

TRADE INFORMATION CENTER

MINISTRY OF ECONOMY AND TRADE

الجمهورية اللبنانية
مكتب وزير الدولة لشؤون التنمية الإدارية
مركز مشاريع ودراسات القطاع العام

LEBANON'S TRADE: 1996 HIGHLIGHTS

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In 1995, a presidential decree established the **TRADE INFORMATION CENTER** within the Ministry of Economy and Trade in order to help promote Lebanese exports and improve import operations. The funding for its development and operation is provided by the United Nations Development Program and the Government of Lebanon.

The **TRADE INFORMATION CENTER** plays a key role in trade transactions by:

- *Providing reliable data to Lebanese businessmen to access foreign markets*
- *Building a comprehensive database on the national economy*
- *Identifying new markets for Lebanese products*
- *Assisting importers to find new sources of supply*
- *Locating suitable partners in Lebanon and abroad*

In addition to useful trade information, the **TRADE INFORMATION CENTER** offers small and medium sized enterprises concrete and practical tips to realize international market opportunities. This includes clarifications on the legal aspects of foreign trade, business implications of trade agreements, technical barriers and current trade issues.

To assist its Lebanese and foreign clients, the **TRADE INFORMATION CENTER** relies on its detailed library, computerized databases and links with international and regional networks. The Geneva based International Trade Center UNCTAD/WTO provides technical support when needed.

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LEBANON'S TRADE: 1996 HIGHLIGHTS

1) Overall Trade Balance

The year 1996 did not witness major changes in the Lebanese trade balance. Overall imports increased slightly by 3.5 per cent whereas exports did show major improvement increasing by almost 24 per cent. However, the huge trade deficit remained almost the same showing a slight deterioration of 0.94 per cent.

	1993	1994	1995	1996
IMPORTS (million US\$)	4,939	5,990	7,303	7,559
EXPORTS (million US\$)	458	572	824	1,019
EXP/IMP	1/10	1/10	1/9	1/7
TRADE DEFICIT (million US\$)	-4,481	-5,418	-6,479	-6,540
% CHANGE ON PREVIOUS YEAR		20.91	19.58	0.94

Figure 1: Lebanon's Trade Balance.

Source: Higher Council for Customs.

2) Major Trading Partners.

2.1) Major Sources of Imports:

Lebanon has some traditional markets that it imports from and others that it exports to. On the import front, Italy remains Lebanon's main trading partner despite its exports to Lebanon decreasing slightly in 1996. The U.S., Germany, and France have also remained the other major sources of imports to Lebanon. We also observe the surge of imports from Syria and the European Union. The imports from Syria have increased by more than 30 per cent on the previous year. As for goods coming from the EU, they show a drastic increase of more than 90

Country	1996			1995			1995-1996		Major import (HS code)
	Imports (million US\$)	Imports (million LL)	Imports (%)	Imports (million US\$)	Imports (million LL)	Imports (%)	change in US\$ value (%)		
1 ITALY	915	1,440,420	12.10	946	1,532,089	12.96	-3.28	non-silver precious metal jewellery (71.13.19.10)	
2 UNITED STATES	824	1,298,421	10.91	773	1,250,155	10.57	6.60	cigarettes (24.02.20)	
3 GERMANY	644	1,014,156	8.52	611	990,222	8.37	5.40	cars: 1500cc<cylinder capacity<3000cc (87.3.23)	
4 FRANCE	588	927,035	7.79	555	900,434	7.62	5.95	electric generating sets (85.02.39)	
5 EUROPEAN UNION *	479	753,018	6.33	251	405,996	3.43	90.84	machines for crushing, grinding... (84.79.82)	
6 SYRIA	308	484,335	4.07	236	380,607	3.22	30.51	petroleum essences (27.10.0.10)	
7 UNITED KINGDOM	305	479,850	4.03	285	461,362	3.90	7.02	cars: cylinder capacity>3000cc (87.03.24)	
8 JAPAN	293	460,720	3.87	288	465,808	3.94	1.74	cars: 1500c<cylinder capacity< 3000 cc (87.03.23)	
9 SWITZERLAND	258	406,388	3.41	333	540,417	4.57	-22.52	gold plates (71.08.12.10)	
10 CHINA	220	346,590	2.91	239	388,249	3.28	-7.95	porcelain kitchenware/ tableware (69.11.10)	

Figure 2: Lebanon's Major Sources of Imports.

* EUROPEAN UNION MEANS GOODS MARKED 'MADE IN THE EU' AND NOT THE SUM TOTAL OF ALL GOODS MADE IN EUROPEAN COUNTRIES.
Source: Higher Council for Customs.

per cent. It is however important to note that EU, in this context, refers to products marked 'made in the EU' and do not refer to products coming from separate European countries such as Italy, France, or Germany. The increase in such imports might only mirror the deeper economic integration of Europe and the rise of products marked as European rather than labelled according to their country of origin. We also note an important fall in Swiss imports to Lebanon, which have dropped by almost 23 per cent.

Here, it is quite interesting to note that the majority of goods Lebanon imports from its main trading partners are heavy industrial goods (e.g., cars and machinery), with the exception of the U.S. from which the major import is cigarettes. It is also worth noting that the total value of cigarettes that Lebanon imports amounts to \$224 million, making up almost 3 per cent of *total* imports. This raises questions as to whether Lebanon is spending its money on goods or on 'bads'.

2.2) Major Destinations of Exports:

On the export front, the major target countries of Lebanese products remain the Arab countries with the U.A.E. leading the list, buying almost a quarter of Lebanese exports. Saudi Arabia and Kuwait follow as the next two major destinations with exports to them increasing notably by 51 per cent and 144 per cent respectively. Other countries that have showed significant improvement as buying countries are Italy and Jordan, with Lebanese exports increasing by 225 and 72 per cent

	Country	1996			1995			1995-1996		Major exports (HS Code)
		Exports (million US\$)	Exports (million LL)	Exports (%)	Exports (million US\$)	Exports (million LL)	Exports (%)	change in US\$ value (%)		
1	UNITED ARAB EMIRATES	238	375,592	23.43	237	384,033	28.68	0.42	banknotes (49.07.0.20)	
2	SAUDI ARABIA	139	218,640	13.64	92	148,198	11.07	51.09	banknotes (49.07.0.20)	
3	KUWAIT	78	122,455	7.64	32	52,632	3.93	143.75	banknotes (49.07.0.20)	
4	SYRIA	70	110,453	6.89	70	112,127	8.37	0.00	wheat/meslin flour (11.01.0)	
5	JORDAN	50	78,636	4.91	29	47,916	3.58	72.41	banknotes (49.07.0.20)	
6	FRANCE	47	73,886	4.61	50	80,257	5.99	-6.00	men's trousers/shorts (62.03.43)	
7	AIRPLANES**	46	72,151	4.50	N/A	N/A	N/A	N/A	parts of airplanes/helicopters (88.03.30)	
8	ITALY	39	60,697	3.79	12	19,826	1.48	225.00	non-silver precious metal jewellery (71.13.19.10)	
9	UNITED STATES	31	48,212	3.01	31	50,178	3.75	0.00	unstemmed tobacco (24.01.10)	
10	GERMANY	23	36,070	2.25	18	29,621	2.21	27.78	aircraft engines (84.07.10)	

Figure 3: Lebanon's Major Destinations of Exports.

** AIRCRAFT LANDING IN BEIRUT AND TAKING GOODS ON BOARD.

N A not available. No figures prior to 1996.

Source: Higher Council for Customs.

respectively. It is also worth noting that one major 'destination' of Lebanese goods is aircraft. That means that foreign carriers buy Lebanese goods. These are either consumed on board or are re-exported to other countries. The Higher Council for Customs groups such exports together rather than classify them according to the nationality of the carrier.

Analysing the product composition of Lebanese exports, we see that they are mostly light industrial goods. However, one of Lebanon's major exports is printed banknotes whose value amounts to a total of \$283 million. These are most often exported to the Arab countries. However, it is important to note that they are reported according to their currency value (i.e., a hundred dollar bill is reported as an export of \$100) and thus represent a financial transaction rather than an export of goods. Taking this into consideration, we conclude that if we only include the export of goods, the real value of Lebanese exports would decrease by around 28 per cent.

3) Trade by Major Sectors.

3.1) Major Imports by Sector.

The bulk of Lebanese imports consists of machinery and equipment, including those for transport. These sectors comprise almost a third of Lebanese imports. This means that a significant part of Lebanese imports can be considered as capital rather than consumer goods. Sectors that follow include mineral products, metal products, and prepared foodstuffs.

DESCRIPTION	1996			1995			1995-1996 change in US\$ value (%)
	Imports (million US\$)	Imports (million LL)	Imports (%)	Imports (million US\$)	Imports (million LL)	Imports %	
1 MACHINERY AND EQUIPMENT	1336	2,102,998	17.67	1140	1,848,138	15.63	17.19
2 TRANSPORT EQUIPMENT	892	1,403,425	11.79	831	1,343,089	11.36	7.34
3 MINERAL PRODUCTS	726	1,143,131	9.60	646	1,040,929	8.80	12.38
4 METALLIC PRODUCTS	649	1,022,179	8.59	715	1,156,011	9.78	-9.23
5 PRODUCTS OF THE FOODSTUFF INDUSTRY	572	901,826	7.58	573	929,126	7.86	-0.17
6 CHEMICAL PRODUCTS	519	817,899	6.87	487	788,847	6.67	6.57
7 VEGETABLE PRODUCTS	484	762,214	6.40	470	762,092	6.45	2.98
8 TEXTILES AND PRODUCTS	468	737,964	6.20	507	820,561	6.94	-7.69
9 LIVE ANIMALS AND PRODUCTS	384	605,480	5.09	291	471,210	3.99	31.96
10 JEWELLERY	324	509,726	4.28	369	596,257	5.04	-12.20
11 PLASTICS AND RUBBER	258	406,262	3.41	258	420,093	3.55	0.00
12 PAPER AND PRODUCTS	192	302,875	2.54	230	372,430	3.15	-16.52
13 STONE, PLASTER, CEMENT...	185	291,739	2.45	203	329,084	2.78	-8.87
14 MISC. MANUFACTURED ARTICLES	159	250,962	2.11	132	213,688	1.81	20.45
15 SCIENTIFIC INSTRUMENTS	131	206,583	1.74	159	257,156	2.17	-17.61
16 WOOD, STRAW, CHARCOAL...	107	169,248	1.42	115	186,456	1.58	-6.96
17 HEADGEAR, FOOTWEAR, CANES...	67	106,046	0.89	76	122,580	1.04	-11.84
18 ANIMAL /VEGETABLE FATS	65	102,982	0.87	67	108,664	0.92	-2.99
19 LEATHERS, SKINS, FURS	27	42,091	0.35	26	42,472	0.36	3.85
20 ARMS AND AMMUNITION	7	11,684	0.10	7	10,991	0.09	0.00
21 WORKS OF ART AND ANTIQUES	4	6,398	0.05	2	3,932	0.03	100.00
GRAND TOTAL	7556	11,903,712	100.00	7304	11,823,806	100.00	3.45

Figure 4: Lebanon's Major Imports by Sector.

Source: Higher Council for Customs.

However the two major sectors that have witnessed significant volume increases in 1996 are live animals and their products and works of art increasing by 32 per cent and 100 per cent respectively. Two sectors have shown a fall in their imports and these are paper and its products and scientific instruments. It is worth noting here that the same two sectors have shown drastic improvement in their local production and thus their exports.

3.2) Major Exports by Sector.

Turning to exports, we see that the major Lebanese export sector is by far paper and its products (including printed matter). This sector constitutes almost a third of all exports. It is then followed by textile products, jewellery, and machinery and equipment. However sectors that have shown major improvements on the previous year are scientific instruments (+150 per cent), plastics and rubber (+100 per cent), animal and vegetable fats (+89 per cent), and transport equipment (79 per cent).

DESCRIPTION	1996		Exports (%)	1995		Exports %	1995-1996
	Exports (million US\$)	Exports (million LL)		Exports (million US\$)	Exports (million LL)		change in US\$ value (%)
1 PAPER AND PRODUCTS	331	520,990	32.05	215	348,707	26.04	53.95
2 TEXTILES AND PRODUCTS	92	144,576	9.02	81	131,453	9.82	13.58
3 JEWELLERY	82	128,586	8.02	69	112,503	8.40	18.84
4 MACHINERY AND EQUIPMENT	78	122,576	7.65	65	105,760	7.90	20.00
5 VEGETABLE PRODUCTS	75	118,727	7.41	70	114,401	8.54	7.14
6 METALLIC PRODUCTS	67	105,164	6.56	66	108,173	8.08	1.52
7 PRODUCTS OF THE FOODSTUFF INDUSTRY	61	96,423	6.02	59	95,173	7.11	3.39
8 TRANSPORT EQUIPMENT	52	81,943	5.11	29	46,949	3.51	79.31
9 CHEMICAL PRODUCTS	35	54,683	3.41	48	77,303	5.77	-27.08
10 PLASTICS AND RUBBER	28	44,065	2.75	14	23,305	1.74	100.00
11 STONE, PLASTER, CEMENT...	23	36,381	2.27	32	52,000	3.88	-28.13
12 SCIENTIFIC INSTRUMENTS	20	30,808	1.92	8	12,480	0.93	150.00
13 HEADGEAR, FOOTWEAR, CANES...	19	30,207	1.88	18	28,918	2.16	5.56
14 ANIMAL /VEGETABLE FATS	17	27,523	1.72	9	14,926	1.11	88.89
15 MISC. MANUFACTURED ARTICLES	14	22,086	1.38	16	24,962	1.86	-12.50
16 LEATHERS, SKINS, FURS	8	12,504	0.78	9	14,868	1.11	-11.11
17 MINERAL PRODUCTS	7	10,662	0.67	7	12,281	0.92	0.00
18 LIVE ANIMALS AND PRODUCTS	5	8,740	0.55	5	9,461	0.71	0.00
19 WOOD, STRAW, CHARCOAL...	2	3,144	0.20	2	3,545	0.26	0.00
20 WORKS OF ART AND ANTIQUES	2	2,559	0.16	2	1,605	0.12	0.00
21 ARMS AND AMMUNITION	0.3	498	0.03	0.1	300	0.02	200.00
GRAND TOTAL	1018	1,602,845	100.00	824	1,339,073	100.00	23.54

Figure 5: Lebanon's Major Exports by Sector.

Source: Higher Council for Customs.

4) Trade Agreements

The year 1996 witnessed a number of trade agreements with partner countries. The agreements signed and ratified are with the following countries: Kuwait (exempts some products from custom

duties), Malaysia (facilitates transit), and the Russian Federation (exempts some products from custom duties, allows for use of respective free zones). Other transport agreements were signed in 1996, and although they are not directly related to trade, might affect trade by facilitating the movement of goods between the two countries. These transport agreements are with the following countries: Jordan, Romania, China, and Armenia.

5) Tariff Classification

Before 1996, the Higher Council for Customs used the CCCN (Customs Co-operation Council Nomenclature) for tariff classification. In 1996, it converted into using the HS (Harmonised System). This conforms with GATT requirements and removes one of the obstacles Lebanon faces for entering the WTO.

Please note the following:

- 1- All figures listed have not been adjusted for inflation. Thus all values and changes are nominal rather than real.*
- 2- Total figures for imports and exports may not match in different tables due to rounding errors.*