mineral fuels and oils	2,082	22%	1,840	20%	-241	-12%
2	Vehicles and accessories, cranes & lorries	834	9%	882	9%	47	6%
3	Pharmaceutical products	618	7%	623	7%	4	1%
4	Aircraft engines, Boilers, machinery and mechanical appliances	566	6%	576	6%	10	2%
5	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	503	5%	533	6%	30	6%
6	Electrical machinery and equipment	364	4%	385	4%	21	6%
7	Iron and steel	279	3%	306	3%	26	9%
8	Plastics and articles thereof	305	3%	299	3%	-6	-2%
9	Articles of apparel and clothing	249	3%	239	3%	-10	-4%
10	Optical, photographic, cinematographic, medical or surgical instruments	144	2%	152	2%	8	5%
	Others	3,450	37%	3,544	38%	93	3%
	Total	9,394	100%	9,378	100%	-17	-0.2%

Source: MOF, DGC

Table 5: Export Distribution by Product (in US\$ million)

Rank	Product	Jan- June 2016	% Share	Jan- June 2017	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	304	22%	338	24%	34	11%
2	Electrical machinery and equipment	85	6%	86	6%	1	1%
3	Aircraft engines, Boilers, machinery and mechanical appliances	96	7%	73	5%	-24	-25%
4	Plastic and Articles and thereof	62	5%	64	4%	2	3%
5	Essential oils and resinoids; perfumery, cosmetics	69	5%	62	4%	-7	-11%
6	Preparations of vegetables	59	4%	53	4%	-7	-11%
7	Iron and Steel	27	2%	47	3%	20	75%
8	Sugars and sugar confectionery.	26	2%	47	3%	21	81%
9	Miscellaneous edible preparations	48	3%	47	3%	-1	-3%
10	Processed Copper	34	2%	40	3%	6	18%
	Others	571	41%	580	40%	9	2%
	Total	1,381	100%	1,435	100%	54	3.9%

Source: MOF, DGC



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