



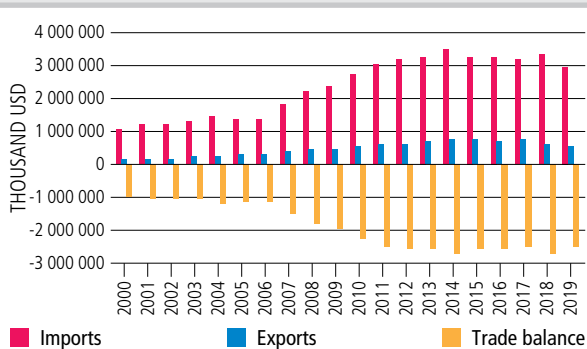
POLICY ANALYSIS

Strengthening Lebanon's agricultural export support programmes

Increasing deficit in agricultural trade, but there is agricultural export potential

In the last decades, the relationship between the Lebanese agriculture sector and international trade has been challenged by economic-financial-political burdens, and, more recently, the COVID-19 complicated it. Three aspects have been identified concerning this relationship. First, and as seen in Figure 1, Lebanon is dependent on imports of several agricultural goods to fulfil the domestic food demand of its population. Exports of agricultural goods have also been increasing steadily since 2000, but not at the same pace of agricultural imports.

FIGURE 1. Lebanese Agricultural Trade Balance



Source: FAOSTAT database (2021).

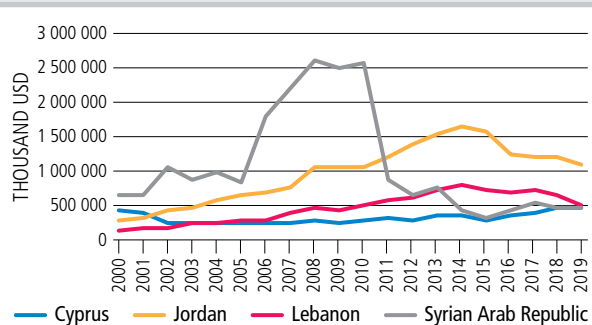
Second, Lebanon is dependent on imports of agricultural inputs, mainly fertilizers and pesticides and of agricultural machinery and technology, limiting self-sufficiency in guaranteeing high yields.¹ Third, Lebanon agricultural exports are relatively small in two respects: (i) in terms of their value, compared to other countries of the region (Figure 2), and (ii) compared to its agricultural production potential (Figure 3).

¹ For an extensive analysis of policy responses for input markets under COVID-19, please see: FAO. 2020. *Policy responses to keep input markets flowing in times of COVID-19*. Rome. <https://doi.org/10.4060/ca8979en>

KEY MESSAGES

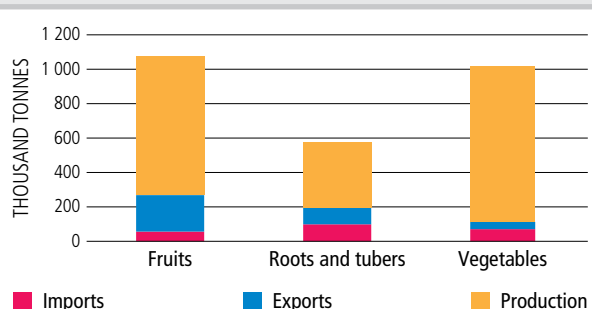
- ▶ Measures that support producers with better information on opportunities for developing export promotion strategies should be adopted to support agricultural exports.
- ▶ Government programmes should also focus on expanding and increasing access to agricultural export markets.

FIGURE 2. Value of agricultural exports



Source: FAOSTAT database (2021).

FIGURE 3. Lebanon's production, import and export variation of major group products in 2018



Source: FAOSTAT database (2021).

Potential for agricultural exports

Overall, these three aspects can be dealt with by improving the access to and the integration within new markets. One way to achieve this is by strengthening capacities on trade agreements (regional or bilateral), which entails training, policy guidance and technical support to ministries and stakeholders.

The Revealed Comparative Advantage (RCA) indicator for Lebanon between 2010 and 2017 shows that the country has been a competitive producer and exporter in three key sectors: vegetable products (including edible fruit and nuts), agricultural raw materials (i.e., cork and wood, pulp and waste paper, textile fibres, and crude animal and vegetable materials) and other products such as tobacco and manufactured tobacco substitutes, preparations of cereals, flour, starch or milk, and prepared animal fodder.²

Moreover, and in terms of increasing market access in the long term, it is particularly important for Lebanon to become a member of the World Trade Organization (WTO) Agreements. The WTO accession process started in 1999, but it is still a long way before Lebanon becomes a member.³ Given the dependency of Lebanon on trade and its ambition to grow exports, the accession process should be accelerated and prioritized.

Lebanon can also adopt more targeted approaches to trade such as supporting and developing agricultural export products. For example, the Investment Development Authority of Lebanon (IDAL) has a budget of approximately USD 30 million to provide export subsidies through its AgriPlus programme.

Constraints to trade growth: difficulties in accessing new export markets

An issue concerning access to international markets is the mismatch between local varieties, in addition to phytosanitary/sanitary conditions/quality, high production costs, and demand in export markets. Farmers are often not growing the varieties for which there is export demand. Rectifying this would require replanting and/or grafting, with costs and loss of income as the new saplings, rootstocks and grafts build to maturity.

Lebanon also suffers due to strong competition with neighbouring countries producing a similar portfolio of agricultural products (mainly Turkey, Egypt, Morocco, and Tunisia). Increasing the diversification and product differentiation with respect to the competitors in the region could open new market opportunities.

² These are called food products in the HS 1988/1992 classification system.

³ For a detailed description of the current status in Lebanon's accession process to the WTO, please see: www.wto.org/english/thewto_e/acc_e/a1_liban_e.htm#status

Future pathways: alternative support modalities

Concerning support and development of agricultural exports, a combination of measures could be adopted. For example, targeting financial tools and subsidized promotion and marketing costs could be developed for producers and firms that have the potential to produce and export high-value agricultural products.

Different countries recognize product standards by means of regulations, such as minimum residues of phytosanitary products, or production processes such as organic agriculture or marketing standards and certification schemes (Global GAP). Aligning such regulations with those of key trade partners would facilitate the exports of agricultural commodities. Farmers would need assistance, technical and financial support in complying with such standards.

Lebanon could also establish food export promotion agencies. Examples of such agencies can be observed in other countries. For example, the Chilean government developed two agencies for the valorisation, marketing, and development of Chilean products worldwide. The first one, ProChile, is part of the Ministry of External Affairs and supports large companies in all sectors, including the agri-food one, entering the international markets. The second one, Indap, is part of the Chilean Ministry of Agriculture and supports small-size farms in developing and trading products at local, national, and international level, improving national consumption and exports. Indap developed the brand "*Manos Campesinas*" which certifies the origin and quality of products.

Another support modality could be promoting the cultivation of fruit varieties demanded on the international markets, instead of local and less tradable varieties. The conversion of current orchards into new varieties can be expensive due to grafting and can lead to loss of income before the new variety's reach maturity, while promoting new varieties in new orchards would require access to certified saplings and rootstocks.

Accessing certain global value chains is feasible only through complying with private standards and certification schemes (e.g., Global GAP, BRC). For farmers to make the decision to produce respecting private standards, they should be adequately informed of the pros and cons and assisted in complying with such standards. Moreover, a net of recognized certifiers needs to be implemented at national level and across different products.

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