

Economic relations between Lebanon and the Russian Federation

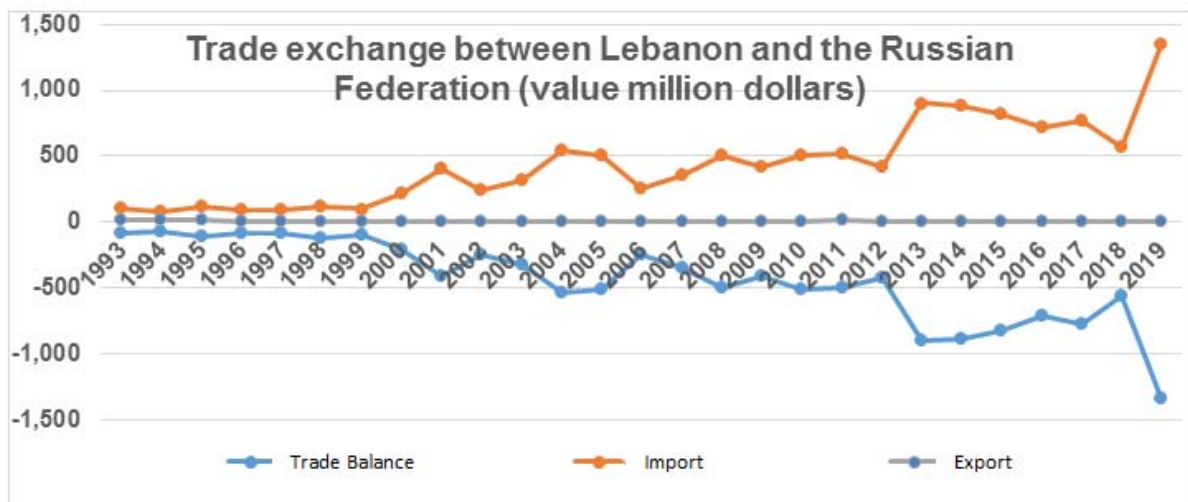
Bilateral relations

Lebanon and the Russian Federation have a close and solid relationship. In recent years, the two countries have reached a trade agreement in 1999. An agreement was also reached to avoid double taxation and to prevent tax evasion on income in 1999. Moreover, an agreement on investment promotion and protection in 2001. Several agreements in the field of tourism, culture, education, and the conclusion of a memorandum of understanding in the field of oil and gas took place in 2013. Also a joint cooperation agreement was concluded between the Beirut Chamber and the Federation of Russian Chambers of Commerce and Industry in 1995.

Trade exchange between the two countries

The Russian Federation is ranked number 4 on the list of the most important Lebanese import sources in 2019 accounting for 5 percent of the total value of Lebanese imports. It was ranked 53 on the list of the most important Lebanese export markets in 2019 accounting for nearly zero percent of the total value of Lebanese exports.

The value of Lebanese exports to the Russian Federation in 2019 amounted to about \$ 8.1 million, while the value for Lebanese imports from it are about 1.3 billion dollars. In the first ten months of the year 2020, exports reached a value are \$ 6.3 million, and the value of imports is \$ 460.8 million.



The balance of trade between Lebanon and the Russian Federation

The trade balance between Lebanon and the Russian Federation has been in deficit in favor of the Russian Federation since 1993 until 2019. The value of the trade balance deficit ranged between a minimum of \$ 70.5 million, as was the case in 1994, and a maximum of \$ 1.3 billion, as what happened in the year 2019.

Commodity exchange between the two countries

Table 1 The most important Lebanese exports to the Russian Federation in 2019

Customs Chapter	The most important Lebanese exports to the Russian Federation in 2019	Value (thousand \$)	Weight (ton)	Percentage (%)
24	Tobacco and manufactured tobacco substitutes	3497	2355	43%
39	Plastics and Articles Thereof	1395	759	17%
49	Publishing and press products	1137	226	14%
32	Extracts for tanning and dyeing and their derivatives	523	88	6%
71	Pearl, precious metals and cash	410	0	5%
62	Unknitted clothing	389	0	5%
85	Electrical machines and devices and their parts	180	166	2%
33	Perfume and beauty oils and preparations	88	32	1%
20	Fruits and Vegetables	76	17	1%
8	fruits and citrus fruits	67	88	1%
90	Optical or photographic tools and devices	59	4	1%
48	Paper and cardboard, and articles thereof from cellulose pastes	48	9	1%
18	Cocoa and cocoa preparations	42	19	1%
21	Various food preparations	44	12	1%
84	Machines, devices and machine tools	44	30	1%
	Other commodities	107	16	1%
	Total	8,111	3,821	100%

Table 2 The most important Lebanese imports from the Russian Federation in 2019

Customs Chapter	The most important Lebanese imports from the Russian Federation in 2019	Value (thousand \$)	Weight (ton)	Percentage (%)
27	Mineral fuels, mineral oils and products of their distillation	1,191,408	1,975,118	89%
10	Pills	46,337	201,165	3%
15	Greases, fats and oils	20,261	27966	2%
44	Wood and articles thereof; Wood charcoal	16,119	32,245	1%
72	Cast iron (cast iron) and iron and steel (steel)	16,037	28,837	1%
74	Copper and articles thereof	14,290	2292	1%
48	Paper and cardboard, and articles thereof from cellulose pastes	10,896	16,132	1%
	Other commodities	28,520	26,798	2%
	Total	1,343,868	2,310,553	100%

Notes on trade exchange between Lebanon and the Russian Federation

The value of Lebanese exports to the Russian Federation decreased from 14.6 million dollars in 1993 to 8.1 million dollars in 2019, a rate of 44.5 percent. On the other hand, the value of Lebanese imports from the Russian Federation increased from 102.9 million dollars in 1993 to 1 billion and 343.9 million dollars in 2019, more than 13 times.

Trade exchange between the two countries was not subject to a steady ascending or descending pattern between the years 1993-2019. After the value of Lebanese exports to the Russian Federation recorded a record high in 1993, which was \$ 14.6 million, the value of these exports decreased to their lowest value, which is 0.6 million dollars in 1999. After which they recorded a remarkable increase in the year 2011, which was 13.5 million dollars, then it declined again to \$ 3.1 million in 2013 and then rose up to 8.1 in 2019. Likewise, the value of Lebanese imports from the Russian Federation, which reached a record high in 2004 of \$ 542.5 million, went down to \$ 260.6 million in 2006, to rise again to \$ 900.7 million in 2013, and then set a new record in 2019, which are \$ 1 billion and 343.9 million.

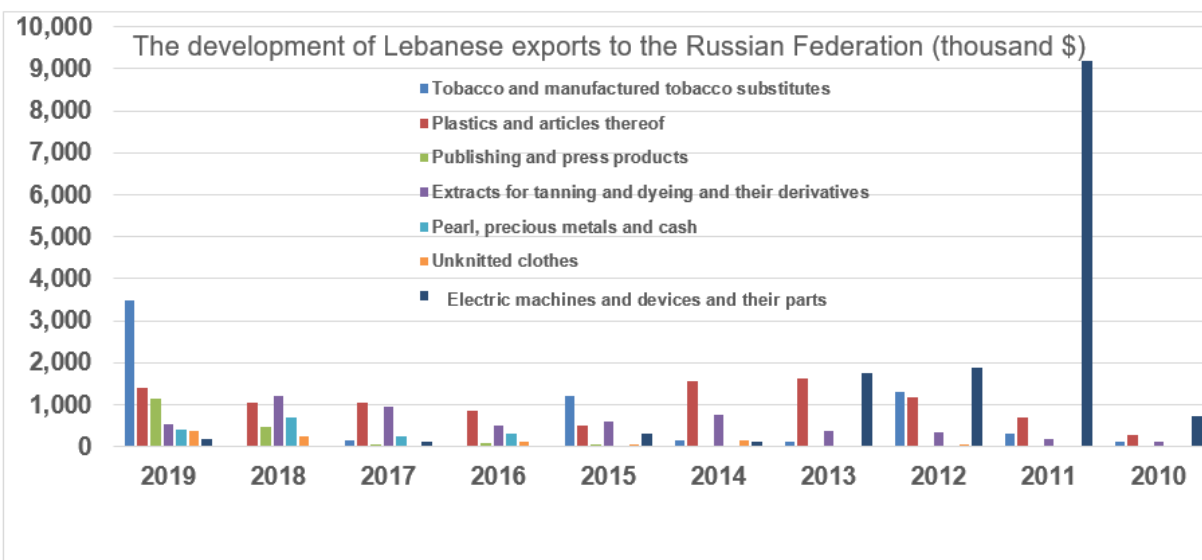
Lebanese exports to the Russian Federation are of limited diversity, and the exports of 3 customs chapters of goods accounted for about 74 percent of the total goods exported to the Russian Federation in 2019. However, Lebanese imports from the Russian Federation are not diversified, and imports of one

customs chapter, which are oil derivatives, accounted for 89 percent of the total goods imported from the Russian Federation in 2019.

According to the trade exchange between the two countries in the year 2019, the share of imports of animal, agricultural and food products amounted to about \$ 78.1 million, which is 6 percent of the total Lebanese imports from Russia, while this share amounted to 16 percent of the total Lebanese imports from all countries. The value of this share in Lebanon's exports to the Russian Federation amounted to 3.7 million dollars, or 46 percent, while this share amounted to 17 percent of the total Lebanese exports to all countries. As for the increase in the value of food exports to the Russian Federation, it is due to the worsening of Russian-European relations and the Russian side's search for alternative markets to meet its needs of agricultural and food products.

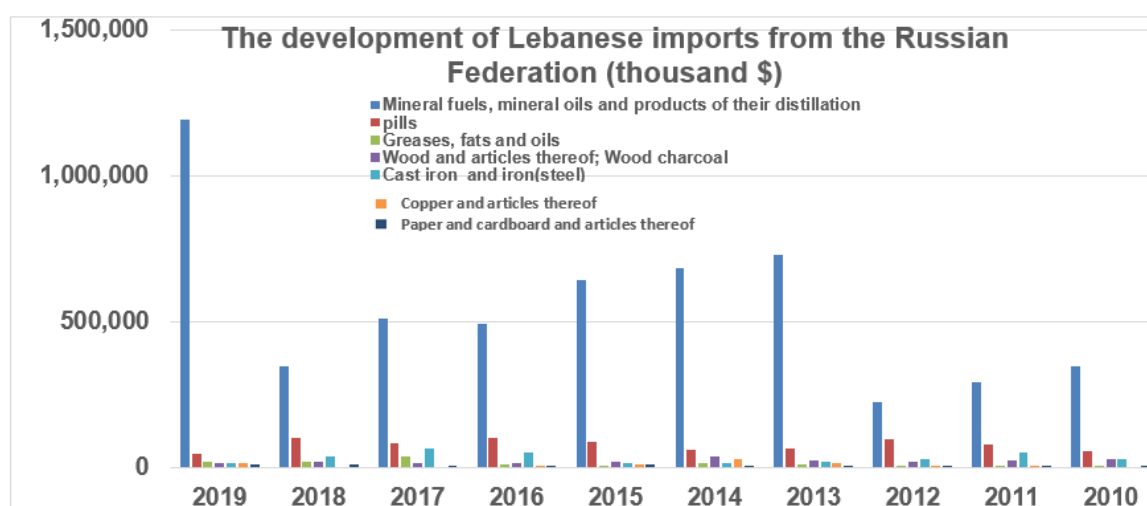
During the last ten years, 2010-2019, the value of Lebanese exports to the Russian Federation increased from 3.4 million dollars to 8.1 million dollars. The 7 first most important exports to it witnessed:

- An increase in tobacco exports from 130,000 dollars to 3.5 million dollars
- An increase in plastic exports from 287 thousand dollars to 1.4 million dollars
- An increase in publishing and press products exports from 3 thousand dollars to 1.1 million dollars
- An increase in exports of tanning and dyeing extracts from 0 to 410 thousand dollars
- An increase in jewelry exports rose from 0 to 410 thousand dollars
- An increase in unknitted clothing exports from 7 to 389 thousand dollars
- **A decrease** in machinery and electrical equipment exports from 713 to 180 thousand dollars



The value of Lebanese imports from the Russian Federation increased from 507 million dollars to 1.3 billion dollars. The first 7 most important imports from it witnessed:

- An increase in imports of mineral fuel from 348.5 million dollars to 1.2 billion dollars
- **A decrease** in grain imports from 57 to 46 million dollars
- An increase in imports of fats and oils from 4 to 20 million dollars
- **A decrease** in imports of wood and articles thereof and charcoal from 30 to 16 million dollars
- **A decrease** in imports of iron and steel from 28 to 16 million dollars
- An increase in imports of copper and its articles from 0 to 14 million dollars
- An increase in imports of paper and cardboard and their articles from 7 to 11 million dollars.



Products with the largest export potential from Lebanon to the Russian Federation

Products with the greatest export potential from Lebanon to the Russian Federation are apples, potatoes and jewelry from precious metals. Lebanon also has the highest export capacity for cabbage and lettuce, as well as medicines consisting of mixed or unmixed products, for retail sale, and this is the product facing the strongest potential demand in the Russian Federation.

According to International Trade Center (ITC) statistics, Lebanon exported products worth \$ 3.7 billion in 2019, while the Russian Federation imported \$ 243.8 billion, of which only \$ 8.1 million came from Lebanon, or less than 1 percent. In addition, the percentage of Lebanese exports to the Russian Federation approached 0 percent of its total imports.

At the intersection of the most important Lebanese exports in 2019 with exports to the Russian Federation, it becomes clear that Lebanon's exports to Russian Federation of plastic and its products are

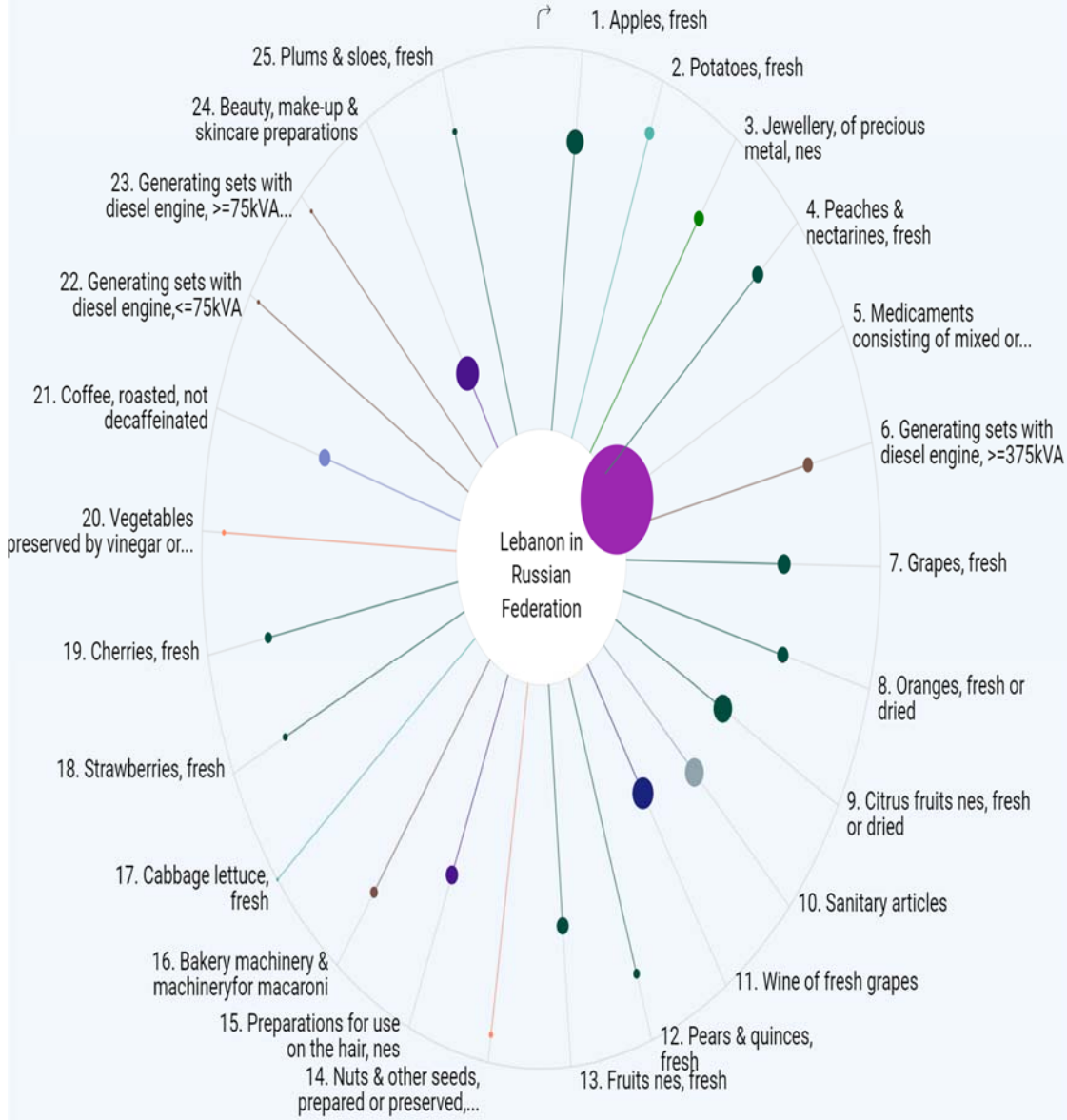
close to 1 percent of Lebanon's total exports of plastic, of products of publishing and printing are 2 percent, of tanning and dyeing extracts are 1 percent, of tobacco and its products are 12 percent, and of non-knitted clothing are 2 percent.

Table 3 Intersection of Lebanese exports with Russian imports in 2019

Intersection of Lebanese exports with Russian imports in 2019 (value thousand \$)					
Customs Chapter	Classification of goods	Lebanese Exports to the Russian Federation	Russian imports from World	Lebanese exports to the world	1/3 %
Total	All goods	8,111	243,780,553	3,731,350	0%
'71	Jewelry	410	1,066,071	1,454,914	0%
'84	Machines, devices and machine tools	44	43,240,637	216,797	0%
'85	Machinery and electrical appliances and parts thereof	180	29,767,962	164,750	0%
'39	Plastics and articles thereof	1,395	9,832,814	149,731	1%
'33	Perfumes and cosmetics	88	3,475,227	126,574	0%
'20	Preparations of vegetables and fruits	76	1,247,110	118,814	0%
'49	Publishing and printing products	1,137	373,746	74,736	2%
'72	Iron and Solid	0	5,027,985	72,277	0%
'08	Fruits and citrus fruits	68	5,098,004	71,821	0%
'48	Paper and cardboard and articles thereof	48	2,454,115	69,282	0%
'74	Copper and articles thereof	0	1,031,596	66,908	0%
'22	Beverages, alcoholic liquids and vinegar	0	3,028,127	59,342	0%
'94	Furniture	0	2,896,581	59,172	0%
'76	Aluminum and articles thereof	0	1,194,793	58,956	0%
'15	Vegetable and animal oils and fats	3	1,272,948	58,499	0%
'30	Pharmacy products	0	14,068,982	57,878	0%
'31	Fertilizers	0	133,962	54,818	0%
'27	Mineral fuels and their derivatives	0	1,931,550	54,258	0%
'78	Lead and articles thereof	0	15,359	52,290	0%

'28	Inorganic chemical products	0	3,801,246	47,353	0%
'21	Various food preparations	44	1,445,419	45,780	0%
'32	Abstracts for tanning and dyeing	523	1,910,331	44,236	1%
'19	Preparations of grains and flour	3	879,639	41,246	0%
'07	Vegetables, plants and roots	4	1,831,251	40,982	0%
'09	Coffee, tea and spices	5	1,158,117	36,713	0%
'18	Cocoa and cocoa preparations	46	1,248,863	36,565	0%
'73	Articles of iron and steel	0	6,491,733	35,503	0%
'24	Tobacco and articles thereof	3,497	874,773	29,875	12%
'96	Miscellaneous crafts	0	1,159,419	27,360	0%
'34	Soaps and washing preparations	0	1,525,990	24,205	0%
'17	Sugar and articles thereof	2	361,826	22,241	0%
'62	Unknitted clothes	389	3,790,354	20,780	2%
	Other commodities	149	90,144,023	236,694	0%

Lebanon's products with potential to Russian Federation



Legend

- 1,2,3 Export potential rank
- Demand
- Supply
- Fruits
- Machinery
- Vegetables
- Jewellery & precious metal articles
- Food products n.e.s. (processed or preserved)
- Pharmaceutical components
- Beauty products & perfumes
- Paper products
- Beverages (alcoholic)
- Coffee

ITC Export Potential Map
exportpotential.intracen.org

Table4 Trade exchange between Lebanon and the Russian Federation

Trade exchange between Lebanon and the Russian Federation (value million dollars)					
Year	Exports	Percentage %	Imports	Percentage %	Trade balance
1993	14.6	3.20%	102.9	2.10%	-88.3
1994	12.1	2.10%	82.6	1.40%	-70.5
1995	11.6	1.40%	118.8	1.60%	-107.2
1996	7.8	0.80%	88.2	1.20%	-80.4
1997	5.2	0.80%	90.4	1.20%	-85.2
1998	3.3	0.50%	123.1	1.70%	-119.8
1999	0.6	0.10%	98.5	1.20%	-97.9
2000	1	0.10%	215	3.50%	-214
2001	1.1	0.10%	409.4	5.60%	-408.3
2002	1	0.10%	645.9	3.80%	-244.9
2003	1.9	0.10%	321.2	4.50%	-319.3
2004	2.4	0.10%	542.5	5.80%	-540.1
2005	4.4	0.20%	509.1	5.50%	-504.7
2006	8.6	0.40%	260.6	2.80%	-252
2007	7.9	0.30%	353.3	3%	-344.4
2008	8.3	0.20%	5.3.5	3.10%	-495.2
2009	2	0.10%	416.1	2.60%	-414.1
2010	3.4	0.10%	507	2.80%	-503.6
2011	13.5	0.30%	514.3	2.50%	-500.8
2012	7.2	0.20%	423	1.90%	-415.8
2013	7.1	0.20%	900.7	4.10%	-893.6
2014	7.6	0.20%	887.3	4.10%	-879.7
2015	5.6	0.20%	824.6	4.40%	-819
2016	3.1	0.10%	718.6	3.80%	-715.5
2017	3.4	0.10%	770.7	3.90%	-767.3
2018	4.8	0.20%	567.4	2.80%	-562.6
2019	8.1	0.20%	1343.9	7%	-1,335.80
2020 (10 months)	6.3	0.20%	460.8	5.10%	-454.5

Agreements Concluded between Lebanon and the Russian Federation

Table 5 Agreements Concluded between Lebanon and the Russian Federation

Type of agreement	Official Gazette	Date
Trade and Cooperation Agreement with the Russian Federation	34	1996
An agreement to avoid double taxation and to prevent income tax evasion	10	1999
Agreement to establish a joint governmental committee on trade and economic cooperation	10	1999
A cooperation agreement in the fields of culture, science and technical rehabilitation	18	1999
Agreement in the field of tourism cooperation	18	1999
Permission for the ministry to conclude an agreement on the encouragement and protection of mutual investments between the government of the Lebanese Republic and the government of the Russian Federation	39	2001
The conclusion of a cultural and scientific cooperation program between the Lebanese Republic and Russia for the years 2001-2003	35	2002
Conclusion of a cooperation agreement between the Ministry of Education and Higher Education in the Lebanese Republic and the Ministry of Education of the Russian Federation in the field of education for the years 2003-2006	44	2003
The conclusion of a program for cultural cooperation for the years 2010-2011 between the Ministry of Culture in the Lebanese Republic and the Ministry of Culture in Russian Federation.	48	2011
Permission for the ministry to conclude a military and technical cooperation agreement between the government of the Lebanese Republic and the government of the Russian Federation.	55	2011
The conclusion of a military and technical cooperation agreement between the government of the Lebanese Republic and the government of the Russian Federation.	52	2012
Agreeing to conclude an agreement between Lebanon and the Russian Federation on the transfer of sentenced persons	42	2017
The conclusion of a memorandum of understanding for cooperation in the economic and investment fields between the Ministry of Economy and Trade of the Lebanese Republic and the Ministry of Economic Development of the Russian Federation	38	2019