



Table of Contents

Introduction.....	2
Imports.....	2
Fuel Imports.....	2
Natural Stones Imports.....	3
Other Imports.....	4
Exports.....	8
Natural Stones Exports.....	8
Other Exports.....	9

List of Tables

Table 1: Imports of Natural and precious stones – main items (US\$ Million).....	3
Table 2: Imports of Iron and Steel by country of origin (US\$ Million).....	4
Table 3: Imports of Electrical machinery and equipment by country of origin (US\$ Million).....	5
Table 4: Imports of Aircraft engines by country of origin (US\$ Million).....	6
Table 5: Imports of Pharmaceutical products from the Eurozone (US\$ Million).....	6
Table 6: Imports of Vehicles and accessories by country of origin (US\$ Million).....	7
Table 7: Exports of Natural and precious stones – main items (US\$ Million).....	9
Table 8: Trade activity by value.....	11
Table 9: Trade activity by volume.....	11
Table 10: IMPORT Distribution by Product (in US\$ million).....	12
Table 11: EXPORT Distribution by Product (in US\$ million).....	12

List of Figures

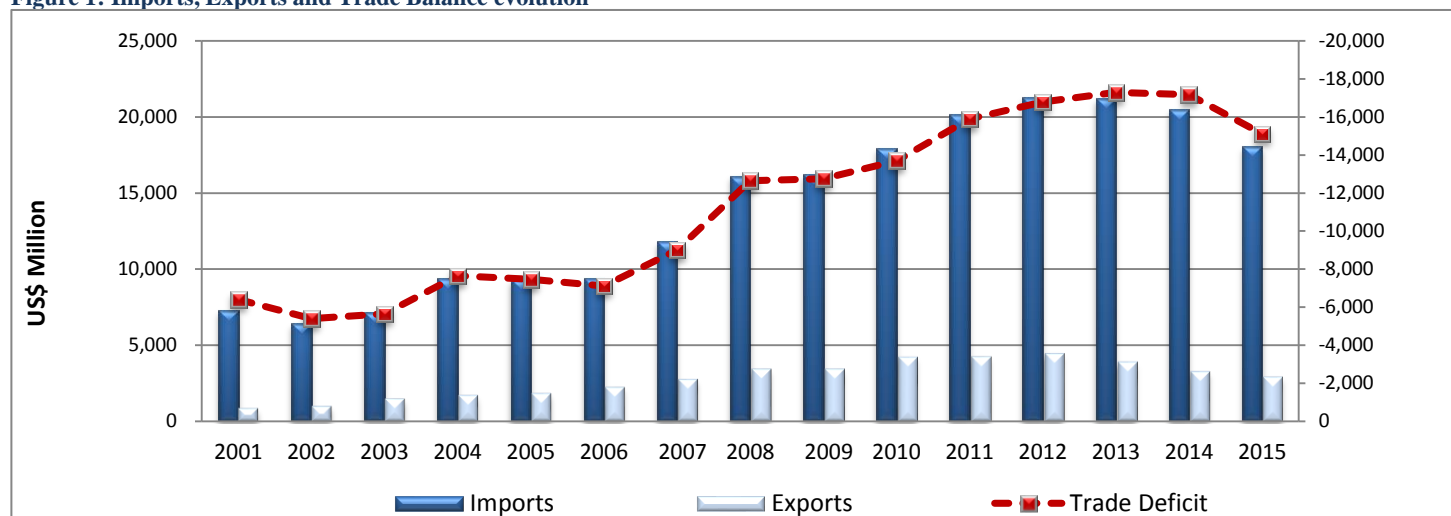
Figure 1: Imports, Exports and Trade Balance evolution.....	2
Figure 2: Europe Brent Spot price FOB 2014-2015.....	3
Figure 3: International Gold Prices per Ounce (2013-2015).....	4
Figure 4: Iron Ore Monthly average Price - US Dollars per Dry Metric Ton.....	5
Figure 5: Yearly imports of Food 2011-2015.....	7
Figure 6: Top Import Partners 2015.....	8
Figure 7: Top Export Partners 2015.....	10

Introduction

Year 2015 registered a **trade deficit** of US\$ 15,116 million, 12 percent lower than the deficit of US\$ 17,181 million registered a year earlier, according to the figures released by the Ministry of Finance, Customs Directorate. The US\$ 2,065 million improvement in the trade deficit is rooted in a US\$ 2,425 million contraction in imports that was partly offset by a US\$ 360 million deterioration in exports during the period under consideration.

It is worth mentioning that the export- import coverage ratio¹ witnessed a minor improvement from 16.2 percent in 2014 to 16.3 percent in 2015.

Figure 1: Imports, Exports and Trade Balance evolution



Source: Directorate General of Customs, Ministry of Finance

Imports

Total **imports** amounted to US\$ 18,069 million in 2015, registering a 12 percent decrease in value when compared to the previous year. This drop came despite the 2 percent increase in volume terms. This year-on-year change is a result of opposite evolutions in several import categories, coupled with the fluctuation of some imports' prices.

Fuel Imports

- Imports of "**Mineral fuel and oil**" declined by 30 percent (US\$ 1,428 million) compared to the previous year; however, it increased by 6 percent in terms of volume. This drop is partly induced by lower EDL fuel imports, mainly due to their delayed registration². Non-EDL fuel imports registered a year-on-year decrease of 29 percent reaching US\$ 2,769 million by the end of 2015, compared to US\$ 3,913 million during the year 2014. These imports increased by

¹ The export import coverage ratio is total exports over total imports in a specific year.

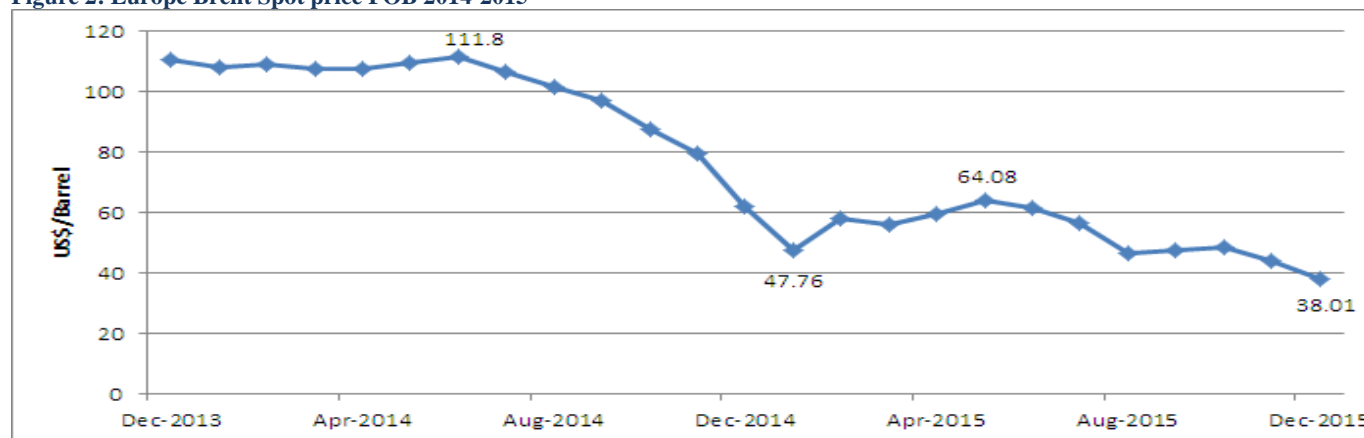
² During 2014, US\$ 834 million worth of oil imports by EDL were registered, compared to only US\$ 550 million in 2015, reflecting a drop of 34 percent in value terms and 30 percent in volume terms.

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12 percent in volume terms, owing to lower international oil prices that started to diminish since June 2014 from an average of US\$/Barrel 111.8 to an average of US\$/Barrel 38.01 at end of December 2015 as shown in figure 2 below.

Figure 2: Europe Brent Spot price FOB 2014-2015



Source: US Energy Information Administration

Natural Stones Imports

- Imports of “Unwrought & semi-manufactured gold, diamonds, precious stones & metals” witnessed a year-on-year decrease of 16 percent (US\$ 154 million) in terms of value during 2015, along with a 20 percent drop in terms of volume. The major decrease was in gold ingots which dropped by 25 percent³. In contrast, imports of Articles of jewelry and parts thereof witnessed an increase by 43 percent (as shown in Table 1 below).

Table 1: Imports of Natural and precious stones – main items (US\$ Million)

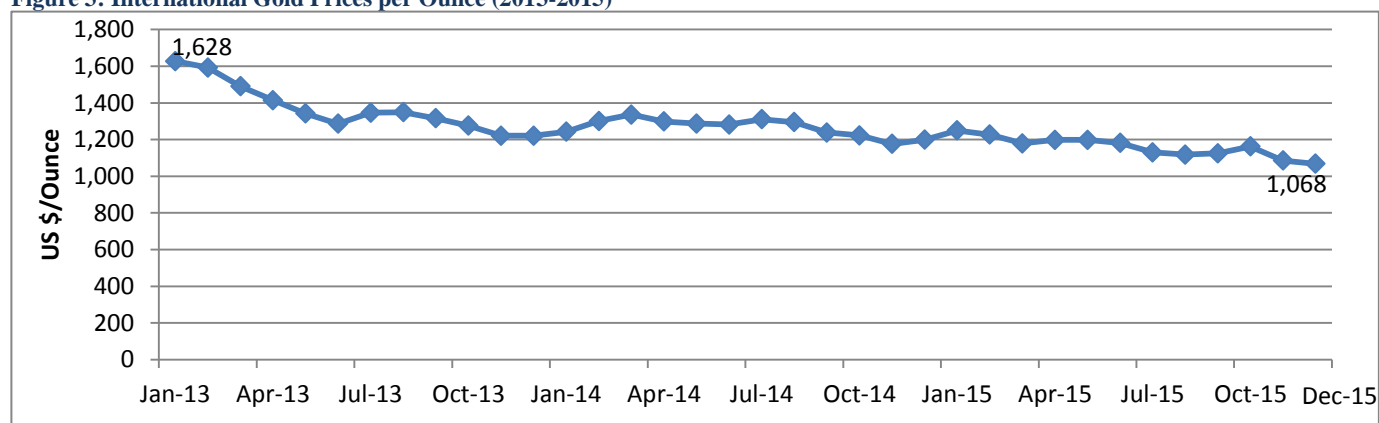
Description	Jan-Dec 2014	Jan-Dec 2015	Value Change	% Change
Diamonds, whether or not worked, but not mounted or set	224	218	-6	-3%
Precious stones (other than diamonds) and semi-precious stones	28	28	1	2%
Gold (including gold plated with platinum)	658	496	-162	-25%
Articles of jewelry and parts thereof	41	58	18	43%
Imitation jewelry	15	14	-1	-8%

Source: Directorate General of Customs, Ministry of Finance

³ This drop in value is routed in lower imports in volume terms (14,460 Kgs in 2015 compared to 17,003 Kgs in 2014), as well as the lower gold prices with a yearly average of US\$ 1,160 per Ounce during 2015 against a yearly average of US\$ 1,266 in 2014.

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Figure 3: International Gold Prices per Ounce (2013-2015)



Source: http://ycharts.com/indicators/gold_price

Other Imports

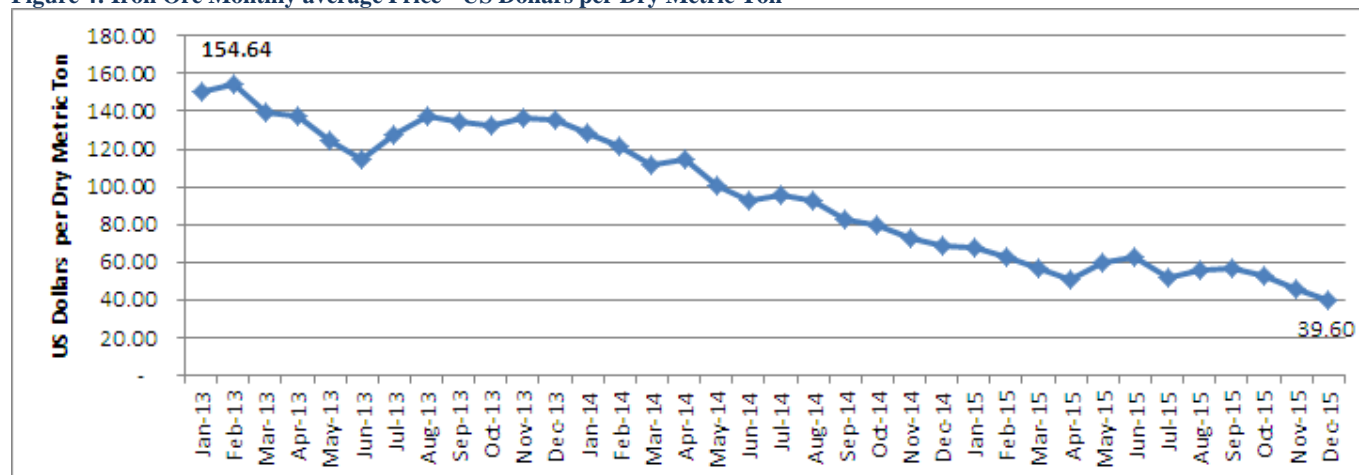
- Excluding "Mineral fuel and oil" and "Unwrought gold, un-mounted diamond & precious stones", imports decreased by 6 percent (US\$ 844 million) during 2015 compared to 2014. This contraction resulted from fluctuations in many sub-categories of imports (as shown in Table 10) mainly the following:
 1. Imports of **Iron and steel** which contracted by 34 percent (US\$ 280 million) in value, with a decrease of 15 percent in volume, most probably due to a decrease in the Iron Ore Monthly average Price during 2015 reaching US\$ 39.60 in December 2015 (Figure 4). In details, the decline is attributed to lower imports from China and Turkey by 43 percent (US\$ 224 million) and 48 percent (US\$ 30 million) respectively (Table 2).

Table 2: Imports of Iron and Steel by country of origin (US\$ Million)

Description	Jan-Dec 2014	Jan-Dec 2015	Value Change	% Change	Share in total imports of Iron and Steel - 2015
China	519	295	-224	-43%	55%
Ukraine	107	106	-1	-1%	20%
Turkey	63	33	-30	-48%	6%
Russian Federation	17	16	-1	-3%	3%
Italy	14	13	-1	-4%	3%

Source: Directorate General of Customs, Ministry of Finance

Figure 4: Iron Ore Monthly average Price - US Dollars per Dry Metric Ton



Source: The Steel Index (TSI) via the IMF

2. **Electrical machinery and equipment** registered a year-on-year drop of 11 percent (US\$ 101 million) in value. Imports from China – the biggest import partner in this category with a share of 31 percent of total Electrical imports – have witnessed a fall by 21 percent (US\$ 70 million) during the aforementioned period (Table 3).

Table 3: Imports of Electrical machinery and equipment by country of origin (US\$ Million)

Description	Jan-Dec 2014	Jan-Dec 2015	Value Change	% Change	Share in total imports of Electrics - 2015
China	328	258	-70	-21%	31%
Germany	68	101	33	48%	12%
United Kingdom	61	67	6	10%	8%
Italy	61	49	-12	-20%	6%
United States	43	45	2	5%	6%

Source: Directorate General of Customs, Ministry of Finance

3. **Aircraft engines, boilers, machinery and mechanical appliances** plunged down by 7 percent (US\$ 94 million), but remaining almost unchanged in terms of volume. In details, this drop is chiefly due to a decrease in imports from China by 12 percent (US\$ 39 million) - mainly aircraft engines and parts of engines - followed by a 21 percent (US\$ 31 million) decline in imports from the United States - mainly aircraft accessories. These decreases were partly counterbalanced by an increase of imports from the United Kingdom by 26 percent (US\$ 21 million) (Table 4).

Table 4: Imports of Aircraft engines by country of origin (US\$ Million)

Description	Jan-Dec 2014	Jan-Dec 2015	Value Change	% Change	Share in total imports of Aircraft engines - 2015
China	334	295	-39	-12%	23%
Italy	144	133	-11	-8%	11%
Germany	144	119	-25	-17%	9%
United States	136	113	-22	-16%	9%
United Kingdom	83	104	21	26%	8%

Source: Directorate General of Customs, Ministry of Finance

4. Imports of **Pharmaceutical products** observed a minor contraction in value terms, dropping by 1 percent (US\$ 16 million). In details, imports from many Eurozone countries were the main contributor to this decrease with lower imports from France by 10 percent (US\$ 15 million), Spain by 17 percent (US\$ 7 million) and Germany by 4 percent (US\$ 7 million). It is noteworthy to mention that 50 percent of total products were imported from the Eurozone during 2015 slightly lower than the percentage of 52 percent registered in 2014 as shown in Table 5 below. Germany and France remained the top import partners in this category with respective shares of 15 percent and 12 percent from total.

Table 5: Imports of Pharmaceutical products from the Eurozone (US\$ Million)

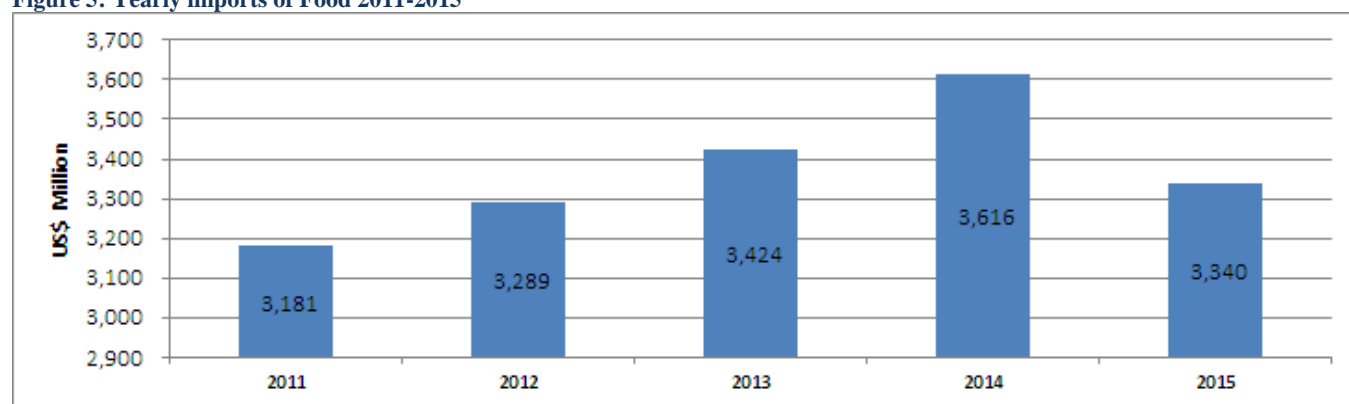
Description	Jan-Dec 2014	Jan-Dec 2015	Value Change	% Change
Germany	179	172	-7	-4%
France	151	136	-15	-10%
Italy	86	87	1	1%
Ireland	42	51	9	21%
Spain	40	33	-7	-17%
Belgium	28	26	-2	-8%
Austria	23	21	-3	-12%
Netherlands	15	13	-3	-17%
Greece	7	5	-2	-24%
Portugal	6	7	1	25%
Cyprus	5	7	1	26%
Finland	3	2	-1	-27%
Slovenia	2	3	1	26%
Malta	-	0	-	-
Slovakia	-	-	-	-
Estonia	-	-	-	-
Latvia	-	-	-	-
Lithuania	-	-	-	-
Luxembourg	-	-	-	-
Total imports from the Eurozone	588	563	-25	-4%
Share of total Imports of Pharmaceutical products	52%	50%		

Source: Directorate General of Customs, Ministry of Finance

5. Although they do not constitute relatively a great share of total imports, imports of **food and related derivatives** dropped by 7.6 percent in 2015 compared to 2014. This came as a result of a decrease in most sub-categories, mainly “Dairy produce, birds' eggs, natural honey” and “Cereals” with 24 percent (US\$ 95 million) and 13 percent (US\$ 46 million) respectively, despite the increase witnessed in some items mainly in “Preparations of cereals, flour, starch or milk” and “Edible fruit and nuts, peel of citrus fruit” with 14 percent (US\$ 35 million) and 14 percent (US\$ 22 million) respectively.

It is worth mentioning that 18.5 percent of Lebanon’s total imports during 2015 consisted of Food products, and that the highest peak was registered in December 2015 amounting to US\$ 310 million.

Figure 5: Yearly imports of Food 2011-2015⁴



Source: Directorate General of Customs, Ministry of Finance

6. On the other hand, **Vehicles and accessories, cranes & Lorries** increased by 12 percent (US\$ 172 million) during the period under consideration amounting to US\$ 1,646 million by the end of 2015, with an increase of 9 percent in volume terms. Imports from Germany increased by 11 percent compared to the previous year, remaining the top import partner in this category with a share of 27 percent of total imports of vehicles, followed by Japan and the United States with a share of 17 percent each. The year-on-year change in these imports from the top partners is detailed in the Table 6 below.

Table 6: Imports of Vehicles and accessories by country of origin (US\$ Million)

Description	Jan-Dec 2014	Jan-Dec 2015	Value Change	% Change	Share in total imports of Vehicles - 2015
Germany	400	443	43	11%	27%
Japan	242	283	41	17%	17%
United States	219	273	53	24%	17%
United Kingdom	118	122	4	3%	7%
Korea, Republic of	129	121	-8	-6%	7%

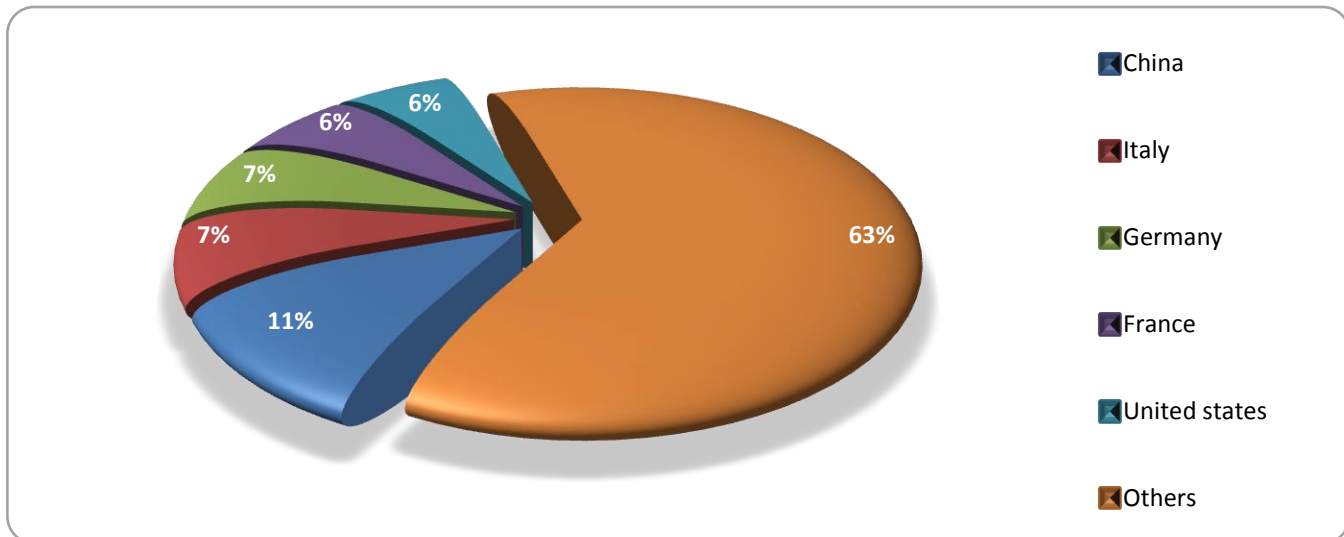
Source: Directorate General of Customs, Ministry of Finance

⁴ Imports of food include the following categories as per the customs’ classification: “live animals; animal products” (HS 1-5), “vegetable products” (HS 6-14), “animal vegetable fats and oils and their cleavage products; prepared edible fats; animal or vegetable waxes” (HS 15) and “Prepared foodstuffs; beverages, spirits and vinegar; tobacco and manufactured tobacco substitutes” (HS 16-24).

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- As for the **breakdown of Lebanese imports by country of origin**, China remains at the top of the list during 2015 with a share of 11 percent of the total imports. Italy and Germany followed with a share of 7 percent of total each (Figure 6).

Figure 6: Top Import Partners 2015



Source: Directorate General of Customs, Ministry of Finance

Exports

Total **Exports** amounted to US\$ 2,952 million during 2015, with a year-on-year decrease of 11 percent (US\$ 360 million) in value and 13 percent in volume. This drop can be explained by the deterioration in the following categories (Table 11):

Natural Stones Exports

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**", witnessing a decreasing trend since 2013, fell by 20 percent (US\$ 108 million) in terms of value compared to 2014⁵ (as shown in Table 8). This was reflected in a 17 percent drop in terms of volume. In details, gold subcategory slid down significantly by 35 percent (US\$ 129 million) (Table 7 below).

⁵ This fall in gold exports is rooted in lower exports mainly to South Africa and Switzerland by US\$ 102 million (35 percent) and US\$ 25 million (32 percent) respectively.

Table 7: Exports of Natural and precious stones – main items (US\$ Million)

Description	Jan-Dec 2014	Jan-Dec 2015	Value Change	% Change
Diamonds, whether or not worked, but not mounted or set.	91	111	20	22%
Precious stones (other than diamonds) and semi-precious stones.	20	22	2	10%
Gold (including gold plated with platinum).	366	237	-129	-35%
Articles of jewelry and parts.	57	54	-3	-5%

Source: Directorate General of Customs, Ministry of Finance

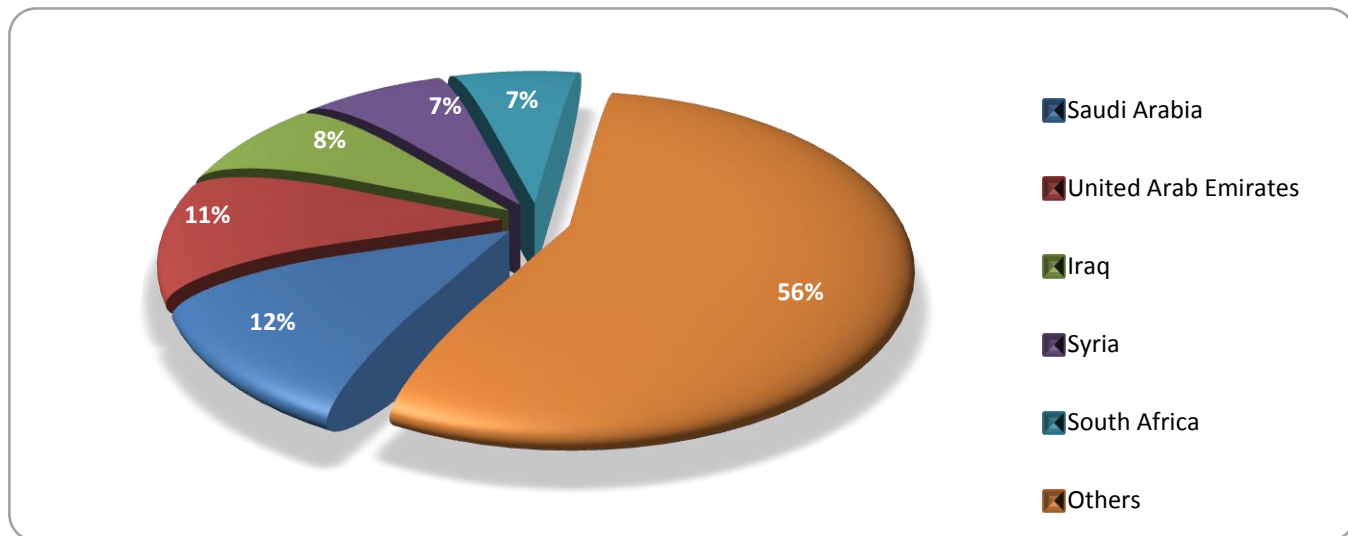
Other Exports

Excluding “**Natural and precious stones**”, exports decreased by 9 percent (US\$ 253 million) during 2015 compared to 2014. This resulted mainly from the following changes (Table 11):

- Exports of “**Beverages, spirits and vinegar**” dropped year-on-year by 19 percent (US\$ 20 million), mainly due to the 39 percent (US\$ 5 million) decline in exports to Saudi Arabia.
- Other decreases were witnessed in exports of “**Nuclear reactors, boilers**” and “**Electric machinery and equipment**” which dropped by 7 percent each. The decline in the first category is rooted to lower exports to Iraq by 42 percent (US\$ 16 million), while the latter is due to lower exports to Nigeria by 46 percent (US\$ 10 million).
- In contrast, exports of “**Essential oils and resino**” and “**Fertilisers**” climbed up by 12 percent (US\$ 14 million) and 10 percent (US\$ 8 million)⁶ respectively.
 - From a **regional perspective**, exports to Arab countries continued to decrease during year 2015 compared to 2014, registering a drop of 8 percent (US\$ 139 million) mainly attributed to lower exports to Syria and Iraq by 13 percent (US\$ 32 million) and 12 percent (US\$ 31 million) respectively.
 - Lastly, **the breakdown of Lebanese exports by major destination** shows that Saudi Arabia was at the top of the list during year 2015 with a share of 12 percent of total exports. United Arab Emirates ranked second with a share of 11 percent, followed by Iraq with a share of 8 percent (Figure 7).

⁶ Mainly driven by the increase in exports to Bangladesh and Brazil by US\$ 13 million and US\$ 12 million respectively that was partly counterbalanced by a 93 percent (US\$ 12 million) drop in exports to France.

Figure 7: Top Export Partners 2015



Source: Directorate General of Customs, Ministry of Finance

Table 8: Trade activity by value

(US\$ millions)	2014	2015	% Change	2011	2012	2013	2014	2015	% Change
	Dec	Dec	Dec 2015/2014	Jan- Dec	Jan- Dec	Jan- Dec	Jan- Dec	Jan- Dec	Jan- Dec 2015/2014
Imports	1,649	1,841	12%	20,158	21,280	21,228	20,494	18,069	-12%
of which mineral fuel & oil	310	587	90%	4,469	5,892	5,000	4,747	3,320	-30%
-EDL registered fuel imports	0	398	-	1,189	1,594	940	834	550	-34%
-Non EDL fuel imports	310	189	-39%	3,280	4,299	4,060	3,913	2,769	-29%
of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals	76	84	10%	2,141	1,585	1,136	976	822	-16%
Exports	268	236	-12%	4,265	4,483	3,936	3,313	2,952	-11%
of which Unwrought gold, un-mounted diamond, & precious metals	31	27	-14%	1,492	1,724	770	542	434	-20%
Trade Balance	-1,381	-1,605	16%	-15,893	16,797	17,293	-17,181	-15,116	-12.0%

Source: Directorate General of Customs, Ministry of Finance

Table 9: Trade activity by volume

(millions of Kgs)	2014	2015	% Change	2011	2012	2013	2014	2015	% Change
	Dec	Dec	Dec 2015/2014	Jan- Dec	Jan- Dec	Jan- Dec	Jan- Dec	Jan- Dec	Jan- Dec 2015/2014
Imports	1,337	1,722	29%	15,050	15,623	15,868	15,452	15,699	2%
of which mineral and fuel oil	469	911	94%	5,551	6,583	5,552	5,670	5,994	6%
-EDL registered fuel imports	0	439	-	1,713	1,820	971	880	616	-30%
-Non EDL fuel imports	469	472	1%	3,838	4,764	4,581	4,790	5,378	-12%
of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)	98,12 2	88,06 6	-10%	1,101,18 3	1,126,89 9	1,198,97 1	1,282,67 3	1,022,35 2	-20%
Exports	178	145	-19%	2,717	2,602	2,776	2,236	1,941	-13%
of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)	4,453	5,965	34%	130,259	120,770	60,485	85,427	71,025	-17%
Trade Balance	-1,159	-1,578	36%	-12,332	-13,021	-13,091	-13,216	-13,759	4.1%

Source: Directorate General of Customs, Ministry of Finance

Table 10: IMPORT Distribution by Product (in US\$ million)

Rank	Product	Jan-Dec 2014	% Share	Jan-Dec 2015	% Share	Value Change	% Change
1	Mineral fuels and oils	4,747	23%	3,320	18%	-1,428	-30%
2	Vehicles and accessories, cranes & lorries	1,473	7%	1,646	9%	172	12%
3	Nuclear reactors, boilers	1,266	6%	1,172	6%	-94	-7%
4	Pharmaceutical products	1,141	6%	1,125	6%	-16	-1%
5	Natural or cultured pearl	976	5%	822	5%	-154	-16%
6	Electrical machinery and equipment	922	4%	821	5%	-101	-11%
7	Plastics and articles thereof	695	3%	624	3%	-71	-10%
8	Iron and steel.	814	4%	533	3%	-280	-34%
9	Articles of apparel and clothing	508	2%	532	3%	24	5%
10	Live animals.	368	2%	358	2%	-10	-3%
	Other	7,585	37%	7,116	39%	-468	-6%
	Total	20,494	100%	18,069	100%	-2425	-12%

Source: MOF, DGC

Table 11: EXPORT Distribution by Product (in US\$ million)

Rank	Product	Jan-Dec 2014	% Share	Jan-Dec 2015	% Share	Value Change	% Change
1	Natural or cultured pearl	542	16%	434	15%	-108	-20%
2	Nuclear reactors, boilers	223	7%	207	7%	-16	-7%
3	Electrical machinery and equipment	222	7%	207	7%	-15	-7%
4	Essential oils and resino	115	3%	129	4%	14	12%
5	Preparations of vegetables	128	4%	127	4%	-1	-1%
6	Plastics and articles thereof	131	4%	125	4%	-6	-5%
7	Copper and articles there	100	3%	104	4%	4	4%
8	Beverages, spirits and vinegar	102	3%	82	3%	-20	-19%
9	Fertilisers	73	2%	80	3%	8	10%
10	Paper and paperboard; art	84	3%	80	3%	-5	-6%
	Other	1,594	48%	1,379	47%	-216	-14%
	Total	3,313	100%	2,952	100%	-360	-11%

Source: MOF, DGC