

CHAPTER 6 – TRADE

This chapter deals with internal and foreign trade.

1 Internal trade and prices

Internal trade deals with the Consumer Price Index (CPI). 1997 is the base year and December 1998 is the reference period. The CPI will be published on a monthly basis for all Lebanon starting 2008 thanks to the technical assistance of the International Monetary Fund.

The Consumer Price Index displays an increase of 13.5% in the prices of goods and services consumed by households between December 1998 and December 2006.

The price evolution between September 2006 and December 2006:

Prices increased by 1.15%. The prices of food products including tobacco, of clothes and shoes, furniture, equipment and current house maintenance increased respectively by 4.3%, 0.2% and 3.9%. The prices of maintenance, water, electricity and gas, health, transport and communication, of education and personal care, miscellaneous products and services decreased respectively by 2.9%, 0.1%, 0.7%, 1.1% and 0.8%.

The consumption prices evolution between December 2005 and December 2006:

The overall level of prices increased by 5.6% between December 2005 and December 2006. The prices of food products including tobacco, clothes and shoes, furniture, equipment and current house maintenance, health, transport and communication, education, leisure and personal care and miscellaneous products and services increased respectively by 11.9%, 1.3%, 5.6%, 1.8%, 5.9%, 0.2% and 10.2%. On the contrary, the prices of maintenance, water, electricity and gas decreased by 2.5% (CAS, 2006).

2 Foreign trade

Foreign trade covers the statistics of imports special and general trade, exports special and general trade, ordinary re-exportation trade, transit, customs and value added tax incomes.

Quantities and values are obtained from traders' manifestos after controlling for their reliability by the customs services. The imports value is Cost Insurance Freight, meaning the merchandise value at the expedition place plus the transport, insurance, and all other fees to arrive to the office where all customs fees are paid. Exports value is Free on Board meaning the value of the merchandise including all the fees paid in order to arrive to the exit office.

As for the origin and destination countries for imports, merchandise is on the origin country account, otherwise, the country of production account; as for exports, the merchandise is on the declared destination country account. Finally, foreign currencies are converted to LBP (Customs General Directorate, 1997).

2.1 Imports special trade

This trade consists of trade consumable merchandise, their arrival to foreign countries after exiting the free trade zone or the warehouse, or after placing them under temporary importation regime. This trade consists also of merchandise placed under the temporary normal admission regime and of re-imported merchandise after a temporary exploitation in a transformation purpose. The statistics of imports special trade display imports by section and by country (Customs General Directorate, 1997).

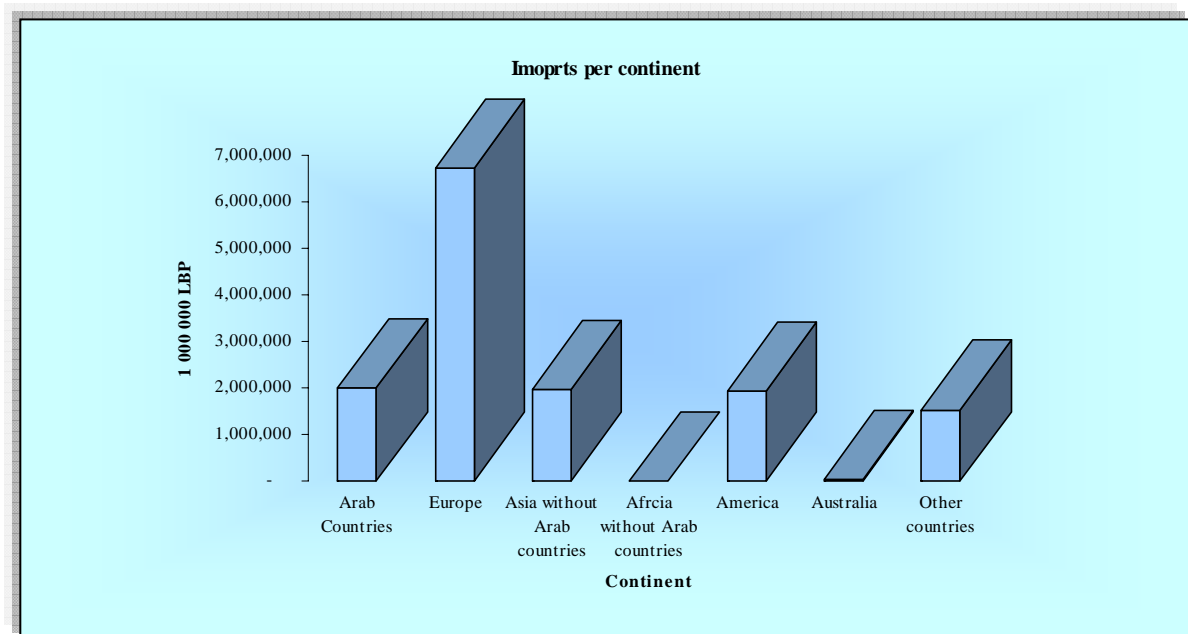
2.1.1 Imports by section:

Imports by section are equal to 14 171 560 millions LBP in 2006. The first five imported products are mineral products (3 638 247 millions LBP or 25.7% of total imports by section), electric machinery and tools (1 693 888 millions LBP or 12.0%), industrial, chemical and connected products (1 337 228 millions LBP or 9.4%), transport equipment (1 152 556 millions LBP or 8.1%) and metal and metal products (1 028 772 millions LBP or 7.3%). November displays the highest value of imports by section which is equal to 1 483 207 millions LBP (10.5%) (Customs General Directorate, 2006).

2.1.2 Imports by continent:

Imports by continent are equal to 14 171 560 millions LBP in 2006. Lebanon imports from Europe (6 730 239 millions LBP or 47.5% of total imports by continent), from Arab countries (1 998 652 millions LBP or 14.1%), from Asia without Arab countries (1 955 689 millions LBP or 13.5%) from America (1 917 410 millions LBP or 13.5%), from other countries (1 532 245 millions LBP or 10.8%), from Australia (33 142 millions LBP or 0.2%) and finally from Africa without Arab countries (4 183 millions LBP or 0.0%) (Customs General Directorate, 2006).

Graph number 34 – Imports by continent



Source: Customs General Directorate (2006)

2.2 Exports special trade

This trade consists of exported national merchandise and of foreign merchandise exported after being consumed. It also consists of temporary exported merchandise in a transformation purpose. It

also consists of merchandises re-exported abroad after being put in Lebanon under temporary normal admission regime (Customs General Directorate, 1997).

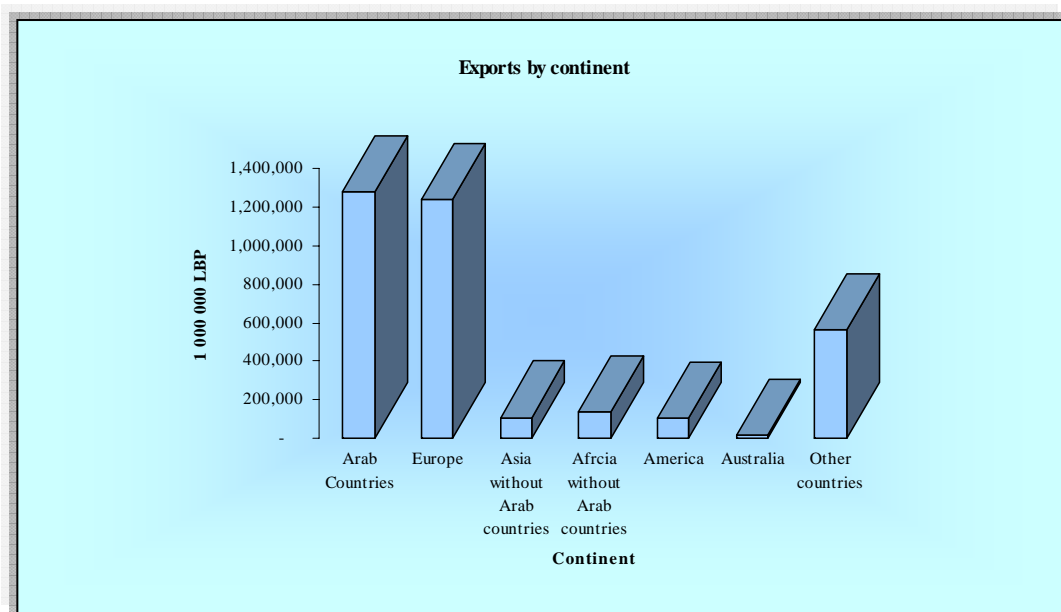
2.2.1 Exports by section:

Exports by section are equal to 3 442 050 millions LBP. The first five exported products are pearls, precious and semi-precious stones (836 272 millions LBP or 24.3% of total exports by section), electric machines and tools (502 994 millions LBP or 14.6%), metal and metal products (438 828 millions LBP or 14.1%), food products (282 111 millions LBP or 8.2%) and industrial, chemical and connected products (244 882 millions LBP or 7.1%). May displays the highest value of exports by section which is equal to 429 697 millions LBP (12.5%) (Customs General Directorate, 2006).

2.2.2 Exports by continent:

Exports by continent are equal to 3 442 050 millions LBP in 2006. Lebanon exports to Arab countries (1 278 607 millions LBP or 37.1% of total exports by continent), to Europe (1 240 964 millions LBP or 36.1%), to other countries (560 732 millions LBP or 16.3%), to Africa without Arab countries (134 644 millions LBP or 3.9%), to Asia without Arab countries (107 153 millions LBP or 3.1%), to America (104 334 millions LBP or 3.0%) and finally to Australia (15 615 millions LBP or 0.5%) (Customs General Directorate, 2006).

Graph number 35 – Exports by continent

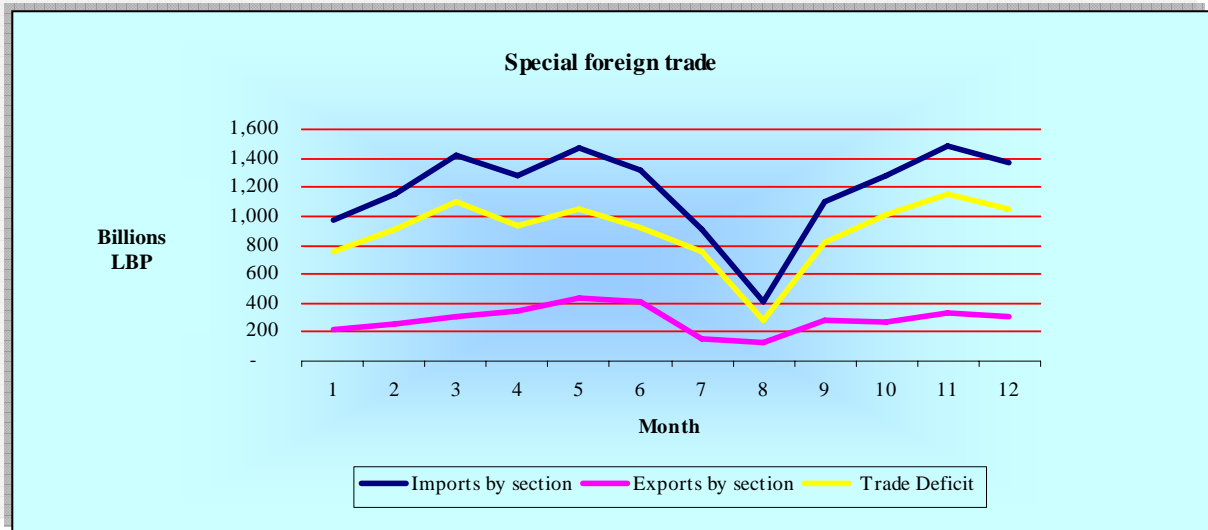


Source: Customs General Directorate (2006)

2.3 Foreign trade: trade deficit

The statistics of foreign special trade show that imports are greater than exports. The difference between exports (3 442 billions LBP) and imports (14 172 billions LBP) gives a negative figure equal to 10 730 billions LBP. In other words, it is a deficit trade.

Graph number 36 – Trade deficit



Source: Customs General Directorate (2006)

The graph shows that November displays the highest value of imports while that of imports it is registered in May. Hence, the deficit trade displayed in November is equal to 1 150 billions LBP or 10.7% of total deficit and 33.4% of total exports (Customs General Directorate, 2006).

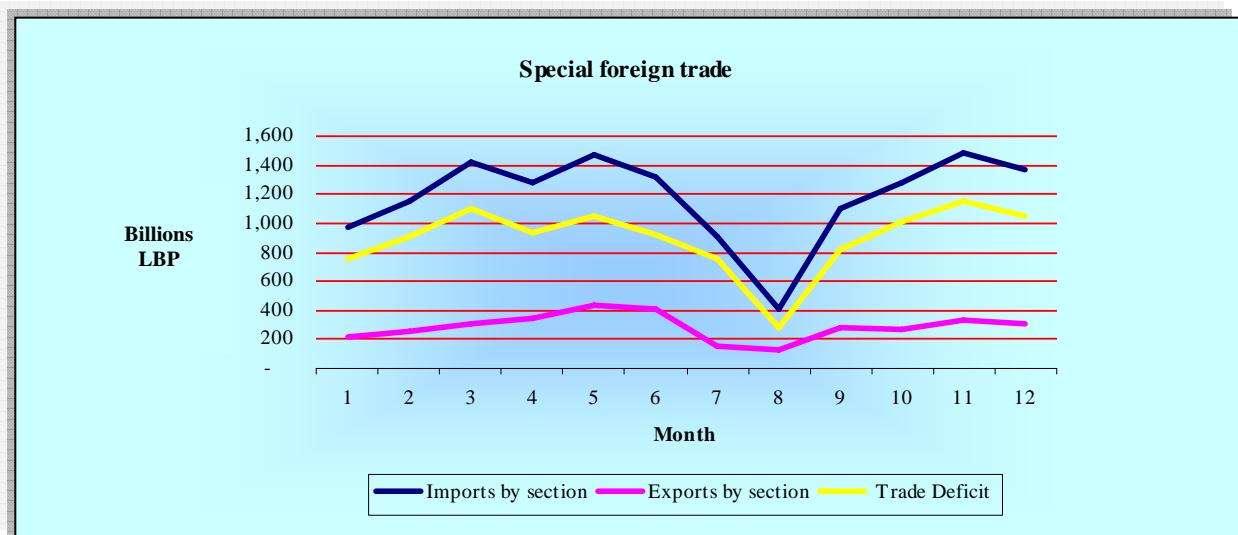
2.4 General foreign trade

This trade consists of the exports and imports general trade.

The imports general trade is made of all merchandise of imports special trade minus all the consumable merchandise leaving the warehouse. It is also made of merchandise put in warehouse when they arrive from abroad (Customs General Directorate, 1997). The value of this trade by section is equal to 14 547 billions LBP. The highest value of this trade is registered in November and is equal to 1 624 billions LBP (11.2% of the total of this foreign trade) (Customs General Directorate, 2006).

The exports general trade consists of all the merchandise of exports special trade, of the re-exported merchandise incoming from shops and customs warehouses (Customs General Directorate, 1997). This trade by section is equal to 4 234 billions LBP. Its highest value is registered in June and is equal to 501 billions LBP (11.8% of this total trade) (Customs General Directorate, 2006).

Graph number 37 – General foreign trade



Source: Customs General Directorate (2006)

2.5 Ordinary re-exportation trade

This trade is made of foreign merchandises which remained under customs control and which are re-exported abroad without going through the Lebanese territory, which means the foreign merchandises directly exported abroad from the ports and the customs offices (Customs General Directorate, 1997).

The re-exports by section are equal to 162 billions LBP in 2006. Their highest value is registered in June 2006 and is equal to 19 billions LBP (11.7%) (Customs General Directorate, 2006).

2.6 Transit, customs revenues and value added tax revenues

The transit consists of the merchandises that cross the Lebanese territory without being consumable or without being exposed to the warehouse regime or admission or temporary importation (Customs General Directorate, 1997).

The total value of transit is equal to 212 billions LBP. The highest transit value is registered in September 2006 and is equal to 36 billions LBP (17.0% of total transit) (Customs General Directorate, 2006).

Customs revenues are equal to 1 137 billion LBP in 2006. Their highest value is registered in October and is equal to 145 billions LBP (12.8% of total customs revenues) (Customs General Directorate, 2006).

Finally, VAT revenues are equal to 1 154 billion LBP. Their highest value is registered in May 2006 and is equal to 120 billions LBP (10.4% of total VAT revenues) (Customs General Directorate, 2006).