

Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US\$ 1,422 million for January 2018, 4 percent higher than the deficit of US\$ 1,373 million registered a year earlier. The US\$ 49 million increase in the trade deficit is rooted in significantly higher imports by US\$ 101 million that were partly counterbalanced by a US\$ 52 million increase in exports.

Total **imports** reached US\$ 1,705 million during January 2018, increasing by 6 percent in value terms while contracting by 14 percent in volume terms compared to January 2017.

- Despite the above rise, imports of "**Mineral fuel and oil**" decreased by 24 percent (US\$ 85 million) along with a drop of 39 percent in terms of volume. This contraction in terms of value reflects the decline in EDL fuel imports from US\$ 82 million in January 2017 to nil in January 2018. On the other hand, non EDL fuel imports witnessed a 1 percent decrease in value and a 17 percent drop in volume when compared to 2017¹.
- Imports of "**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**" witnessed a year-on-year drop of 8 percent (US\$ 11 million) in terms of value and of 20 percent in volume terms².
- Excluding "**Mineral fuel and oil**" and "**Unwrought gold, un-mounted diamond & precious stones**", imports jumped up by 18 percent (US\$ 197 million) in January 2018 compared to January 2017. In fact, the main increases were witnessed in "**Aircraft engines, Boilers, machinery and mechanical appliances**", "**Iron and Steel**" and "**Pharmaceutical products**" with 87 percent (US\$ 84 million)³, 169 percent (US\$ 50 million)⁴ and 12 percent (US\$ 13 million)⁵ respectively. These increases were slightly counterbalanced by a drop of 4 percent (US\$ 6 million)⁶ in imports of "**Vehicles other than railway**".
- China ranked as Lebanon's top import trading partner in January 2018 with a share of 14 percent of total imports, noting that almost 44 percent of imports from this country are "**Aircraft engines, Boilers, machinery and mechanical appliances**". Italy and Greece followed with respective shares of 9 percent and 8 percent.

Exports amounted to US\$ 283 million in January 2018, reflecting a remarkable increase of 22 percent, both in value and volume terms, compared to January 2017.

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**" increased significantly by 55 percent (US\$ 39 million) in terms of value, compared to a higher increase of 66 percent in terms of volume⁷.

¹ This drop in volume terms was not reflected in value terms due to higher international fuel prices with the average Brent price reaching US\$ 69.08 in January 2018 compared to US\$ 54.58 in January 2017.

² The drop in volume terms is higher than the one in value terms mainly due to the rise in Gold prices from an average of US\$ 1,190 per Ounce in January 2017 to US\$ 1,330 in January 2018.

³ This increase is attributed mainly to higher imports from China by 395 percent (US\$ 88 million), noting that imports from the United States dropped by 68 percent (US\$ 9 million).

⁴ Imports from Saudi Arabia, Ukraine and the Russian Federation were the main sources for this rise with respective increases of US\$ 16 million, US\$ 14 million and US\$ 9 million.

⁵ Mainly due to a rise in imports from the United States by US\$ 5 million and by US\$ 4 million from each of Switzerland, the United Arab Emirates and Sweden. This was partly counterbalanced by decreases in imports from Denmark and France by US\$ 3 million and US\$ 2 million respectively.

⁶ The decrease is mainly due to the drop in imports from Germany by 19 percent (US\$ 7 million) despite the US\$ 4 million rise in imports from Mexico.

⁷ Driven by considerable y-o-y increases in the high-value components, namely "**Diamonds, whether or not worked, but not mounted or set**" and "**Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form**", which rose by US\$ 11 million and US\$ 28 million respectively in January 2018.

- Excluding "Unwrought gold, un-mounted diamond & precious stones", exports improved by 8 percent (US\$ 13 million) in terms of value. This was mainly due to a rise in exports of "Iron and Steel" by 117 percent (US\$ 8 million)⁸ and "Plastic and Articles thereof" by 37 percent (US\$ 3 million) despite the decrease in exports of "Edible Fruit and nuts" by 34 percent (US\$ 4 million)⁹.
- From a regional perspective, exports to Arab countries witnessed an increase of 2 percent (US\$ 2 million) in January 2018 compared to January 2017. It is worth mentioning that this increase is mainly attributed to higher exports to the United Arab Emirates, Kuwait and Iraq by 49 percent (US\$ 8 million), 31 percent (US\$ 2 million) and 15 percent (US\$ 2 million) respectively. These increases were mostly counterbalanced by a decrease in exports to Syria by 46 percent (US\$ 10 million) and Saudi Arabia by 6% (US\$ 1 million).
- Lastly, the **breakdown of Lebanese exports by major destination** shows that Switzerland was at the top of the list in January 2018 with a share of 17 percent of total exports, followed by South Africa with a share of 16 percent and the United Arab Emirates with a share of 9 percent.

Table 1: Trade activity by value

(US\$ millions)	2014	2015	2016	2017	2018	% Change
	January	January	January	January	January	Jan 17 - Jan 18
Imports	1,873	1,341	1,494	1,604	1,705	6%
<i>of which mineral fuel & oil</i>	546	211	368	358	272	-24%
<i>-EDL registered fuel imports</i>	240	0	196	82	0	-100%
<i>-Non EDL fuel imports</i>	306	211	172	276	272	-1%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	101	50	67	149	137	-8%
Exports	244	250	186	232	283	22%
<i>of which Unwrought gold, un-mounted diamond, & precious metals</i>	46	49	28	72	111	55%
Trade Balance	-1,629	-1,090	-1,309	-1,373	-1,422	4%

Source: Directorate General of Customs, Ministry of Finance

Table 2: Trade activity by volume

(Millions of Kgs)	2014	2015	2016	2017	2018	% Change
	January	January	January	January	January	Jan 17 - Jan 18
Imports	1,459	1,119	1,482	1,462	1,264	-14%
<i>of which mineral fuel & oil</i>	566	416	737	755	462	-39%
<i>-EDL registered fuel imports</i>	252	0	292	195	0	-100%
<i>-Non EDL fuel imports</i>	314	416	445	560	462	-17%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	73,043	77,435	78,350	105,638	84,151	-20%
Exports	150	178	105	132	160	22%
<i>of which Unwrought gold, un-mounted diamond, & precious metals (kgs)</i>	3,925	6,459	2,280	2,785	4,618	66%
Trade Balance	-1,309	-941	-1,377	-1,331	-1,103	-17%

Source: Directorate General of Customs, Ministry of Finance

⁸ This hike is driven by the rise of US\$ 8 million (133 percent) in exports to Turkey.

⁹ Mainly due to a decrease in exports to the Syrian Arab Republic by \$US 3 million.

✚ The distribution of the top traded products is as follows:

Table 3: IMPORT Distribution by Product (in US\$ million)							
Rank	Product	Jan-2017	% Share	Jan-2018	% Share	Value Change	% Change
1	Mineral fuels, mineral oils and products of their distillation	358	22%	272	16%	-85	-24%
2	Aircraft engines, Boilers, machinery and mechanical appliances	97	6%	181	11%	84	87%
3	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	149	9%	137	8%	-11	-8%
4	Vehicles other than railway	135	8%	129	8%	-6	-4%
5	Pharmaceutical products	107	7%	120	7%	13	12%
6	Iron and steel.	30	2%	80	5%	50	169%
7	Electrical machinery and equipment	59	4%	62	4%	2	4%
8	Plastic and articles thereof	49	3%	49	3%	0	-1%
9	Articles of apparel and clothing accessories	32	2%	37	2%	5	16%
10	Dairy produce; birds' egg	23	1%	32	2%	9	37%
	Others	566	35%	606	36%	40	7%
	Total	1,604	100%	1,705	100%	101	6%

Source: MOF, DGC

Table 4: EXPORT Distribution by Product (in US\$ million)							
Rank	Product	Jan-2017	% Share	Jan-2018	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	72	31%	111	39%	39	55%
2	Iron and steel.	7	3%	15	5%	8	117%
3	Electrical machinery and equipment	13	6%	14	5%	1	6%
4	Plastic and articles thereof	8	4%	11	4%	3	37%
5	Aircraft engines, Boilers, machinery and mechanical appliances	10	4%	10	4%	0	-1%
6	Essential oils and resino	9	4%	9	3%	0	-4%
7	Copper and articles there	7	3%	8	3%	1	10%
8	Edible fruit and nuts;	11	5%	7	3%	-4	-34%
9	Preparations of vegetable	7	3%	7	3%	0	3%
10	Aluminium and articles thereof	5	2%	6	2%	1	31%
	Others	83	36%	85	30%	3	3%
	Total	232	100%	283	100%	52	22%

Source: MOF, DGC



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