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Is Lebanon Misreporting its Trade Data?

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Trade data is useful in determining the competitiveness of an economy and societal preferences, assuming it is both up to date and accurate. This article offers a preliminary assessment of how accurate Lebanese import and export data is by comparing it with data collected by Lebanon's major trading partners. An analysis of 26 years of Lebanese trade data reveals striking anomalies, revealing substantial discrepancies in both export and import figures when compared to trade partners' data.

In 2010, a typical year in terms of discrepancy level, Lebanon reported that it exported $502 million in goods to Switzerland, but Swiss import data registered only $182 million in goods arriving from Lebanon, resulting in an apparent discrepancy of $320 million. Zooming out, reporting discrepancies with Lebanon's 10 largest export markets in 2010 totaled $918 million in absolute value, which is a significantly high number given that registered exports totaled about $2 billion in the same year. When calculated for all years between 1997 and 2022, the discrepancy between Lebanon's reported exports to its top 10 markets and their reported imports from the country averaged about 46%, reaching a high of 106% in 1997 and a low of 13% in 2020. This is a strikingly high level when compared to import and export data from France and Angola – a developed and a developing economy – which have an average discrepancy of 9% and 13%, respectively, over the same period.

Figure 1: Percentage of misreported exports to total recorded exports for Lebanon, France, and Angola
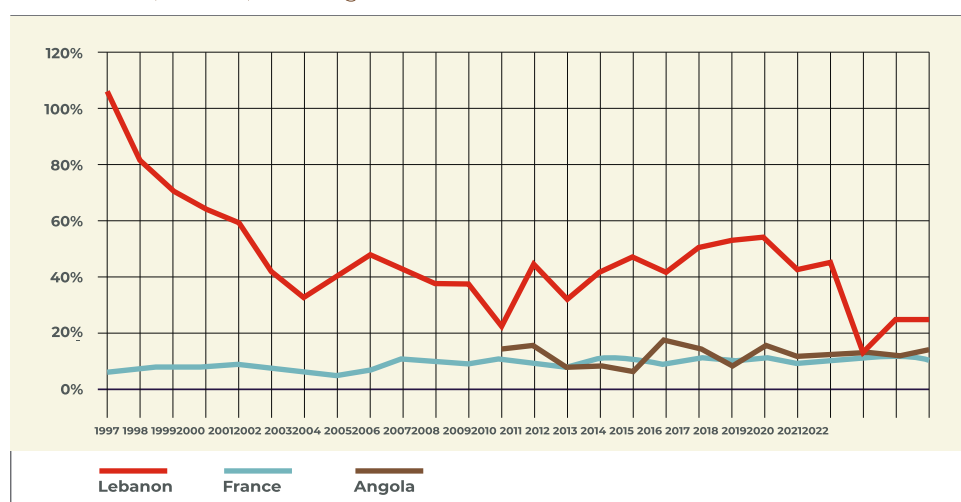
Note: The share of misreporting in absolute value is calculated based on the top-10 largest markets to which these countries export.
Source: United Nations Comtrade

By comparison, Lebanese import data appears to be more accurate than export data. The discrepancy holds at 22% of the country's total import bill, half of the misreporting error on the export side. Moreover, this level is in line with France, which has a 24% discrepancy rate, and is lower than Angola's 32%.

Figure 2: Percentage of misreported imports to total recorded imports for Lebanon, France, and Angola
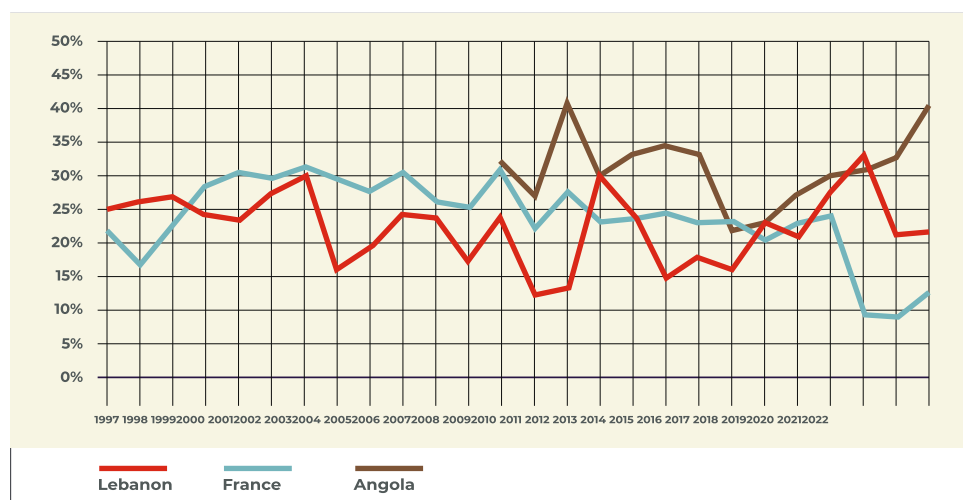

Note: The share of misreporting in absolute value is calculated based on the top ten largest markets from which these countries imported.
Source: United Nations Comtrade

Export data discrepancies in particular call into question Lebanon's data reporting reliability. Both import and export data discrepancies hint at possible underreporting or overreporting, which could be driven by factors such as attempts to evade tariffs, manipulate trade figures, or limitations in accurately tracking and recording trade transactions. One factor that could explain why Lebanon's export data shows a much higher discrepancy rate than its import data could be due to how the data is recorded. For instance, import data is recorded by customs authorities in an importing state and attributed to the country from which imports directly arrived, while exports are recorded once they reach their final destinations, which in most cases does not account for re-exports.

Patterns in Overreporting and Underreporting

Having established that there is a discrepancy in Lebanese export data, we then sought to determine how Lebanon is overreporting or underreporting its trade data. A comparison of Lebanese trade statistics and trade partner statistics yields two key findings. First, Lebanon has underreported its exports for most of the studied period with an average of 34% higher than reported in importing countries. Second, unlike exports, import data exhibits two distinct patterns. Lebanon overreported its imports on average by 13% between 1997 and 2012 but underreported it by 9% on average between 2013 to 2022. This coincides with the period in which Lebanon first recorded a balance of payment deficit over two consecutive years, calling into question how economic policies, market conditions, or changes in bureaucratic trade data collection affect the collection of trade statistics.

Figure 3: Lebanon's yearly export and import discrepancy
(under and over reporting)
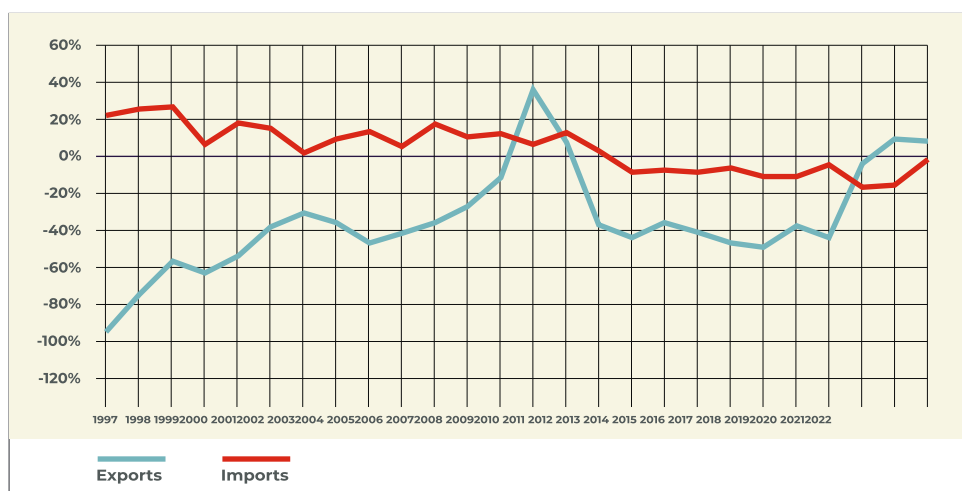
Note: The data above zero indicates overreporting while that below zero indicates underreporting.
Source: United Nations Comtrade

We then sought to determine whether trade data discrepancies are driven by a specific
country. Lebanon consistently underreported its exports to Switzerland for 26 years to the
tune of $2.7 billion, which comprises 36% of the total discrepancy over the studied period
(Figure 4). The UAE and Kuwait followed with $1.1 billion and $1.3 billion, respectively, jointly
accounting for another 29%. We also examined whether the discrepancy with these
countries is specific to a certain year or across the board. Lebanon recorded its highest
export discrepancy with Switzerland in 19 out of the 26 years, followed by the UAE in three
years, and Korea and Kuwait in two years each. Accordingly, the total difference in exports
was mainly skewed due to reporting patterns with the Swiss market. Looking deeper into the
data, specific products appear to be key drivers of this discrepancy. In 2021, "Precious
Stones" accounted for the highest discrepancy between Lebanese export and Swiss import
data, totaling $30 million. In the same year, "Precious Stone" accounted for the highest
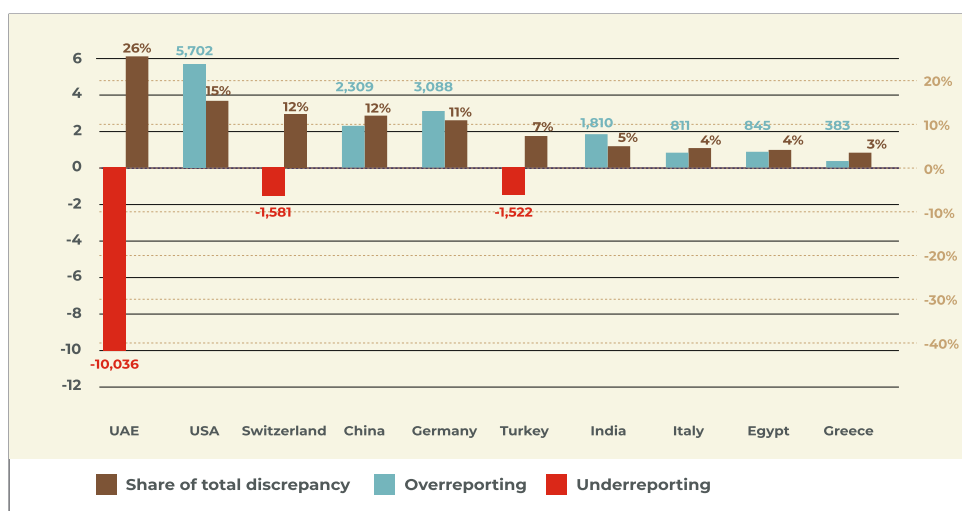discrepancy with the UAE totaling $140 million.

Figure 4: Volume and share of the export discrepancy between Lebanon
and its top 10 export partners ($ billion)
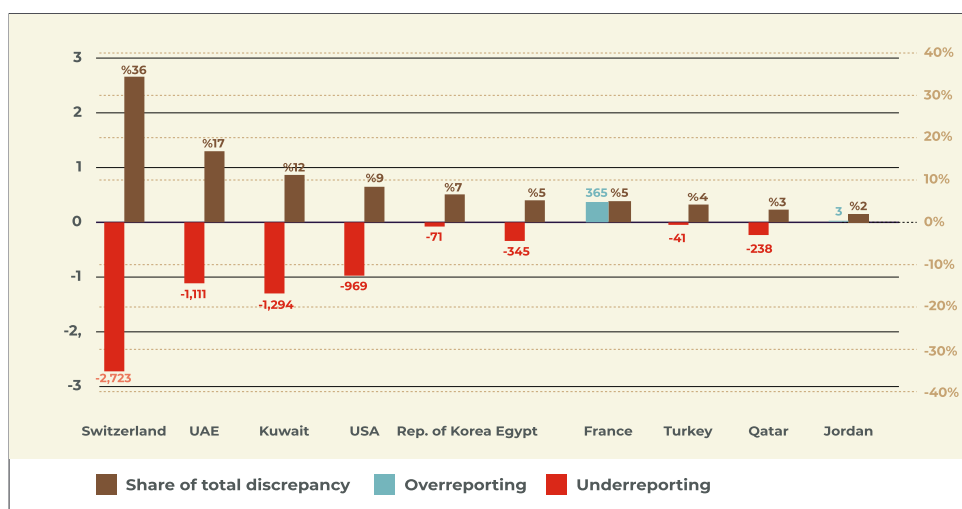
Source: United Nations Comtrade

Over a 26-year period, Lebanon underreported imports from the UAE by about $10 billion and from Switzerland by about $1.5 billion. Notably, Lebanon overreported imports from the USA by $5.7 billion, China by $2.3 billion, and Germany by $3.3 billion over the same period. These five countries accounted for 76% of the total discrepancy. This demonstrates that import discrepancies are not driven by one specific country. Lebanon recorded the highest discrepancy in reported imports with the UAE for nine years, China for seven years, and Switzerland for five years out of the total period. "Precious Stones" and "Mineral Fuels" accounted for the largest import discrepancies in 2019, including $398 million worth of "Precious Stones" imported from the UAE and $490 in "Mineral Fuels" imported from the USA.

Figure 5: Volume and share of the import discrepancy between Lebanon and its top 10 import partners ($ billion)

Source: United Nations Comtrade