REPUBLIC OF LEBANON
MINISTRY OF FINANCE

Trade Brief

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Figures released by the Ministry of Finance, Customs Directorate, indicate a trade deficit of US$ 6,104 million for Jan-Oct 2020, significantly lower than the deficit of US$ 13,514 million registered a year earlier. The US$ 7,410 million improvement in the trade deficit is rooted in significantly lower imports by US$ 7,541 million, slightly offset by a US$ 131 million drop in exports.

Total **imports** reached US$ 9,071 million during Jan-Oct 2020, decreasing by 45.4 percent in value terms[1] and by 34.1 percent in volume terms compared to the same period of 2019.

- Imports of "**Mineral fuel and oil**" dropped significantly by 52.2 percent (US$ 2,867 million)[2], while in terms of volume it retracted by 35.5 percent. This decrease is mainly rooted in significantly lower registered EDL fuel imports by 73.8 percent (US$ 2,165 million) reaching US$ 769 million during Jan-Oct 2020 compared to US$ 2,934 million during the same period of 2019. Non-EDL fuel imports also narrowed by 27.5 percent (US$ 701 million) in value despite being almost stable in volume terms compared to the same period of 2019.
- Imports of **"Unwrought & semi-manufactured gold, diamonds, precious stones & metals"** witnessed a year-on-year drop of 13.8 percent (US$ 114 million) in terms of value to reach US$ 710 million, compared to a more pronounced decline of 78.9 percent in volume terms. This discrepancy between the value and the volume can be partly explained by the considerable increase in the average gold price reaching US$ 1,751 per ounce during Jan-Oct 2020 compared to US$ 1,376 per ounce during the same period of 2019. Also, the composition of imports from this category has contributed to increasing this difference, with a considerable drop in imports of the low cost "imitation jewelry" by 469 tons accounting for a decline of only US$ 6.1 million in value terms.
- Excluding "**Mineral fuel and oil"** and **"Unwrought gold, un-mounted diamond & precious stones",** imports decreased by 44.3 percent (US$ 4,561 million) in Jan-Oct 2020 compared to the similar period of 2019. In fact, most imports' categories witnessed a year-on-year drop during the covered period. In details, the main decreases were registered in **"Vehicles other than railway"**, "**Electrical machinery and equipment**", "**Aircraft engines, Boilers, machinery and mechanical appliances**" and "**Plastics and articles thereof**" with 68.5 percent (US$ 690 million)[3], 66.5 percent (US$ 441 million)[4], 36.0 percent (US$ 287 million)[5] and by 49.8 percent (US$ 237 million)[6] respectively.
- The United States ranked as Lebanon's top import trading partner in Jan-Oct 2020 with a share of 9 percent of total imports, noting that almost 27 percent of imports registered from this country were "**Aircraft engines, Boilers, machinery and mechanical appliances**". Greece and Turkey followed with respective shares of 8 percent and 7 percent.

[1] Significantly affected by the disruption in international bank transfers and the sharp exchange rate deterioration on the parallel market.
[2] Partly affected by the drop in international fuel prices with the Brent price reaching a record low of US$ 9.12 per barrel on April 21, 2020. Year-to-date average price registered US$ 41.05 per barrel compared to US$ 64.09 in Jan-Oct 2019.
[3] With lower imports from all countries mainly from the United States by US$ 148 million, as well as from Germany and Japan by US$ 119 million and US$ 108 million respectively.
[4] Imports from China, Vietnam and Italy were the main sources for this drop with respective y-o-y decreases of US$ 209 million, US$ 43 million and US$ 22 million.
[5] This decrease is mainly attributed to lower imports from China by US$ 134 million, Italy by US$ 52 million and Germany by US$ 34 million, partly counterbalanced by an increase in imports from the United States by US$ 145 million.
[6] Imports from China and Saudi Arabia registered the biggest y-o-y drops with US$ 54 million and US$ 52 million respectively.

Exports amounted to US$ 2,967 million in Jan-Oct 2020, reflecting a 4.2 percent (US$ 131 million) decline in value terms, against a 7.4 percent increase in volume terms, compared to the same period of 2019.

- Exports of "**Unwrought gold, un-mounted diamond & precious stones**" rose slightly by 0.8 percent (US$ 10 million) in terms of value during Jan-Oct of 2020, despite the significant increase of 55.3 percent in terms of volume[7].
- Excluding "**Unwrought gold, un-mounted diamond & precious stones**", exports decreased by 7.5 percent (US$ 141 million) in terms of value. This was driven by a year-on-year decline in several export categories, mainly **"Plastics and articles thereof"**, **"Electrical machinery and equipment**" and "**Aircraft engines, Boilers, machinery and mechanical appliances**" with respective drops of 35.6 percent (US$ 46 million)[8], 28.4 percent (US$ 39 million)[9] and 10.3 percent (US$ 18 million)[10]. In contrast, some categories witnessed a year-on-year rise, mainly exports of **"Edible fruits and nuts**" with 75.0 percent (US$ 39 million)[11] and "**Iron and steel**" with 27.3 percent (US$ 17 million)[12].
- **From a regional perspective**, exports to Arab countries witnessed a decline of 10.4 percent (US$ 132 million) in Jan-Oct 2020 compared to the similar period of 2019. It is worth mentioning that this drop is mainly attributed to lower exports to Syria, Saudi Arabia and Iraq by 47.6 percent (US$ 79 million)[13], 11.8 percent (US$ 24 million)[14] and 13.9 percent (US$ 17 million) respectively.
- Lastly, the **breakdown of Lebanese exports by major destination** shows that Switzerland was at the top of the list during Jan-Oct 2020 with a share of 33 percent of total exports – noting that almost 99 percent of exports to this country were "**Unwrought gold, un-mounted diamond & precious stones**". The United Arab Emirates and Saudi Arabia followed with respective shares of 12 percent and 6 percent.

[7] This is mainly attributed to the export of a large volume of "Waste and scrap of precious metal or of metal clad" registering 24,897 Kgs during Jan-Oct 2020 (33.5 percent from the volume of exports from this category against 0.05 percent from the value) compared to nil in Jan-Oct 2019.

[8] Mainly due to a decrease in exports to Syria by US$ 31 million.

[9] Mainly due to lower exports to Iraq by US$ 12 million and Syria by US$ 6 million.

[10] Due to lower exports to Georgia and Hong Kong by US$ 13 million and US$ 10 million respectively.

[11] Mainly due to higher exports to Turkey by US$ 10 million and to Iraq and Jordan by US$ 6 million each.

[12] Driven by higher exports to Egypt by US$ 15 million.

[13] Mainly as exports of "Mineral fuel & oil" and "Plastics and article thereof" dropped year-on-year by US$ 36 million and US$ 31 million respectively.

[14] With exports of "Aircraft engines, Boilers, machinery and mechanical appliances " and "Plastics and articles thereof" declining year-on-year by US$ 5 million and US$ 3 million respectively over the covered period.

Table 1: Trade activity by value

(US$ millions)	2019	2020	% Change	2016	2017	2018	2019	2020	% Change
	Oct	Oct	Oct 2020/2019	Jan-Oct	Jan-Oct	Jan-Oct	Jan-Oct	Jan-Oct	Jan-Oct 2020/2019
Imports	**1,308**	**1,193**	**-9%**	**16,044**	**16,223**	**16,874**	**16,612**	**9,071**	**-45%**
of which mineral fuel & oil	338	295	-13%	3,589	3,516	3,471	5,487	2,620	-52%
-EDL registered fuel imports	108	84	-23%	1,673	1,042	785	2,934	769	-74%
-Non EDL fuel imports	229	211	-8%	1,916	2,474	2,686	2,552	1,851	-27%
of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals	83	119	43%	1,037	801	1,109	824	710	-14%
Exports	**292**	**351**	**20%**	**2,485**	**2,366**	**2,464**	**3,098**	**2,967**	**-4%**
of which Unwrought gold, un-mounted diamond, & precious metals	117	161	37%	725	489	552	1,211	1,221	1%
Trade Balance	**-1,016**	**-842**	**-17%**	**-13,559**	**-13,857**	**-14,410**	**-13,514**	**-6,104**	**-55%**

Source: Directorate General of Customs, Ministry of Finance

Table 2: Trade activity by volume

(Millions of kgs)	2019	2020	% Change	2016	2017	2018	2019	2020	% Change
	Oct	Oct	Oct 2020/2019	Jan-Oct	Jan-Oct	Jan-Oct	Jan-Oct	Jan-Oct	Jan-Oct 2020/2019
Imports	**1,187**	**1,239**	**4%**	**16,189**	**15,953**	**13,235**	**16,532**	**10,887**	**-34%**
of which mineral fuel & oil	616	795	29%	8,079	7,786	5,460	9,945	6,411	-36%
-EDL registered fuel imports	225	257	14%	3,422	2,764	1,175	5,618	2,081	-63%
-Non EDL fuel imports	392	538	37%	4,657	5,022	4,285	4,327	4,330	0%
of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)	50,096	13,444	-73%	954,569	1,177,022	933,291	590,282	124,270	-79%
Exports	**127**	**218**	**72%**	**1,339**	**1,669**	**1,546**	**1,424**	**1,529**	**7%**
of which Unwrought gold, un-mounted diamond, & precious metals (Kgs)	3,181	4,016	26%	40,872	65,283	38,496	47,877	74,331	55%
Trade Balance	**-1,060**	**-1,021**	**-4%**	**-14,850**	**-14,284**	**-11,689**	**-15,108**	**-9,357**	**-38%**

Source: Directorate General of Customs, Ministry of Finance

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

Rank	Product	Jan-Oct 2019	% *Share*	Jan-Oct 2020	% *Share*	Value Change	% *Change*
1	Mineral fuels and oils	5,487	33%	2,620	29%	-2,867	-52%
2	Pharmaceutical products	1,050	6%	958	11%	-92	-9%
3	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	824	5%	710	8%	-114	-14%
4	Aircraft engines, Boilers, machinery and mechanical appliances	797	5%	510	6%	-287	-36%
5	Vehicles and accessories, cranes & lorries	1,006	6%	317	3%	-690	-69%
6	Cereals	261	2%	282	3%	22	8%
7	Live animals	275	2%	249	3%	-26	-10%
8	Plastics and articles thereof	476	3%	239	3%	-237	-50%
9	Electrical machinery and equipment	663	4%	222	2%	-441	-66%
10	Optical, photographic, cinematographic, measuring	262	2%	155	2%	-107	-41%
	Other	5,513	33%	2,810	31%	-2,703	-49%
	Total	**16,612**	**100%**	**9,071**	**100%**	**-7541**	**-45%**

Source: MOF, DGC

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

Rank	Product	Jan-Oct 2019	% *Share*	Jan-Oct 2020	% *Share*	Value Change	% *Change*
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	1,211	39%	1,221	41%	10	1%
2	Aircraft engines, Boilers, machinery and mechanical appliances	179	6%	161	5%	-18	-10%
3	Preparations of vegetables	96	3%	103	3%	6	7%
4	Electrical machinery and equipment	139	4%	99	3%	-39	-28%
5	Edible fruit and nuts	52	2%	90	3%	39	75%
6	Essential oils and resinoids	106	3%	90	3%	-16	-15%
7	Plastics and articles thereof	129	4%	83	3%	-46	-36%
8	Iron and steel	63	2%	80	3%	17	27%
9	Copper and articles thereof	56	2%	57	2%	1	2%
10	Beverages, spirits and vinegar	49	2%	52	2%	4	8%
	Other	1,019	33%	931	31%	-88	-9%
	Total	**3,098**	**100%**	**2,967**	**100%**	**-131**	**-4%**

Source: MOF, DGC

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