Lebanese Agricultural Sector at a Glance

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Contact Information

Aline Azzi

aline.azzi@blominvestbank.com

The agricultural sector in Lebanon is one of the main pillars of the Lebanese economy. Despite revealing prominent signs of improvement after the financial crisis, it remained below the country's potential capacity as it is facing major challenges as a result of the ongoing socio-economic and financial crises.

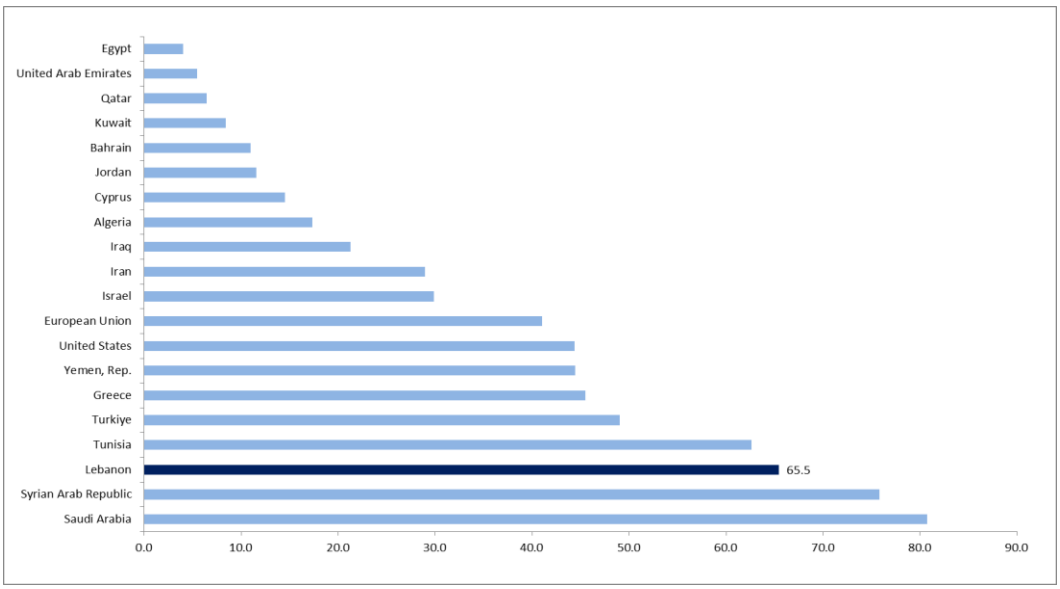
Sector Overview

The exceptional fertile soil, moderate weather and relatively rich water resources constituted key factors for the Lebanese agricultural sector. The sector represents an important source of revenue for Lebanese people especially in rural areas. In fact, according to the International Labor Organization, agricultural employment grasps a small share of total employment in Lebanon and dropped from 14% in 2010 to 13% in 2015 to end up at 11% by 2019. Nevertheless, the share of the agricultural employment stood relatively higher in 1991 and constituted 21% of total employment, but the structural transformation in the Lebanese economy has led to shares of agriculture in employment almost always accompanied by serious problems in closing the gap in labor productivity between agricultural and non-agricultural activities. Currently, the agricultural labor force employs about 212,000 persons, only 8% of whom are formally employed whereas the rest is considered as informal workers that have limited access to social security.

Moreover, Lebanon enjoys the highest proportion of cultivable land per capita in the Arab world. Nearly 60% of Lebanese citizens outside greater Beirut rely on directly or indirectly on agriculture and related activities. Yet, the Lebanese agribusiness is underutilized and efforts must be put in place as to its important role in contributing to the food security problem.

On a different note and according to the World Bank data, Lebanon is ranking the 31st worldwide concerning the highest proportion of agricultural land and the highest in the Middle East and region. By 2020, **65%** of total Lebanon's land area is considered agricultural land and 14% forest land. Compared to its peer, Saudi Arabia (surprisingly!) and Syrian Arab Republic have the highest agricultural land area with 80.8% and 75.8%, respectively. However, Saudi Arabia's arable land accounts for only 1.6% while Syria's arable land is 25.4%. Meanwhile, the lowest agricultural land area refers to the United Arab Emirates and Egypt with 5.5% and 4%, respectively, and arable land stands for 0.7% and 3.4%.

Regional Percentage of Agricultural Land from total Countries' areas by 2020:



Source: World Bank Data, BLOMINVEST

Lebanon overall enjoys a moderate climate and it is convenient for wide variety of crops cultivation; however, only 13.2% are considered as permanent cropland area or arable land. According to a census executed within the framework of the project "Lebanese Observatory for Agricultural Development" funded by the Government of Italy and implemented by the Food and Agriculture Organization of the United Nations (FAO) in collaboration with the Ministry of Agriculture, the cultivated land area in Lebanon is 230,995 hectares (2,309.95 square kilometer) 22.9% of the total land area of which almost half is irrigated (48.8%).

Agricultural holdings and utilized agricultural area (UAA):

Mohafaza	Number of holdings	Utilized Agricultural Area (ha)	Irrigated Area (ha)
Mount Lebanon	31,178	20,588	9,396
North	27.636	24,065	9,200
Aakkar	28,120	35,352	15,649
Bekaa	12,516	41,649	29,866
Baalbeck-Hermel	21,569	57,625	31,703
South	22,111	25,621	12,203
Nabatiyeh	26,382	26,095	4,939
Lebanon	**169,512**	**230,995**	**112,956**

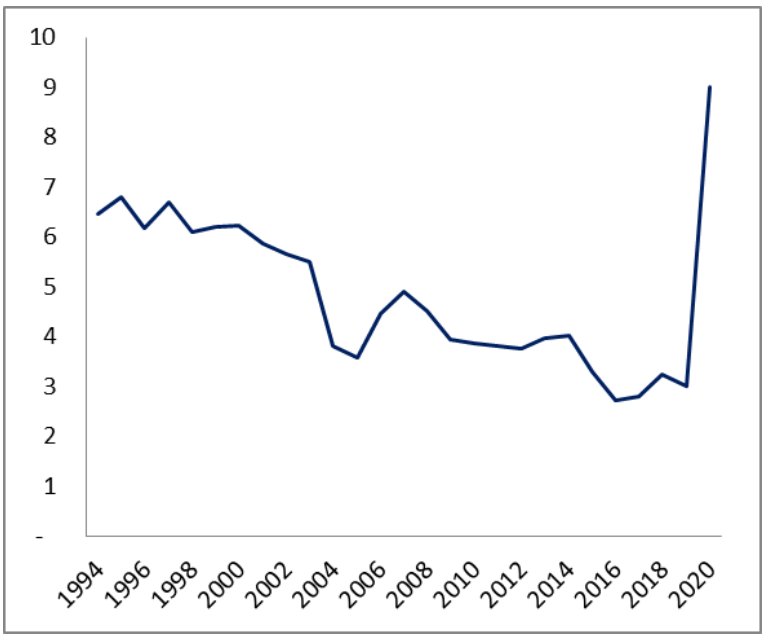
Source: FAO, Ministry of Agriculture

Baalbeck and Bekaa accounted for 43 % of the total cultivated land area in Lebanon, while Aakkar and North constituted 26% of total cultivated land area, South and Nabatieh followed with 22%, and the lowest share accounted for Mount Lebanon with only 9% of the total cultivated land area. Moreover, around 55% of irrigated lands are located in Baalbeck and Bekaa. Aakar grasped 14% of total irrigated lands area whereas Mount Lebanon grasped the lowest share of irrigated lands in Lebanon with a stake of 8.31%.

Contribution of the sector to the Lebanese economy:

The agriculture sector in Lebanon accounts for a small but stable share of the Lebanese economy. According to the Lebanese National Accounts by Central Administration of Statistics (CAS), the agriculture's contribution to GDP was around 6% between 1994 and 2000. The share of agricultural sector of GDP dropped to the range of 5% annually from 2000-2007, falling to an average of 4% per year between 2008 and 2013. Since 2016, agriculture has accounted for $1.5B of value added, representing about 3% of GDP. However, since the financial crisis, the agricultural sector had a unique economic activity that contributed positively to the GDP growth (+0.8 percentage points) and witnessed an economic growth by 40% to grasp 9% of total GDP by the end of 2020. Noting that by using the weighted average exchange rate for conversion from LBP to USD, the nominal 2020 GDP was equivalent to $24.7B USD (LBP 95.7 T), less than half of the 2019 GDP of $53.2B.

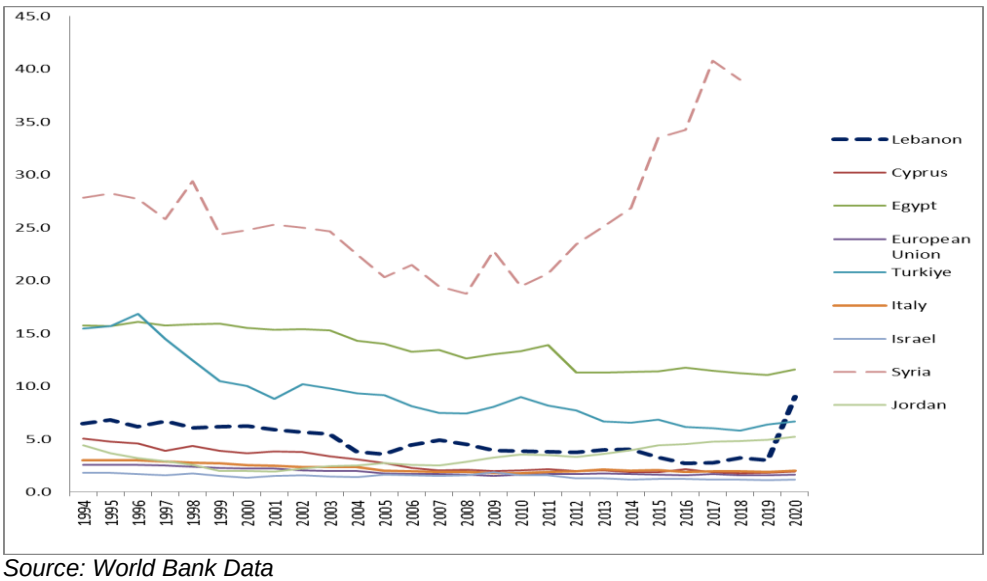
Percentage shares of activities in the GDP:



Source: CAS

Despite its relatively small size, the indirect contribution of the agricultural sector to the Lebanese economy is vital due to its strong links with food processing, which is the largest industrial sector in Lebanon. As such, the agro-food industry contributes an additional 5% of GDP and it is a major and growing employer, while in some rural areas, activities related to the agricultural sector provides secondary income for a large portion of the population and contributes to the food security of many people.

Country comparison of agricultural GDP (1994-2020):



Source: World Bank Data

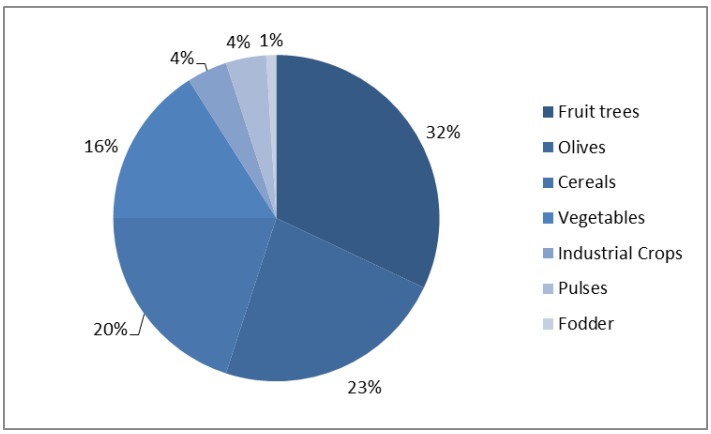
Cropland in Lebanon

According to the Food and Agriculture Organization, Lebanon has relatively one of the lowest crop production indexes in the region standing at 98.5 points by 2020 after dropping from 108 points in 2016. In more details, the crop production index presents agricultural production for each year relative to the base period 2014-2016. It includes all crops except fodder crops. Regional and income group aggregates for the FAO's production indexes are calculated from the underlying values in international dollars, normalized to the base period 2014-2016. In a comparative way, Saudi Arabia, Iraq, and Oman grasped the highest indexes standing at 162.5, 158.7, and 157.9 points, respectively in 2020. Meanwhile, Jordan, Morocco, and UAE have the lowest indexes in the region with 91.1, 91.5, and 93.2 points, respectively, for the same period.

Overall, the total cropland area in Lebanon is 232,200 ha (2,322 square kilometer) including successive cropping of which 54% are under permanent crops, 44% under temporary crops and 2% under greenhouses. Furthermore, around 44% of the total area under temporary crops is cultivated with cereals, 36% vegetables, 9% pulses, 9% industrial crops, and 2% fodder crops.

Major regions for crops, meadows and pastures include the Bekaa plain, the North, particularly in Koura and Akka, and the South with the coastal region from Sidon to Tyre. Mount Lebanon and Nabatieh are also important agricultural zones, albeit with lower shares of cultivated land due to their rough landscape.

Distribution of major cropland in Lebanon:



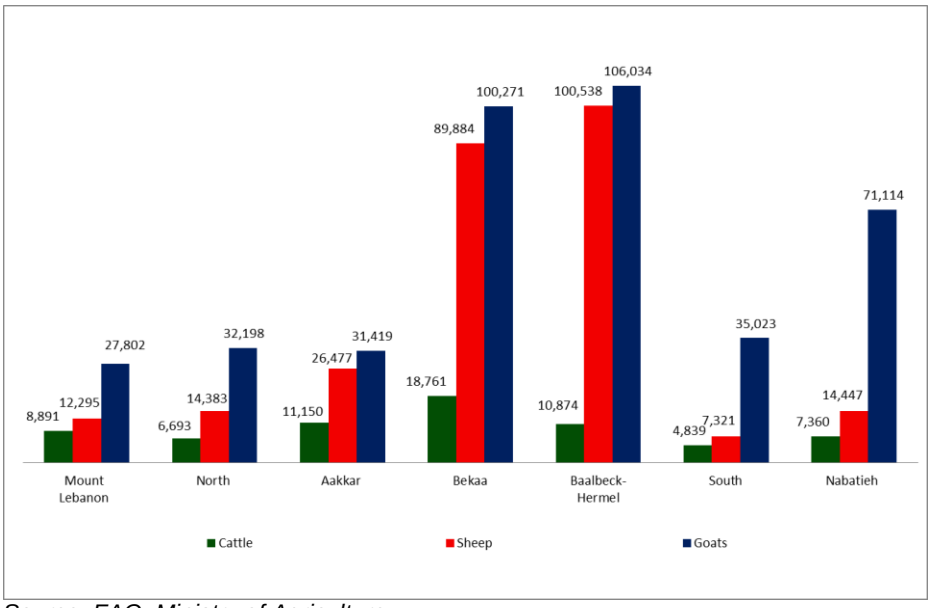
Source: FAO, Ministry of Agriculture

Around 43% of the total area under permanent crops is cultivated with olives, 17% stone fruits, 11% pome fruits, 8% grapes and 8% citrus, while 2% is cultivated with bananas.

Distribution of average number of livestock heads by holding:

The total number of holdings with livestock is 15,800 holders (9% of the total). The total number of cattle is 68,568. Moreover, the number of sheep and goats reached 265,345 and 403,861, respectively.

Agricultural heads with livestock by main types:



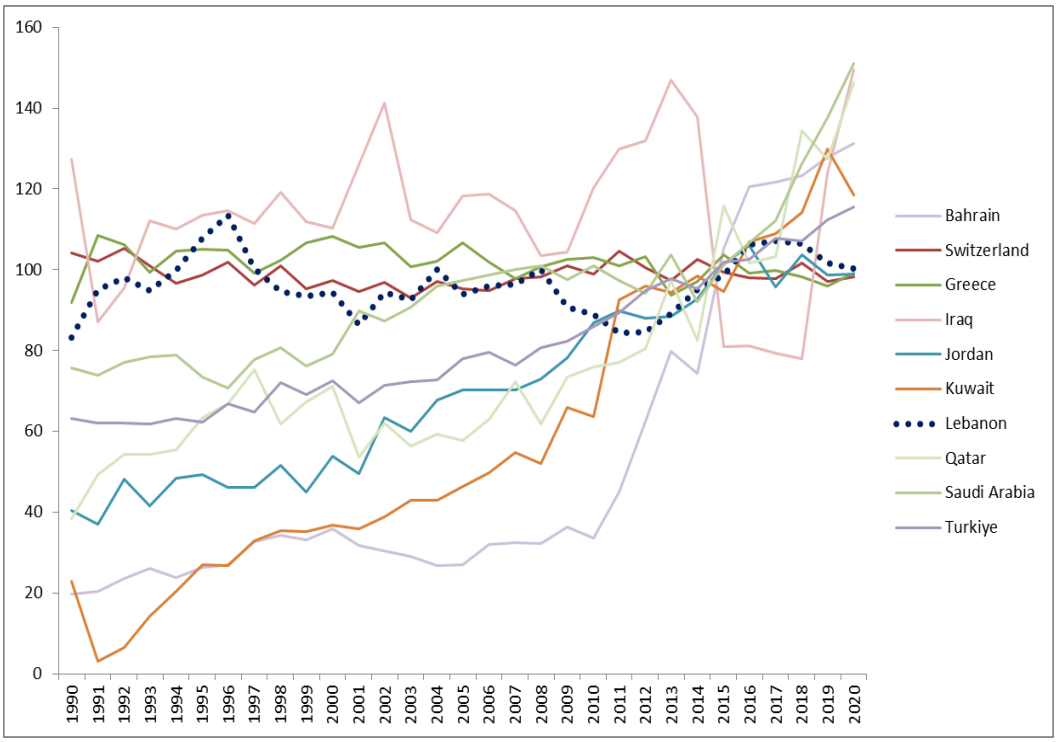
Source: FAO, Ministry of Agriculture

Agricultural Production:

Lebanon has comparatively a low agricultural production index which is prepared by the Food and Agriculture Organization of the United Nations (FAO). Lebanon's agriculture production index stood at 100.2 points by 2020 in comparison with the base period 2014-2016. In more details, food production index covers food crops that are considered edible and that contain nutrients. Moreover, in comparison with peers' countries, Lebanon's food production index is relatively among the lowest in the region. For instance, Oman, Qatar, and Oman holds the highest food production index among the Arab world standing at 152.8, 149.4, and 146.3, respectively, by 2020. Meanwhile, Venezuela,

Croatia, and Cuba have the lowest food production index at 85.13, 78.2, and 73.7, respectively, for the same year.

Country comparison of agricultural production index (1990-2020):



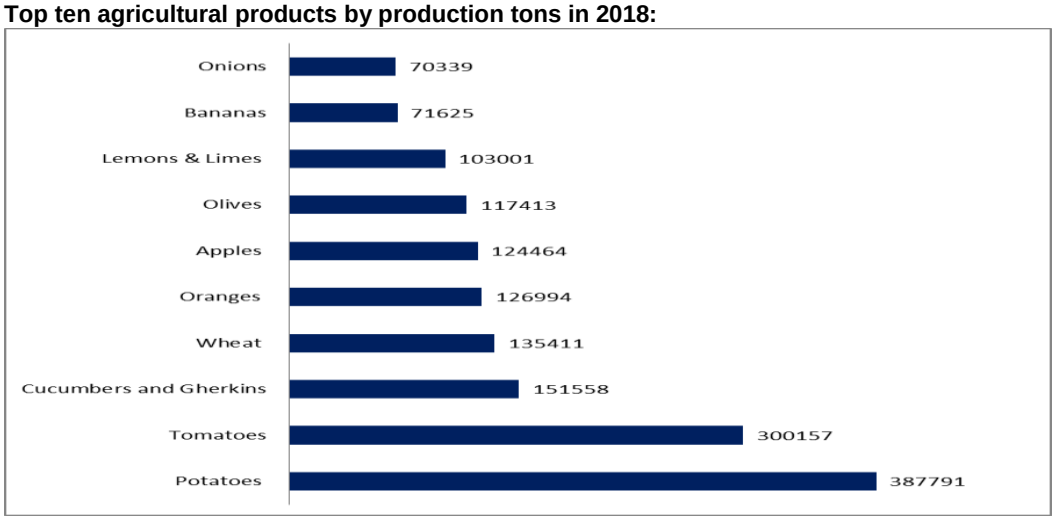
Source: World Bank Data

Overall, Lebanon' main agricultural products could be generally classified into the following groups; "Vegetables and edible vegetables", "fruits, edible fruits and nuts", live animals and animal products", unmanufactured tobacco", cereals including cereal seeds", and lastly "coffee, tea, mate and spices".

In details, vegetables' total production reached 1,340,443 tons by 2018 while top producers for the same year were potatoes, tomatoes, cucumbers and gherkins. As for the fruits and nuts, total production stood at 816,800 tons for the year of 2018 with most produces items were oranges, apples, lemons, and limes. Regarding total production of live animals and products, it totaled 410,155 tons by 2018 with top producers are milk, chicken, and cattle meat. Moreover, unmanufactured tobacco's production amounted for 8,694 tons by 2018 while cereals' total production stood at 170,737 tons for the same year with top producers being wheat, barley, and maize.

Regarding the production by products, potatoes rank first with 387,791 tons produced in year of 2018, followed by tomatoes with 300,157 tons and cucumbers and gherkins with 151,558 tons.

Top ten agricultural products by production tons in 2018:

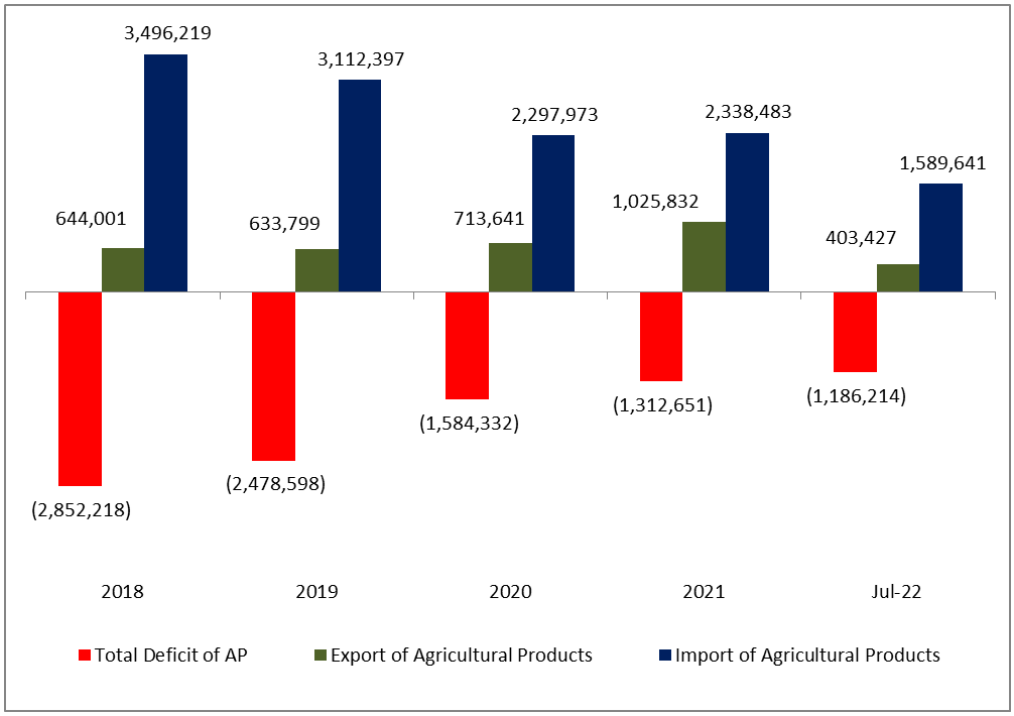


Source: FAOSTAT

Trade Performance:

Lebanon enjoys an exceptional reputation for its agricultural products in the regional markets. Hence, despite the improving standing of exports, the country still suffers an ongoing structural deficit on its trade balance of agricultural products. In this context, trade deficit for agricultural products (AP) stood at $1.18B by July 2022 with agricultural products' imports totaled $1.58B and exports amounted to $403.42M. Overall, trade deficit for agricultural products has been tapering for the last 5 years from $2.85B in 2018 and $2.47B in 2019 to $1.58B in 2020 and $1.31B in 2021. The narrowing in trade deficit for agricultural products is a result of an increase in exports and decrease in imports. In more details, the importation of AP has dropped by 33.11% from 2018 to the end of 2021 while exportation jumped by 59.29% for the same period. The changes are justified by the producers' behaviors towards improving their revenues and maximizing their fresh incomes from abroad; in addition to a depreciating exchange rate.

Trade Performance chart:

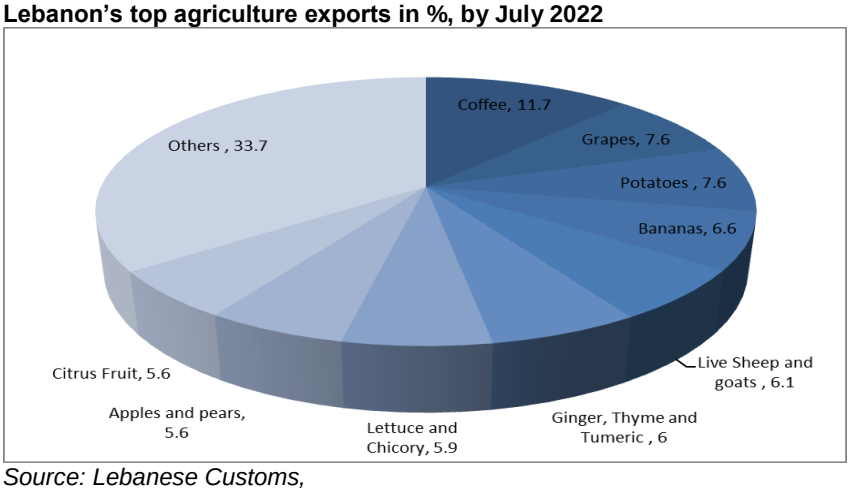


Source: Lebanese Customs,

Agriculture Exports of Lebanon:

Lebanon exported $403.42M of agricultural product in the first seven month of 2022 of which "coffee" ranked on top of agriculture exports grasping a large share of 11.7% from the total, followed by "grapes" and "potatoes" with each grasping 7.6% of total agriculture exports. "Bananas" and "live sheep and goats" also ranked among the top agriculture exports with the following stakes of 6.6% and 6.1%, respectively. In addition, "lettuce and chicory", "apples and pears", and "citrus" also topped the agriculture exports products with 5.9%, 5.6%, and5.6%, respectively.

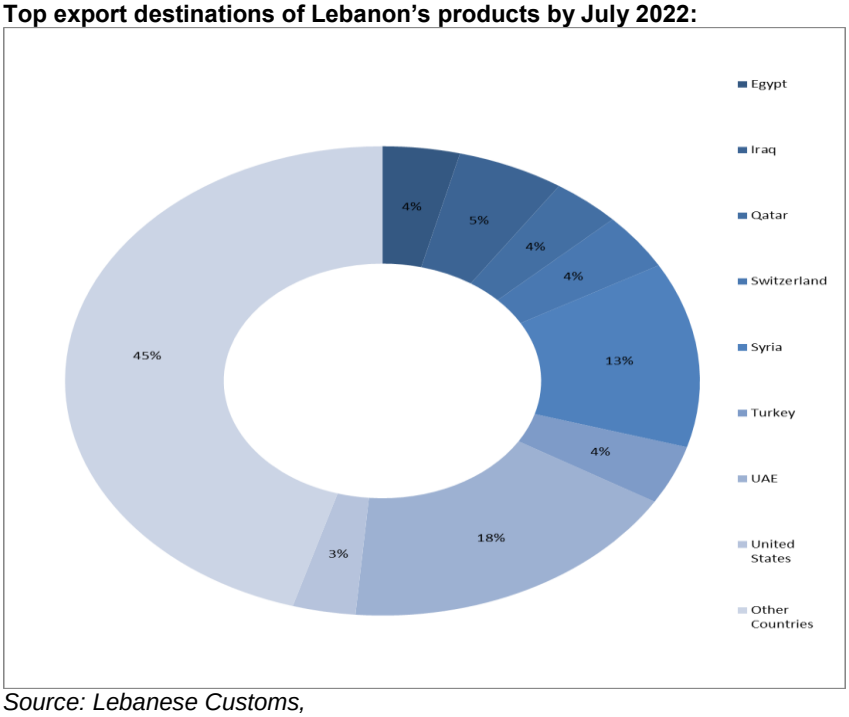
Lebanon's top agriculture exports in %, by July 2022



Source: Lebanese Customs,

On a different note, the top export destinations of Lebanon's agricultural products were mainly concentrated in the neighboring Arab countries, with a small portion associated to remote countries were some of the Lebanese diaspora reside. In details, the top export destinations by July 2022 were UAE and Syria with 18%, and 13%, respectively, of total exports. Iraq and Turley followed with 5.46% and 4%. Furthermore, Switzerland, Qatar, and United States had their shares among the top exports destinations for Lebanese products with 4%, 4%, and 3%, respectively.

Top export destinations of Lebanon's products by July 2022:



Source: Lebanese Customs,

Conclusions:

In conclusion, the improving performance of the agriculture products exports after the eruption of the financial crisis remains counteracted by some persisting challenges due to the lack of a comprehensive and strong strategy to develop the sector. Farmers in Lebanon are facing several issues related to quality control, standards, and further exposures to the international markets. Not to mention that the high production cost mainly transport and storage costs and the lack of cooperatives of production are deepening the trade deficit within the agriculture sector.

Government's assistance for the agriculture sector in Lebanon has been historically neglected in the economic policy. Low priority is attributed to agriculture spending as it barely touch 1% of government budgets, leaving farmers depending heavily on international programs such as FAO grant programs, private sector, and foreign investment. This lack of governmental support has a spillover effect on economic weaknesses where higher cost of importation is leading to imported inflation.

Finally, despite the positive impact of Agriculture sector on Lebanon's export activity, some essential suggestions should be put on the table. In this context, the program should target higher value added products that could be gaining consumers' interest domestically and globally. Moreover, Lebanese agricultural products should be easily marketable and packaged at competitive prices with the external market. The Lebanese agricultural sector could only realize its potential and develop remarkable its contribution to the economic growth by adopting higher techniques, grating facilities, and ensure the development of an efficient worldwide distribution network.

For your Queries:

BLOMINVEST BANK s.a.l.
Research Department
Bab Idriss, Weygand Str.
POBOX 11-1540 Riad El Soloh
Beirut 1107 2080 Lebanon

Aline Azzi
aline.azzi@blominvestbank.com

Research Department
Tel: +961 1 991 784
research@blominvestbank.com

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