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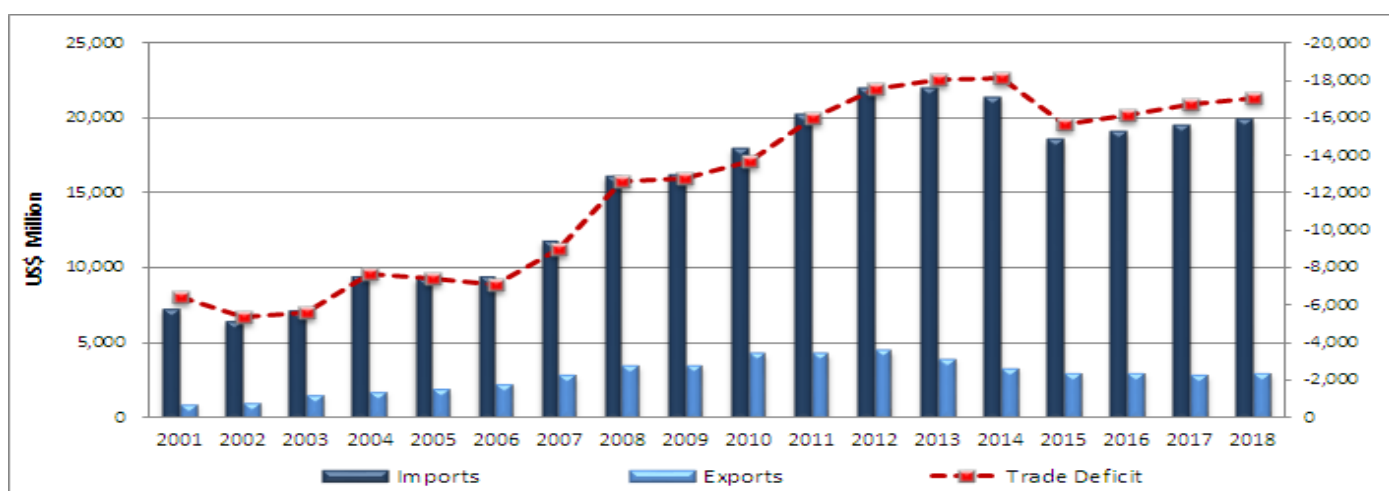
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Introduction

Figures released by the Ministry of Finance, Customs Directorate, show a trade deficit of US\$ 17,028 million by the end of 2018, 2 percent higher than the deficit of US\$ 16,739 million registered during 2017. The US\$ 289 million deterioration in the trade deficit is mainly rooted to higher imports by US\$ 397 million, partly counterbalanced by a rise of US\$ 108 million in exports.

It is worth mentioning that the export - import coverage ratio¹ slightly improved from 14.5 percent in 2017 to 14.8 percent in 2018.

Figure 1: Imports, Exports and Trade Balance evolution



Source: Directorate General of Customs, Ministry of Finance

Imports

Total **imports** reached US\$ 19,980 million during 2018², registering an increase of 2 percent in value, while in volume they dropped by 16 percent when compared to 2017. This inflated figure is mainly the result of an increase in both “**Electric machinery and equipments**” and “**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**” showing a huge rise of 39 percent in the first and 26 percent in the latter .

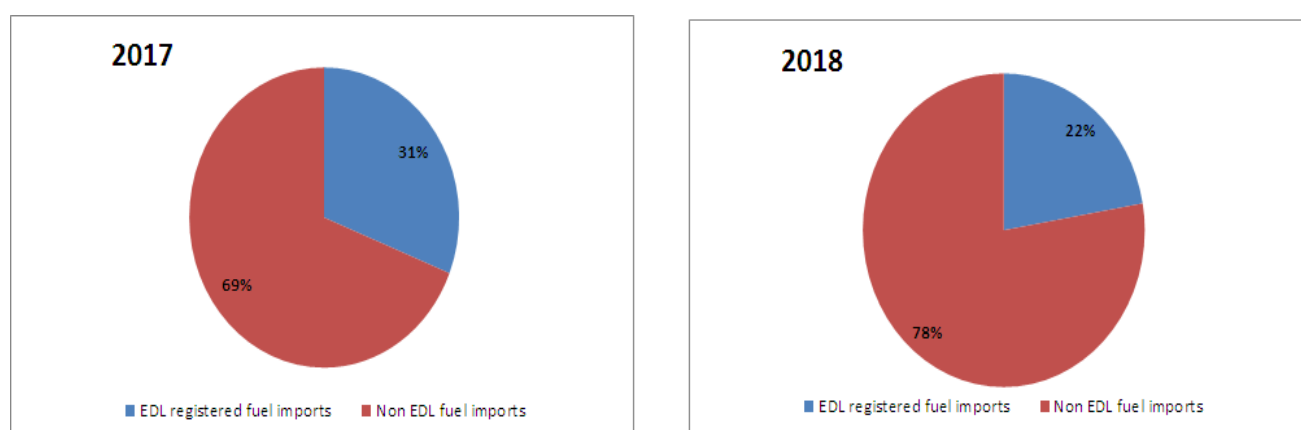
1. Fuel Imports

Imports of “**Mineral fuel and oil**” witnessed a minor drop of 3 percent (US\$ 138 million) in value terms and 28 percent in volume terms, with EDL registered fuel imports dropping from US\$ 1,305 million in 2017 to US\$ 905 million (31 percent) in 2018. This drop was offset by the increase in Non EDL fuel imports rising by 9 percent compared to the previous year, despite their 12 percent drop in volume, this discrepancy being due to higher fuel prices with an average Brent price of US\$ 71.32 in 2018 against US\$ 54.13 in 2017.

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

² 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.

Figure 2: EDL and Non EDL fuel imports shares as a percentage from total fuel imports in 2017 and 2018.



Source: Directorate General of Customs, Ministry of Finance

2. Natural and precious stones Imports

Imports of “Unwrought & semi-manufactured gold, diamonds, precious stones & metals” witnessed a remarkable year-on-year increase of 26 percent (US\$ 256 million) in terms of value during 2018, yet it decreased by 25 percent rise in terms of volume³. The major increase was in “Diamonds, whether or not worked, but not mounted or set” which rose by 102 percent (US\$ 203 million). In contrast, imports of “Precious stones (other than diamonds) and semi-precious stones” and “Imitation jewelery” witnessed respective drops of 20 percent and 12 percent (as shown in Table 1).

As for the top import partners in this category, the United Arab Emirates ranked number one with a share of 21 percent of total imports in this category, followed by Switzerland with a share of 18 percent.

Table 1: Imports break down of natural and precious stones (US\$ Million)

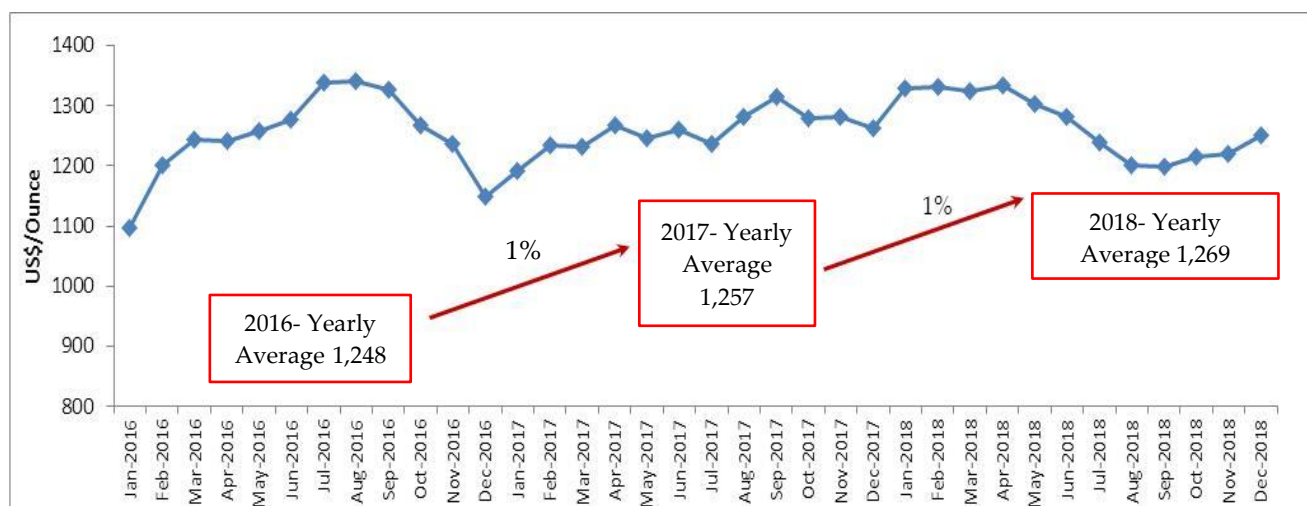
| Description | Jan-Dec 2017 | Jan-Dec 2018 | Value Change | % Change |
|--|--------------|--------------|--------------|----------|
| Diamonds, whether or not worked, but not mounted or set | 199 | 402 | 203 | 102% |
| Precious stones (other than diamonds) and semi-precious stones | 23 | 19 | -5 | -20% |
| Gold (including gold plated with platinum) | 646 | 687 | 41 | 6% |
| Articles of jewelry and parts thereof | 109 | 125 | 16 | 15% |
| Imitation jewelery | 13 | 11 | -2 | -12% |

Source: Directorate General of Customs, Ministry of Finance

³ Partly due to the considerable decrease in the volume of imported “Imitation Jewellery” compared to the same period last year by 30 percent (734,699 Kg in 2018 compared to 1,053,068 Kg in 2017).

For further information, please contact: (00961-1) 956000-ext:1731-1729

Figure 3: Monthly International Gold Prices per Ounce (2016-2018)



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

3. Other Imports

Excluding "Mineral fuel and oil" and "Unwrought gold, un-mounted diamond & precious stones", imports increased by 2 percent (US\$ 279 million) during 2018 compared to 2017. This hike resulted from fluctuations in several sub-categories of imports (Table 10), mainly the following:

3.1. Electrical machinery and equipments rose significantly by 39 percent (US\$ 308 million) during the period under consideration amounting to US\$ 1,090 million by the end of 2018. Imports from China increased by 44 percent compared to the previous year, remaining the top import partner in this category with a share of 37 percent of total imports of Electricals, followed by Turkey whose imports increased remarkably by US\$ 217 million to register a share of 21 percent from the total. In addition, imports from Viet Nam and the United States increased by US\$ 27 million and US\$ 7 million respectively. The year-on-year changes in these imports from the top partners are detailed in Table 2 below.

Table 2: Main imports of Electrical machinery and equipments by country of origin (US\$ Million)

| Description | Jan-Dec 2017 | Jan-Dec 2018 | Value Change | % Change | Share in total imports of Electricals - 2018 |
|---------------|--------------|--------------|--------------|----------|--|
| China | 280 | 402 | 122 | 44% | 37% |
| Turkey | 14 | 231 | 217 | 1501% | 21% |
| Italy | 51 | 53 | 2 | 4% | 5% |
| Viet Nam | 22 | 49 | 27 | 119% | 4% |
| United States | 26 | 33 | 7 | 28% | 3% |
| Others | 387 | 321 | -66 | -17% | 29% |

Source: Directorate General of Customs, Ministry of Finance

3.2. Imports of Live animals increased in value terms by 35 percent (US\$ 108 million). In details, imports from Spain were the main contributor to this increase with a hike of 79 percent (US\$ 38 million), along with a rise of 36 percent (US\$ 20 million) in imports from Brazil. It is worth noting that both Spain and Brazil were the top import partners in this category with respective shares of 21 percent and 18 percent from total imports of Live animals.

Table 3: Main imports of Live Animals by country of origin (US\$ Million)

| Description | Jan-Dec 2017 | Jan-Dec 2018 | Value Change | % Change | Share in total imports of Live Animals - 2018 |
|-------------|--------------|--------------|--------------|----------|---|
| Spain | 49 | 87 | 38 | 79% | 21% |
| Brazil | 54 | 74 | 20 | 36% | 18% |
| Croatia | 43 | 54 | 11 | 25% | 13% |
| Hungary | 34 | 32 | -2 | -7% | 8% |
| Colombia | 14 | 31 | 17 | 118% | 7% |
| Others | 116 | 141 | 25 | 22% | 34% |

Source: Directorate General of Customs, Ministry of Finance

3.3. Aircraft engines, boilers, machinery and mechanical appliances rose by 7 percent (US\$ 79 million). In details, this rise is mainly due to an increase in imports from China and Italy by US\$ 77 million and US\$ 25 million respectively. As for the top imports partners in this category, China maintained its leading position in 2018 with a share of 32 percent followed by Italy and Germany with respective shares of 13 percent and 11 percent.

Table 4: Main imports of Aircraft engines, boilers, machinery and mechanical appliances by country of origin (US\$ Million)

| Description | Jan-Dec 2017 | Jan-Dec 2018 | Value Change | % Change | Share in total imports of Aircraft - 2018 |
|----------------|--------------|--------------|--------------|----------|---|
| China | 315 | 392 | 77 | 25% | 32% |
| Italy | 137 | 163 | 25 | 19% | 13% |
| Germany | 115 | 132 | 17 | 15% | 11% |
| United States | 86 | 97 | 11 | 12% | 8% |
| United Kingdom | 55 | 60 | 5 | 9% | 5% |
| Others | 444 | 388 | -57 | -13% | 31% |

Source: Directorate General of Customs, Ministry of Finance

3.4. Imports of Pharmaceutical products increased in value terms by 3 percent (US\$ 41 million). In details, despite the 1 percent increase in imports from the Eurozone - with higher imports from Germany and Austria by 6 percent (US\$ 12 million) and 51 percent (US\$ 9 million) respectively, against a 12 percent

regression in imports from France - its share retracted slightly from 54 percent to 53 percent from total imports of pharmaceutical products. Imports from European countries outside the Eurozone witnessed a year-on-year rise with higher imports from Switzerland and Denmark by 28 percent (US\$ 26 million) and 24 percent (US\$ 10 million) respectively. It is worth noting that both Germany and the United States were the top import partners in this category with respective shares of 17 percent and 11 percent from total imports of Pharmaceutical Products.

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

| Description | Jan-Dec 2017 | Jan-Dec 2018 | Value Change | % Change |
|--|-----------------|-----------------|-----------------|-------------|
| Germany | 211 | 223 | 12 | 6% |
| France | 160 | 141 | -19 | -12% |
| Ireland | 92 | 98 | 6 | 6% |
| Italy | 79 | 83 | 4 | 5% |
| Spain | 49 | 47 | -2 | -4% |
| Belgium | 34 | 31 | -3 | -8% |
| Austria | 17 | 26 | 9 | 51% |
| Netherlands | 19 | 18 | -1 | -6% |
| Greece | 10 | 10 | 0 | -3% |
| Cyprus | 6 | 9 | 3 | 41% |
| Portugal | 10 | 8 | -2 | -19% |
| Slovenia | 6 | 4 | -2 | -28% |
| Malta | 1 | 1 | 1 | 115% |
| Finland | 2 | 1 | -0.4 | -25% |
| Estonia | - | - | - | - |
| Latvia | - | - | - | - |
| Slovakia | - | - | - | - |
| Luxembourg | - | - | - | - |
| Lithuania | - | - | - | - |
| Total imports from the Eurozone | 695 | 699 | 4 | 1% |
| Share of total Imports of Pharmaceutical products | 54% | 53% | | |

Source: Directorate General of Customs, Ministry of Finance

3.5. On the other hand, import of **Vehicles and accessories, cranes & lorries** dropped year-on-year by 12 percent (US\$ 228 million), amounting to US\$ 1,609 million by the end of 2018. Despite the 22 percent (US\$ 103 million) year-on-year drop, Germany remained the top import partner in this category with a share of 23 percent of total imports of vehicles, followed by the United States (with a share of 21 percent) whose imports also decreased by 5 percent (US\$ 17 million). In addition, imports from Lorea and Japan dropped by US\$ 49 million and US\$ 35 million respectively. Year-on-year changes in imports from the top partners are detailed in Table 6 below.

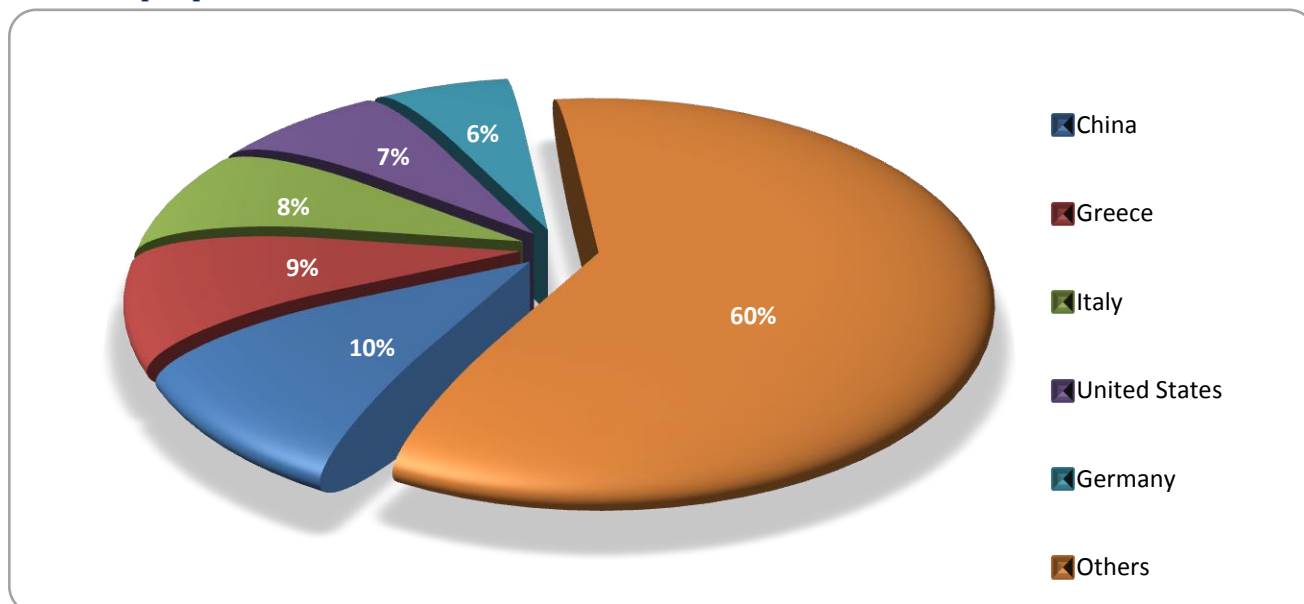
Table 6: Main imports of Vehicles and accessories by country of origin (US\$ Million)

| Description | Jan-Dec 2017 | Jan-Dec 2018 | Value Change | % Change | Share in total imports of Vehicles - 2018 |
|----------------|--------------|--------------|--------------|----------|---|
| Germany | 468 | 365 | -103 | -22% | 23% |
| United States | 352 | 335 | -17 | -5% | 21% |
| Japan | 266 | 230 | -35 | -13% | 14% |
| United Kingdom | 123 | 118 | -5 | -4% | 7% |
| China | 89 | 98 | 9 | 10% | 6% |
| Others | 539 | 463 | -76 | -14% | 29% |

Source: Directorate General of Customs, Ministry of Finance

As for the **breakdown of Lebanese imports by country of origin**, China ranked first in 2018 with a share of 10 percent of total imports, of which 20 percent are Electrical machinery and equipments. Greece and Italy followed with respective shares of 9 percent and 8 percent (Figure 4).

Figure 4: Top Import Partners 2018



Source: Directorate General of Customs, Ministry of Finance

Exports

Total **Exports** amounted to US\$ 2,952 million during 2018, with a year-on-year increase of 4 percent (US\$ 108 million) in value against a 5 percent decrease in volume.

1. Unwrought gold, un-mounted diamond & precious stones Exports

Exports of "**Unwrought gold, un-mounted diamond & precious stones**" witnessed a rise of 11 percent (US\$ 62 million) in terms of value compared to 2017⁴ (Table 7), while it dropped by 42 percent in volume terms. In details, exports of "Diamonds, whether or not worked, but not mounted or set" increased remarkably by 252 percent (US\$ 205 million), this was partly offset by the decrease in exports of "Gold (including gold plated with platinum)" by 33 percent (US\$ 140 million), as shown in Table 7 below.

Table 7: Exports of Unwrought gold, un-mounted diamond & precious stones – main items (US\$ Million)

| Description | Jan-Dec 2017 | Jan-Dec 2018 | Value Change | % Change |
|---|-----------------|-----------------|-----------------|-------------|
| Diamonds, whether or not worked, but not mounted or set. | 81 | 287 | 205 | 252% |
| Precious stones (other than diamonds) and semi-precious stones. | 20 | 10 | -10 | -49% |
| Gold (including gold plated with platinum). | 430 | 289 | -140 | -33% |
| Articles of jewelry and parts. | 51 | 55 | 4 | 7% |

Source: Directorate General of Customs, Ministry of Finance

2. Other Exports

Excluding "**Unwrought gold, un-mounted diamond & precious stones**", exports increased by 2 percent (US\$ 46 million) during 2018 compared to 2017. This resulted mainly from the following changes (Table 11):

- 2.1. The year-on-year increase in exports of "**Plastics and articles thereof**" by 20 percent (US\$ 30 million) mainly due to the 53 percent (US\$ 25 million) rise in exports to Syria, remaining the top export partner in this category with a share of 40 percent.
- 2.2. The rise in "**Iron and steel**" by 18 percent (US\$ 19 million) rooted in higher exports to Greece by US\$ 11 million. On the other hand, Turkey remained the top export partner in this category with a share of 74 percent dropping from 90 percent in 2017.
- 2.3. The year-on-year increase in exports of "**Edible fruits and nuts**" by 18 percent (US\$ 12 million) mainly due to the 77 percent (US\$ 10 million) rise in exports to Syria, remaining the top export partner in this category with a share of 28 percent.

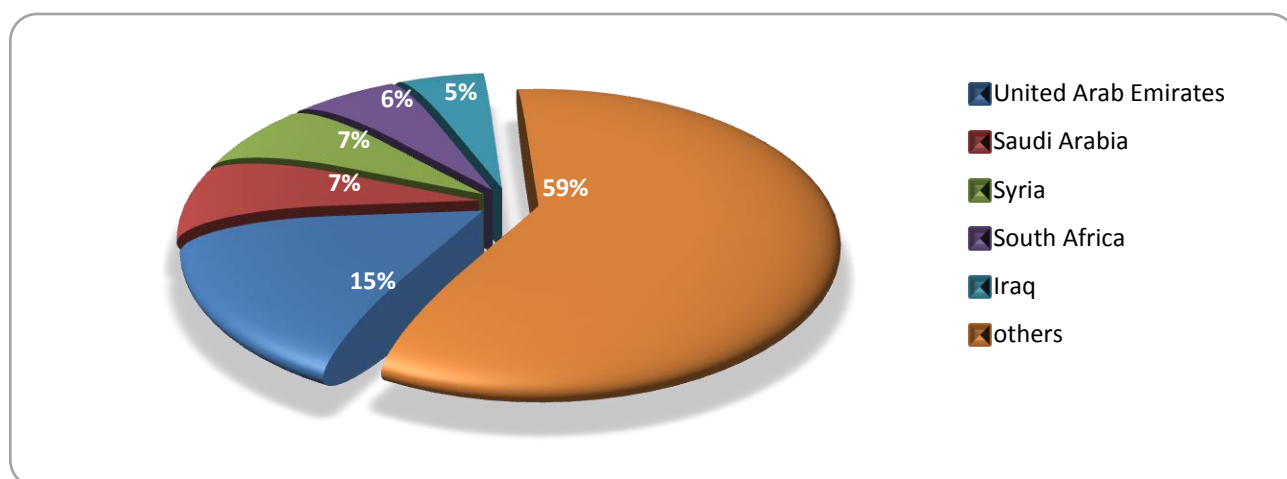
⁴ This increase in gold exports is mainly rooted in higher exports to the United Arab Emirates by US\$ 206 million (232 percent), partly counterbalanced by the drop in exports to South Africa and Switzerland by US\$ 140 million (45 percent) and US\$ 10 million (8 percent).

2.4. In contrast, exports of “**Electrical machinery and equipment**” dropped slightly by 3 percent (US\$ 5 million) mainly due to US\$ 10 million decrease in exports to Kuwait, despite the US\$ 5 million increase in exports to Egypt.

From a regional perspective, exports to Arab countries witnessed a year-on-year increase of 9 percent (US\$ 126 million) during 2018. It is worth mentioning that this rise is mainly attributed to higher exports to the United Arab Emirates and Qatar by 72 percent (US\$ 192 million) and 35 percent (US\$ 35 million) respectively. On the other hand, exports to Syria, Saudi Arabia and Iraq dropped by 17 percent (US\$ 41 million), 13 percent (US\$ 31 million) and 14 percent (US\$ 25 million) respectively.

Lastly, **the breakdown of Lebanese exports by major destination** shows that the United Arab Emirates was at the top of the list during year 2018 with a share of 15 percent from total exports, noting that almost 65 percent of exports to this country consisted of “**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**”. Saudi Arabia, Syria and South Africa followed with a share of 7 percent for the first two and 6 percent for the latter (Figure 5).

Figure 5: Top Export Partners 2018



Source: Directorate General of Customs, Ministry of Finance

Table 8: Trade activity by value

| (US\$ millions) | 2017 | 2018 | % Change | 2014 | 2015 | 2016 | 2017 | 2018 | % Change |
|--|---------------|---------------|------------------|----------------|---------------|---------------|----------------|---------------|-----------------------|
| | Dec | Dec | Dec 2017/2018 | Jan- Dec | Jan- Dec | Jan- Dec | Jan- Dec | Jan- Dec | Jan- Dec 2018/2017 |
| Imports | 1,634 | 1,569 | -4% | 21,437 | 18,595 | 19,119 | 19,582 | 19,980 | 2% |
| <i>of which mineral fuel & oil</i> | 264 | 347 | 31% | 5,690 | 3,845 | 4,092 | 4,204 | 4,066 | -3% |
| <i>-EDL registered fuel imports</i> | 64 | 120 | 86% | 1,777 | 1,076 | 1,761 | 1,305 | 905 | -31% |
| <i>-Non EDL fuel imports</i> | 200 | 227 | 14% | 3,913 | 2,769 | 2,331 | 2,899 | 3,161 | 9% |
| <i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i> | 123 | 67 | -46% | 976 | 822 | 1,255 | 996 | 1,252 | 26% |
| Exports | 251 | 246 | -2% | 3,313 | 2,951 | 2,976 | 2,844 | 2,952 | 4% |
| <i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i> | 51 | 55 | 6% | 542 | 434 | 828 | 586 | 648 | 11% |
| Trade Balance | -1,383 | -1,323 | -4% | -18,124 | 15,644 | 16,143 | -16,739 | 17,028 | 2% |

Source: Directorate General of Customs, Ministry of Finance

Table 9: Trade activity by Volume

| (millions of Kgs) | 2017 | 2018 | % Change | 2014 | 2015 | 2016 | 2017 | 2018 | % Change |
|--|---------------|---------------|------------------|----------------|----------------|----------------|----------------|----------------|-----------------------|
| | Dec | Dec | Dec 2017/2018 | Jan- Dec | Jan- Dec | Jan- Dec | Jan- Dec | Jan- Dec | Jan- Dec 2018/2017 |
| Imports | 1,357 | 1,474 | 9% | 16,918 | 17,245 | 18,928 | 18,975 | 15,855 | -16% |
| <i>of which mineral and fuel oil</i> | 474 | 718 | 51% | 7,137 | 7,539 | 9,233 | 9,077 | 6,561 | -28% |
| <i>-EDL registered fuel imports</i> | 128 | 302 | 136% | 2,347 | 2,161 | 3,686 | 3,312 | 1,477 | -55% |
| <i>-Non EDL fuel imports</i> | 346 | 415 | 20% | 4,790 | 5,378 | 5,547 | 5,765 | 5,084 | -12% |
| <i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i> | 74,912 | 46,302 | -38% | 1,282,673 | 1,022,352 | 1,158,728 | 1,398,306 | 1,042,043 | -25% |
| Exports | 151 | 133 | -11% | 2,246 | 1,941 | 1,659 | 1,937 | 1,840 | -5% |
| <i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i> | 9,468 | 1,551 | -84% | 85,427 | 71,025 | 60,558 | 77,698 | 45,363 | -42% |
| Trade Balance | -1,207 | -1,340 | 11% | -14,673 | -15,304 | -17,269 | -17,038 | -14,015 | -18% |

Source: Directorate General of Customs, Ministry of Finance

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

| Rank | Product | Jan-Dec 2017 | % Share | Jan-Dec 2018 | % Share | Value Change | % Change |
|------|--|---------------|-------------|---------------|-------------|--------------|-----------|
| 1 | Mineral fuel and oil | 4,204 | 21% | 4,066 | 20% | -137 | -3% |
| 2 | Vehicles and accessories, cranes & lorries | 1,837 | 9% | 1,609 | 8% | -228 | -12% |
| 3 | Pharmaceutical products | 1,288 | 7% | 1,329 | 7% | 41 | 3% |
| 4 | Unwrought & semi-manufactured gold, diamonds, precious stones & metals | 996 | 5% | 1,252 | 6% | 256 | 26% |
| 5 | Aircraft engines, boilers, machinery, and mechanical appliances | 1,152 | 6% | 1,231 | 6% | 79 | 7% |
| 6 | Electrical machinery and equipment | 782 | 4% | 1,090 | 5% | 308 | 39% |
| 7 | Iron and steel. | 637 | 3% | 668 | 3% | 30 | 5% |
| 8 | Plastics and articles thereof | 641 | 3% | 638 | 3% | -3 | 0% |
| 9 | Articles of apparel and clothing | 521 | 3% | 504 | 3% | -18 | -3% |
| 10 | Live Animals | 311 | 2% | 419 | 2% | 108 | 35% |
| | Other | 7,213 | 37% | 7,173 | 36% | -40 | -1% |
| | Total | 19,582 | 100% | 19,980 | 100% | 397 | 2% |

Source: MOF, DGC

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

| Rank | Product | Jan-Dec 2017 | % Share | Jan-Dec 2018 | % Share | Value Change | % Change |
|------|--|--------------|-------------|--------------|-------------|--------------|-----------|
| 1 | Unwrought & semi-manufactured gold, diamonds, precious stones & metals | 586 | 21% | 648 | 22% | 62 | 11% |
| 2 | Plastics and articles thereof | 147 | 5% | 177 | 6% | 30 | 20% |
| 3 | Electrical machinery and equipment | 175 | 6% | 170 | 6% | -5 | -3% |
| 4 | Aircraft engines, boilers, machinery, and mechanical appliances | 142 | 5% | 151 | 5% | 10 | 7% |
| 5 | Iron and steel | 104 | 4% | 123 | 4% | 19 | 18% |
| 6 | Essential oils and resinoids | 125 | 4% | 122 | 4% | -3 | -3% |
| 7 | Preparations of vegetables | 108 | 4% | 105 | 4% | -4 | -3% |
| 8 | Processed Copper | 83 | 3% | 94 | 3% | 11 | 13% |
| 9 | Edible Fruit and nuts | 66 | 2% | 78 | 3% | 12 | 18% |
| 10 | Paper and paperboard | 68 | 2% | 73 | 2% | 4 | 6% |
| | Others | 1,239 | 44% | 1,211 | 41% | -27 | -2% |
| | Total | 2,844 | 100% | 2,952 | 100% | 108 | 4% |

Source: MOF, DGC