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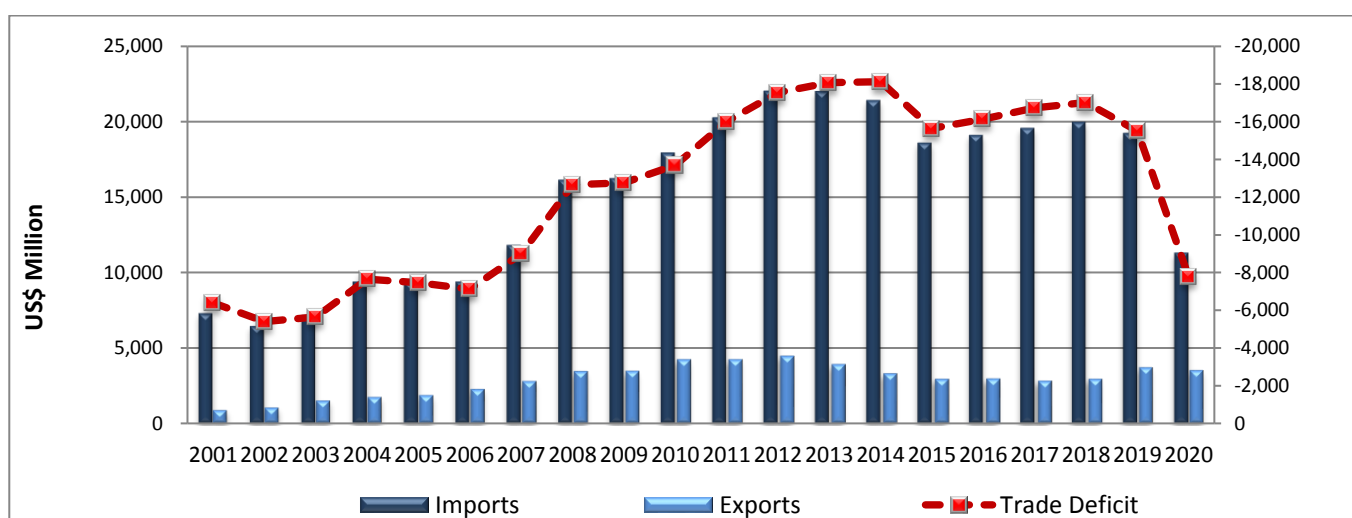
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Introduction

Figures released by the Ministry of Finance, Customs Directorate, show a trade deficit of US\$ 7,765 million by the end of 2020, 50 percent lower than the deficit of US\$ 15,508 million registered during 2019, noting that this is the lowest trade deficit recorded since 2006¹. The US\$ 7,743 million improvement in the trade deficit is driven by a sharp fall of US\$ 7,930 million in imports, despite a US\$ 187 million drop at the exports' level.

It is worth mentioning that the export - import coverage ratio² improved significantly from 19.4 percent in 2019 to 31.3 percent in 2020. But it is important to note at the same time that the reason behind this apparent amelioration in figures is not structural and is not due to a lower need for foreign products, but it is mainly the result of the undergoing crisis with the de facto capital controls imposed by banks, in addition to the foreign currency shortage on the parallel market, directly affecting the availability of payment means for importers.

Figure 1: Imports, Exports and Trade Balance evolution



Source: Directorate General of Customs, Ministry of Finance

Imports

Total **imports** reached US\$ 11,310 million during 2020, registering a decrease of 41 percent in value, while in volume they dropped by 30 percent, when compared to 2019. This is the result of the dwindling in most sub-categories of imports, with "**Mineral fuel and oil**" registering a sharp decline of 51 percent, in parallel with other import categories mainly "**Vehicles and accessories, cranes & lorries**", "**Electric machinery and equipments**", "**Iron and Steel**", and "**Aircraft engine and boilers**" showing huge year-on-year drops of 61 percent, 59 percent, 54 percent and 35 percent respectively.

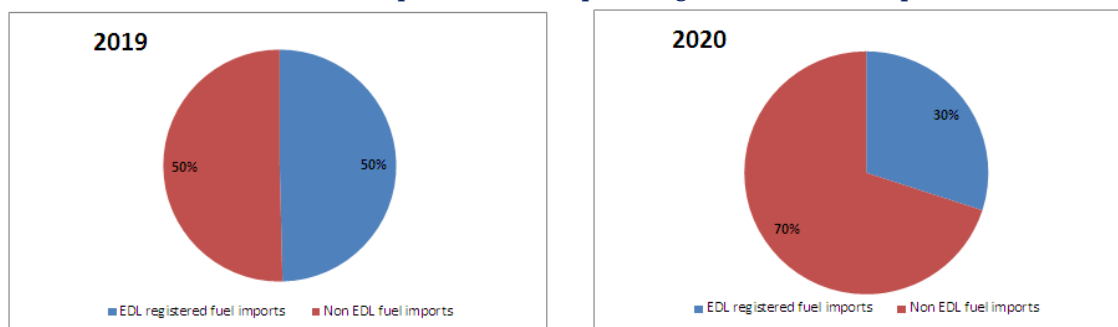
1. Fuel Imports

Imports of "**Mineral fuel and oil**" witnessed a major drop of 51 percent (US\$ 3,347 million) in value terms and 34 percent in volume terms, with EDL registered fuel imports decreasing from US\$ 3,243 million in 2019 to US\$ 956 million in 2020 (71 percent). Non EDL fuel imports also fell by 32 percent in terms of value compared to only 6 percent in terms of volume. This discrepancy is mainly due to lower fuel prices with an average Brent price of US\$ 41.96 in 2020 against US\$ 64.26 in 2019.

¹ Mainly due to banks' restrictions on US dollar transfers.

² The export-import coverage ratio is total exports over total imports in a specific year.

Figure 2: EDL and Non EDL fuel imports shares as a percentage from total fuel imports in 2019 and 2020



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 slight year-on-year decrease of 4 percent (US\$ 37 million) in terms of value during 2020, against a more prominent decrease of 76 percent in terms of volume³. A great part of this discrepancy can be attributed to the hike in international gold prices as shown in figure 3 below. As for the breakdown by product, “Gold (including gold plated with platinum)” was the only sub-category to register a year-on-year increase with 21 percent (US\$ 103 million). In contrast, imports of “Diamonds, whether or not worked, but not mounted or set” and “Articles of jewelry and parts thereof” witnessed respective drops of 18 percent and 69 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 53 percent⁴ of total imports in this category, followed by Switzerland with a share of 17 percent.

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

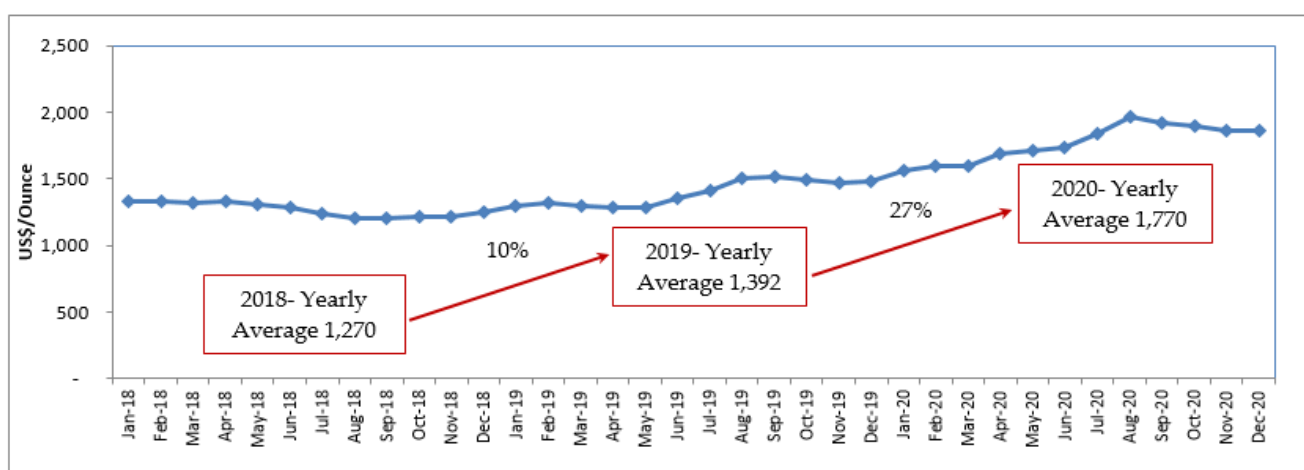
Description	Jan-Dec 2019	Jan-Dec 2020	Value Change	% Change
Diamonds, whether or not worked, but not mounted or set	333	272	-60	-18%
Precious stones (other than diamonds) and semi-precious stones	19	5	-14	-73%
Gold (including gold plated with platinum)	484	587	103	21%
Articles of jewelry and parts thereof	86	26	-59	-69%
Imitation jewelry	8	1	-7	-82%

Source: Directorate General of Customs, Ministry of Finance

³ Due to the considerable decrease in the volume of imported “Imitation Jewelry” compared to the same period last year by 82 percent (108,157 Kg in 2020 compared to 614,435 Kg in 2019).

⁴ Compared to a share of 32 percent in 2019, due to a considerable y-o-y rise of US\$ 178 million (60 percent) in imports of “Unwrought & semi-manufactured gold, diamonds, precious stones & metals” from this country.

Figure 3: Monthly International Gold Prices per Ounce (2018-2020)



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

3. Other Imports

Excluding "Mineral fuel and oil" and "Unwrought gold, un-mounted diamond & precious stones", imports diminished by 39 percent (US\$ 4,546 million) during 2020 compared to 2019. This contraction resulted from fluctuations in several sub-categories of imports (as shown in Table 10), mainly the following:

3.1. Import of **Vehicles and accessories, cranes & Lorries** dropped year-on-year by 61 percent (US\$ 680 million), amounting to US\$ 431 million by the end of 2020. Despite the 53 percent (US\$ 116 million) year-on-year drop, Germany became the top import partner in this category with a share of 24 percent of total imports of vehicles, followed by the United States (with a share of 20 percent) whose imports also decreased significantly by 63 percent (US\$ 147 million). In addition, imports from Japan and the United Kingdom dropped by US\$ 103 million and US\$ 36 million respectively. Year-on-year changes in imports from the top partners are detailed in Table 2 below.

Table 2: Main imports of Vehicles and accessories by country of origin (US\$ Million)

Description	Jan-Dec 2019	Jan-Dec 2020	Value Change	% Change	Share in total imports of Vehicles - 2020
Germany	220	104	-116	-53%	24%
United States	234	88	-147	-63%	20%
Japan	158	54	-103	-66%	13%
United Kingdom	85	49	-36	-42%	11%
China	79	29	-50	-63%	7%
Others	335	107	-228	-68%	25%

Source: Directorate General of Customs, Ministry of Finance

3.2. **Electrical machinery and equipments'** imports plummeted significantly by 59 percent (US\$ 441 million) amounting to US\$ 301 million by the end of 2020, mirroring a decrease in imports from China by 56 percent compared to the previous year, while remaining the top import partner in this category with a share of 52

percent of total imports of this category. In parallel, imports from Vietnam also dropped by US\$ 44 million to register a share of 7 percent from the total. In addition, imports from Germany and Italy dropped by US\$ 17 million and US\$ 23 million respectively. The year-on-year changes in these imports from the top partners are detailed in Table 3 below.

Table 3: Main imports of Electrical machinery and equipment's by country of origin (US\$ Million)

Description	Jan-Dec 2019	Jan-Dec 2020	Value Change	% Change	Share in total imports of Electricals - 2020
China	357	155	-201	-56%	52%
Viet Nam	65	21	-44	-67%	7%
Germany	30	13	-17	-56%	4%
Italy	34	12	-23	-66%	4%
France	24	11	-14	-55%	4%
Others	231	89	-142	-62%	29%

Source: Directorate General of Customs, Ministry of Finance

3.3. Aircraft engines, boilers, machinery and mechanical appliances' imports declined by 35 percent (US\$ 327 million). In details, this drop is mainly due to a contraction in imports from China, Italy and Germany by US\$ 132 million, US\$ 60 million and US\$ 48 respectively. One improvement was registered in imports from the United States rising remarkably by US\$ 145 million. As for the top imports partners in this category, the United States moved to the leading position in 2020 with a share of 38 percent followed by China and the United Kingdom with respective shares of 16 percent and 9 percent.

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

Description	Jan-Dec 2019	Jan-Dec 2020	Value Change	% Change	Share in total imports of Aircrafts - 2020
United States	82	227	145	178%	38%
China	226	94	-132	-58%	16%
United Kingdom	89	55	-35	-39%	9%
Italy	106	46	-60	-57%	8%
Germany	91	43	-48	-53%	7%
Others	328	131	-197	-60%	22%

Source: Directorate General of Customs, Ministry of Finance

3.4. Imports of Iron and Steel dropped in value terms by 54 percent (US\$ 217 million). In details, imports from Ukraine were the main contributor to this regression with a decrease of 65 percent (US\$ 72 million), along with a drop of 80 percent (US\$ 13 million) in imports from Russia. It is worth noting that Turkey remained the top import partner in this category with a share of 59 percent each from total imports.

Table 5: Main imports of Iron and Steel by country of origin (US\$ Million)

Description	Jan-Dec 2019	Jan-Dec 2020	Value Change	% Change	Share in total imports of Iron and Steel - 2020
Turkey	115	110	-5	-4%	59%
Ukraine	111	39	-72	-65%	21%
China	27	14	-13	-48%	7%
Italy	9	4	-5	-54%	2%
Russia	16	3	-13	-80%	2%
Others	126	17	-109	-86%	9%

Source: Directorate General of Customs, Ministry of Finance

3.5. Imports of Pharmaceutical products decreased in value terms by 5 percent (US\$ 58 million). In details, imports from the Eurozone dropped by a mere 1 percent (US\$ 5 million) - with lower imports from France and Germany by 11 percent (US\$ 14 million) and 3 percent (US\$ 7 million) respectively. Imports from countries outside the Eurozone witnessed also a year-on-year drop with lower imports from the United States and Switzerland by 19 percent (US\$ 27 million) and 5 percent (US\$ 7 million) respectively. It is worth noting that both Germany and Switzerland were the top import partners in this category with respective shares of 17 percent and 10 percent from total imports of Pharmaceutical Products.

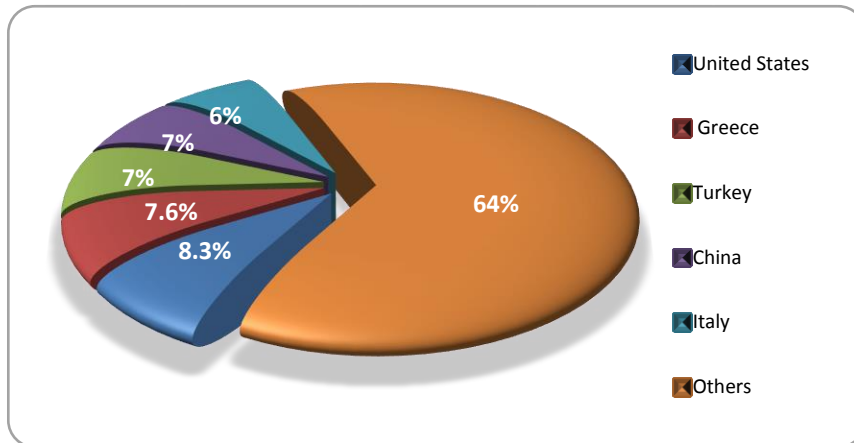
Table 6: Imports of Pharmaceutical products from the Eurozone (US\$ Million)

Description	Jan-Dec 2019	Jan-Dec 2020	Value Change	% Change
Germany	213	206	-7	-3%
France	134	119	-14	-11%
Ireland	77	84	7	9%
Italy	72	70	-2	-3%
Spain	44	38	-6	-13%
Belgium	31	38	8	25%
Netherlands	21	30	9	42%
Austria	23	22	-1	-5%
Greece	10	13	3	28%
Slovenia	5	8	3	50%
Portugal	8	7	-1	-18%
Malta	2	4	2	108%
Cyprus	7	3	-4	-51%
Finland	2	1	-1	-43%
Estonia	-	-	-	-
Latvia	-	-	-	-
Slovakia	-	-	-	-
Luxembourg	-	-	-	-
Lithuania	-	-	-	-
Total	649	644	-5	-1%
Percent of Total Pharmaceutical products Import	52%	54%		

Source: Directorate General of Customs, Ministry of Finance

As for the **breakdown of Lebanese imports by country of origin**, the United States ranked first in 2020 with a share of 8 percent of total imports, of which 28 percent are “Minerals fuel and oil”. Greece and Turkey followed with respective shares of 8 percent and 7 percent (Figure 4).

Figure 4: Top Import Partners 2020



Source: Directorate General of Customs, Ministry of Finance

Exports

Total **Exports** amounted to US\$ 3,544 million during 2020, with a year-on-year decrease of 5 percent (US\$ 187 million) in value against a 13 percent rise in volume, mainly as several export categories witnessed considerable fluctuations during 2020.

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

Exports of "Unwrought gold, un-mounted diamond & precious stones" witnessed a year-on-year drop of 3 percent (US\$ 45 million) in terms of value, despite a considerable hike of 70 percent in volume terms. In details, exports to South Africa drastically dropped from US\$ 66 million in 2019 to nil in 2020. This was partly offset by a US\$ 44 million rise in exports towards the United Arab Emirates. As for the breakdown by product, exports of “Gold (including gold plated with platinum) witnessed the most prominent nominal drop of US\$ 44 million compared to the previous year, partly offset by the increase in exports of “Diamonds, whether or not worked, but not mounted or set” by US\$ 9 million.

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

Description	Jan-Dec 2019	Jan-Dec 2020	Value Change	% Change
Diamonds, whether or not worked, but not mounted or set.	239	248	9	4%
Precious stones (other than diamonds) and semi-precious stones.	11	5	-6	-53%
Gold (including gold plated with platinum).	1,135	1,091	-44	-4%
Articles of jewelry and parts.	66	60	-6	-9%

Source: Directorate General of Customs, Ministry of Finance

2. Other Exports

Excluding “**Unwrought gold, un-mounted diamond & precious stones**”, exports dropped by 6 percent (US\$ 142 million) during 2020 compared to 2019. This resulted mainly from the following changes (as shown in Table 11):

- 2.1. The year-on-year decline in exports of “**Plastics and articles thereof**” by 32 percent (US\$ 49 million) mainly due to the 59 percent (US\$ 32 million) decrease in exports to Syria, remaining the top export partner in this category with a share of 22 percent.
- 2.2. The drop in exports of “**Electric machinery and equipment’s**” by 29 percent (US\$ 48 million) mainly due to the 38 percent (US\$ 11 million) decrease in exports to Iraq, remaining the top export partner in this category with a share of 15 percent.
- 2.3. Also, exports of “**Aircraft engines, boilers, machinery, and mechanical appliances**” decreased by 10 percent (US\$ 21 million) mainly due to the 100 percent (US\$ 13 million) decline in exports to Georgia, followed by a drop in exports to Hong Kong by 25 percent (US\$ 10 million) maintaining its position as the top export partner in this category with a share of 15 percent. Also, the exports to Saudi Arabia decreased by US\$ 5 million to register US\$ 10 million in 2020 and those to Syria dropped to register US\$ 5 million compared to US\$ 11 million in 2019.

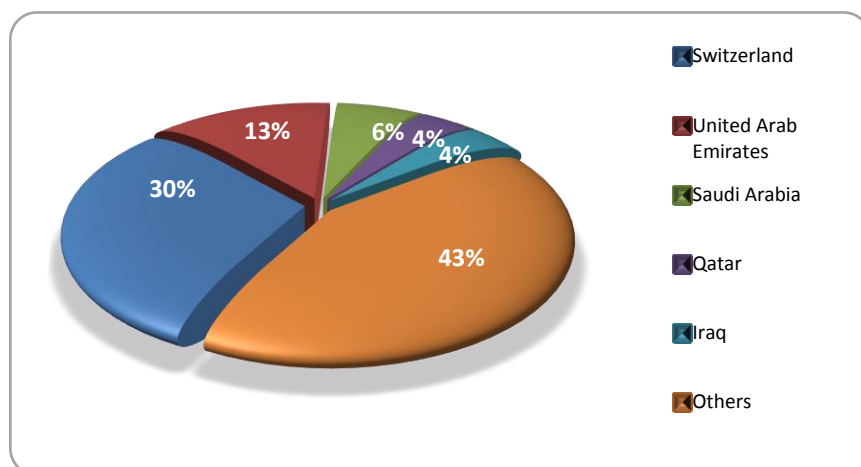
These declines were offset by the increase in the following categories:

- 2.4. “**Edible fruits and nuts**” rose by 67 percent (US\$ 48 million) rooted in higher exports to the neighboring countries, mainly Turkey by US\$ 12 million, followed by Syria, Jordan and Egypt by US\$ 7 million, US\$ 6 million and US\$ 4 million.
- 2.5. “**Iron and steel**” hiked up by 25 percent (US\$ 18 million) due to higher exports to Egypt by US\$ 17 million to reach a share of 44 percent of exports from this category. At the top, Greece maintained its position as the top export partner in this category with a share of 47 percent.

From a regional perspective, exports to Arab countries declined with a year-on-year drop of 7 percent (US\$ 112 million) during 2020. It is worth mentioning that this drop is mainly attributed to lower exports to Syria and Saudi Arabia by 43 percent (US\$ 83 million) and 11 percent (US\$ 28 million) respectively. On the other hand, exports to the United Arab Emirates, Egypt and Qatar rose by 5 percent (US\$ 22 million), 25 percent (US\$ 19 million) and 11 percent (US\$ 14 million) respectively.

Lastly, **the breakdown of Lebanese exports by major destination** shows that Switzerland was at the top of the list during year 2020 with a share of 30 percent from total exports, noting that almost 98.9 percent of exports to this country consisted of “**Unwrought & semi-manufactured gold, diamonds, precious stones & metals**”. The United Arab Emirates, Saudi Arabia and Qatar followed with respective shares of 13 percent, 6 percent and 4 percent.

Figure 5: Top Export Partners 2020



Source: Directorate General of Customs, Ministry of Finance

Table 8: Trade activity by value

(US\$ millions)	2019	2020	%	2016	2017	2018	2019	2020	%
	Dec	Dec	Change Dec 2019/2020	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Change Jan-Dec 2019/2020
Imports	1,346	1,232	-8%	19,119	19,582	19,980	19,239	11,310	-41%
<i>of which mineral fuel & oil</i>	617	345	-44%	4,092	4,204	4,066	6,534	3,188	-51%
-EDL registered fuel imports	60	123	104%	1,761	1,305	905	3,243	956	-71%
-Non EDL fuel imports	556	222	-60%	2,331	2,899	3,161	3,292	2,231	-32%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	64	87	37%	1,255	996	1,252	931	894	-4%
Exports	324	295	-9%	2,976	2,844	2,952	3,731	3,544	-5%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals</i>	121	81	-33%	828	586	648	1,455	1,410	-3%
Trade Balance	-1,022	-937	-8%	-16,143	-16,739	-17,028	-15,508	-7,765	-50%

Source: Directorate General of Customs, Ministry of Finance

Table 9: Trade activity by Volume

(millions of Kgs)	2019	2020	%	2016	2017	2018	2019	2020	%
	Dec	Dec	Change Dec 2019/2020	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Jan-Dec	Change Jan-Dec 2019/2020
Imports	1,391	1,431	3%	18,928	18,975	15,855	19,351	13,475	-30%
<i>of which mineral and fuel oil</i>	1,025	808	-21%	9,233	9,077	6,561	11,795	7,802	-34%
-EDL registered fuel imports	159	321	103%	3,686	3,312	1,477	6,276	2,598	-59%
-Non EDL fuel imports	867	487	-44%	5,547	5,765	5,084	5,519	5,204	-6%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	18,754	16,884	-10%	1,158,728	1,398,306	1,042,043	658,086	155,897	-76%
Exports	137	227	66%	1,659	1,937	1,840	1,677	1,889	13%
<i>of which Unwrought & semi-manufactured gold, diamonds, precious stones & metals (Kgs)</i>	3,793	10,383	174%	60,558	77,698	45,363	58,182	99,042	70%
Trade Balance	-1,254	-1,204	-4%	-17,269	-17,038	-14,015	-17,674	-11,585	-34%

Source: Directorate General of Customs, Ministry of Finance

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

Rank	Product	Jan-Dec 2019	% Share	Jan-Dec 2020	% Share	Value Change	% Change
1	Mineral fuel and oil	6,534	34%	3,188	28%	-3,347	-51%
2	Pharmaceutical products	1,242	6%	1,184	10%	-58	-5%
3	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	931	5%	894	8%	-37	-4%
4	Aircraft engines, boilers, machinery, and mechanical appliances	923	5%	596	5%	-327	-35%
5	Vehicles and accessories, cranes & lorries	1,111	6%	431	4%	-680	-61%
6	Cereals	312	2%	355	3%	43	14%
7	Live Animals	317	2%	336	3%	19	6%
8	Plastics and articles thereof	530	3%	306	3%	-225	-42%
9	Electrical machinery and equipment	742	4%	301	3%	-441	-59%
10	Iron and steel	404	2%	187	2%	-217	-54%
	Other	6,192	32%	3,531	31%	-2,661	-43%
	Total	19,239	100%	11,310	100%	-7,930	-41%

Source: MOF, DGC

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

Rank	Product	Jan-Dec 2019	% Share	Jan-Dec 2020	% Share	Value Change	% Change
1	Unwrought & semi-manufactured gold, diamonds, precious stones & metals	1,455	39%	1,410	40%	-45	-3%
2	Aircraft engines, boilers, machinery, and mechanical appliances	217	6%	195	6%	-21	-10%
3	Preparations of vegetables	118	3%	129	4%	11	9%
4	Edible Fruit and nuts	72	2%	120	3%	48	67%
5	Electrical machinery and equipment	165	4%	116	3%	-48	-29%
6	Essential oils and resinoids	127	3%	109	3%	-18	-14%
7	Plastics and articles thereof	150	4%	101	3%	-49	-32%
8	Iron and steel	72	2%	90	3%	18	25%
9	Copper and articles thereof	67	2%	73	2%	6	9%
10	Beverages, spirits and vinegar	59	2%	65	2%	6	10%
	Others	1,230	33%	1,135	32%	-95	-8%
	Total	3,731	100%	3,544	100%	-187	-5%

Source: MOF, DGC