AGRICULTURE SECTOR

2017 FACTSHEET

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SECTOR OVERVIEW

MAIN GEOGRAPHICAL FEATURES

Lebanon's moderate climate, rich soil, and abundant water resources provide it with the key factors of agricultural production. The country is endowed with the highest proportion of agricultural land in the Middle East with **64.3%** of total land area.

According to the latest figures of the Food & Agriculture Organization (FAO),

64% of Lebanese territory is covered by agricultural areas

14% of the total area of Lebanon is considered arable[1]

Rainfall in the country remains relatively abundant at an average of **2.2 billion m^3/yr** significantly higher than the regional average

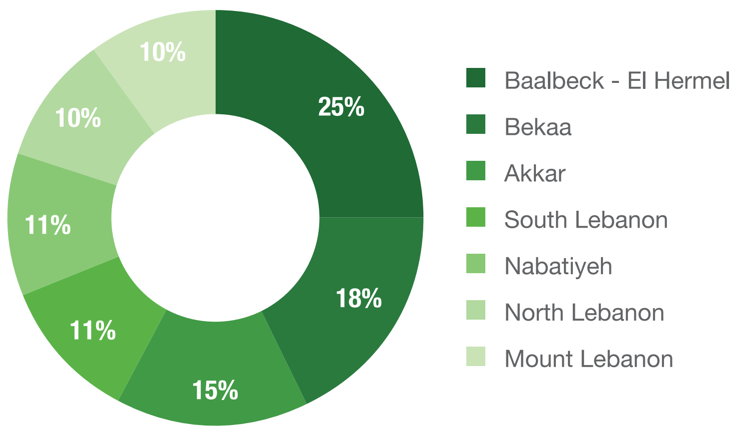
The country is also rich with water resources

The climate is moderate overall and is suitable for the cultivation of a wide variety of crops that would normally grow in both cold and tropical countries.

Major regions for crops, meadows and pastures include the Bekaa plain (where more than 40% of the land is cultivated), the North, particularly in Koura and Akkar, and the South with the coastal region from Sidon to Tyre (where intensive agriculture is also present in greenhouses) **(Figure 1)**. Mount Lebanon and Nabatiyeh are also important agricultural zones, albeit with lower shares of cultivated land due to their rough landscape.

The majority of agricultural holdings are concentrated in North Lebanon and Bekaa with 31% and 20% respectively **(Figure 2)**. The Bekaa holds the highest number of livestock heads by agricultural holding **(Figure 3)**.

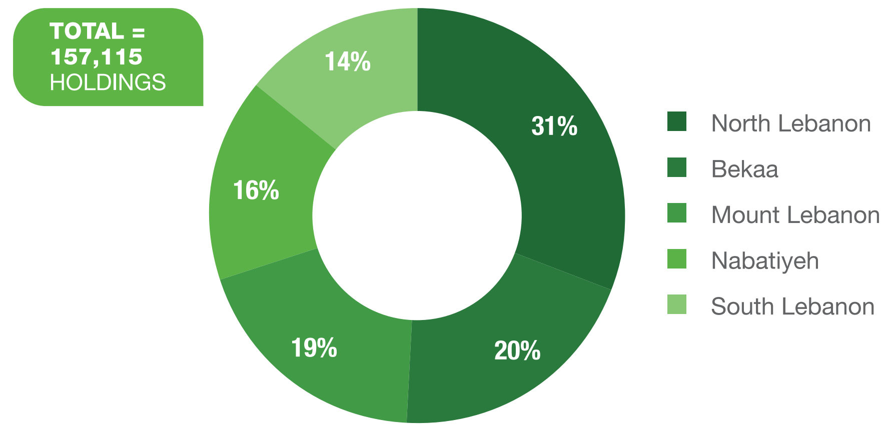
Figure 1: Cultivated Land by Mohafaza **% Share | 2010***



Source: *Latest available figures - FAO, 2010

1 Arable lands consist of temporary crops and meadows, market and kitchen gardens, and temporary fallow areas.

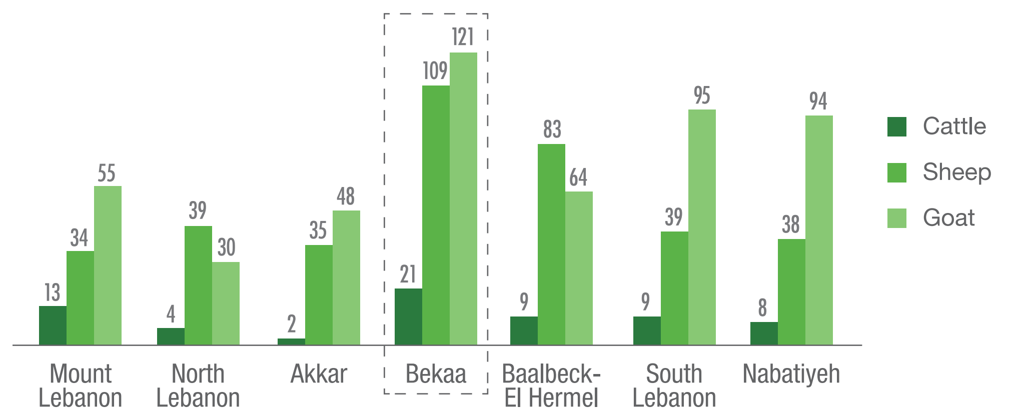
Figure 2: Distribution of Agricultural Holdings* **% Share | 2010**



* **Note:** The thresholds for considering an agricultural holding are as follows: >1000m^2 for irrigated and non irrigated lands; 400 m 2 for greenhouses; 1 cow; 7-8 goats

Source: FAO, 2010

Figure 3: Distribution of Average Number of Livestock Heads by Holding **| 2014**



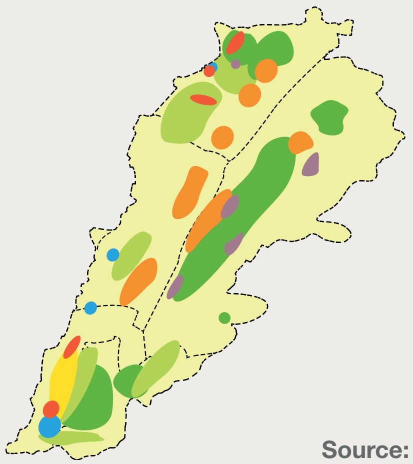
Source: FAO, 2010

CONTRIBUTION OF THE SECTOR TO THE ECONOMY

The Agricultural sector generates around 3.5% of Lebanon's GDP[2] and employs roughly 6% of the Lebanese labor force[3].

Agricultural Map of **Lebanon**

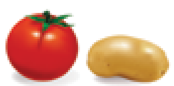
- Annual Crops (Vegetable, Cereals, Etc.)
- Olives
- Citruses
- Bananas
- Vineyards
- Fruits (Other)
- Intensive Agriculture



Source: FAO, 2010

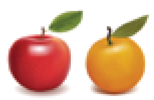
MAIN AGRICULTURAL PRODUCTS

Vegetables rank 1st in production size, making up

63% 

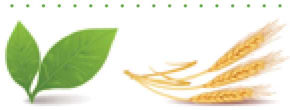
of total agricultural production. Potatoes are the main produce within this category

Fruits constitute a large share of agricultural production in Lebanon at

31% 

Citrus, apples, grapes and bananas are the biggest in terms of volume.

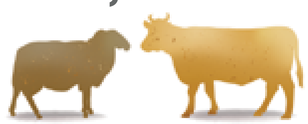
Other produce are tobacco and cereals (mainly wheat and barley).



Livestock production has also been picking up in recent years.

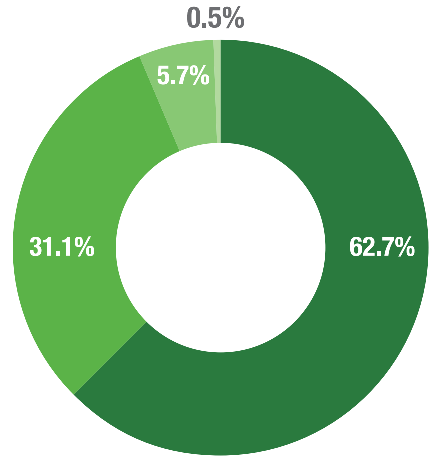
In fact, meat production has more than doubled since 1990 reaching levels slightly below

200,000 T



As for Lebanese agricultural outputs, vegetables rank first in production and account for 62% of total agricultural production, followed by fruits and dairy products **(Figure 4).**

Figure 4: Crop Output by Subsector **% Share | 2014***



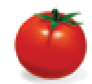
Source:
*Latest available figures - FAO, 2014

Potatoes account for

25% 

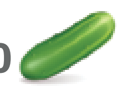
of total vegetables

Tomatoes account for

20% 

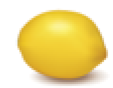
of total vegetables

Cucumbers account for

11% 

of total vegetables

Lemons account for

5% 

of total vegetables

2 The Lebanese National Accounts Report, 2017.
3 Central Administration of Statistics, Statistical Year book 2009, Green Projects and Agriculture.

4 Based on FAO data, 2014.

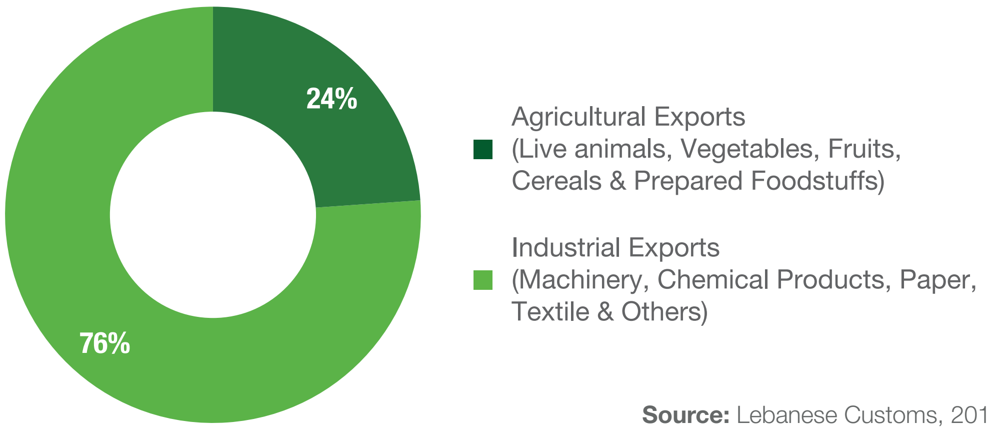
TRADE STATISTICS

EXPORT PERFORMANCE

While agricultural production has been previously limited to meeting local market needs, it has recently shifted towards export production.
The sector benefits from a strong awareness on product quality in regional markets. Agricultural exports account for 24% of total Lebanese exports **(Figure 5)**. Fruits exports accounted for 48% of agricultural exports in 2016, vegetables for 41% and cereals for 5%.

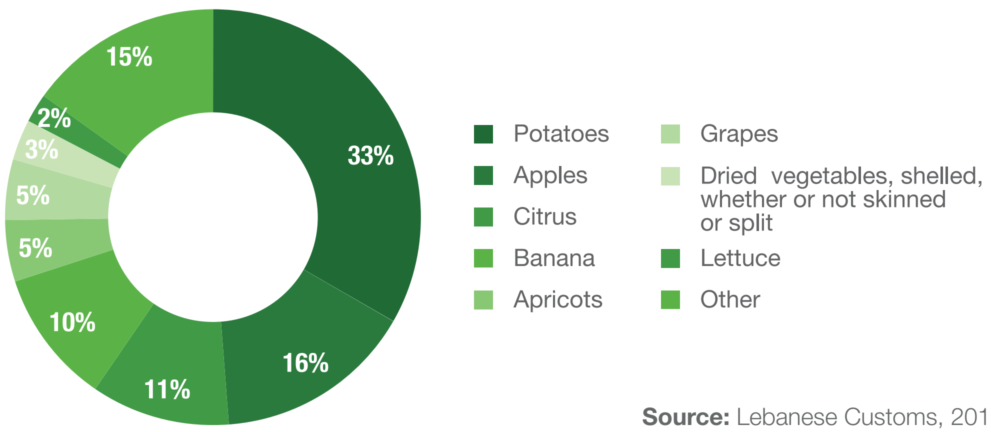
By product, Potatoes grasped the largest share of total crop exports with 33% of the total, followed by apples (15%) and citrus (11%) **(Figure 6)**.
It is worth noting that Lebanon remains highly import dependent on agricultural products, with imports in this sector amounting to USD 869,259 million in 2016 (about 4.6 times the value of agricultural crop exports).

Figure 5: Lebanese Exports **% Share | 2016**



Source: Lebanese Customs, 2016

Figure 6: Lebanese Agricultural Crop Exports **% Share | 2016**



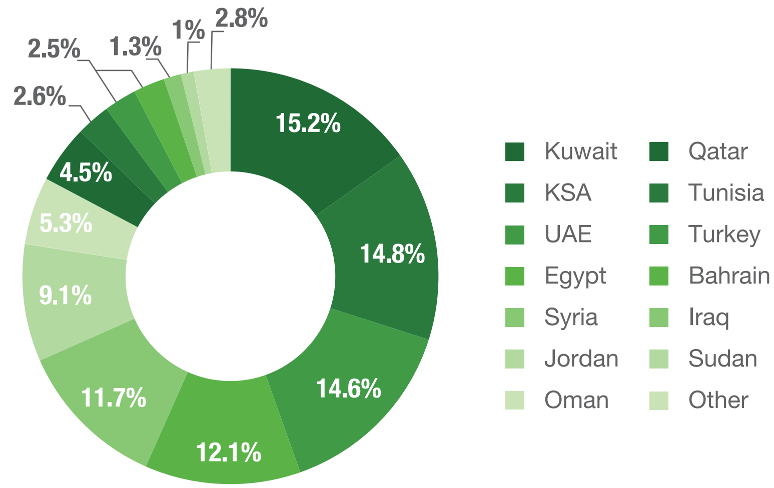
Source: Lebanese Customs, 2016

The largest share of Lebanese agriculture exports is destined to the GCC countries with a share of 56.7% of total exports. Kuwait, KSA and UAE rank first, second and third respectively within this category.

The Arab countries (excluding GCC) rank second amongst country groups and occupy around 37.8% of total exports, with Egypt, Syria and Jordan as main destinations **(Figure 7)**.

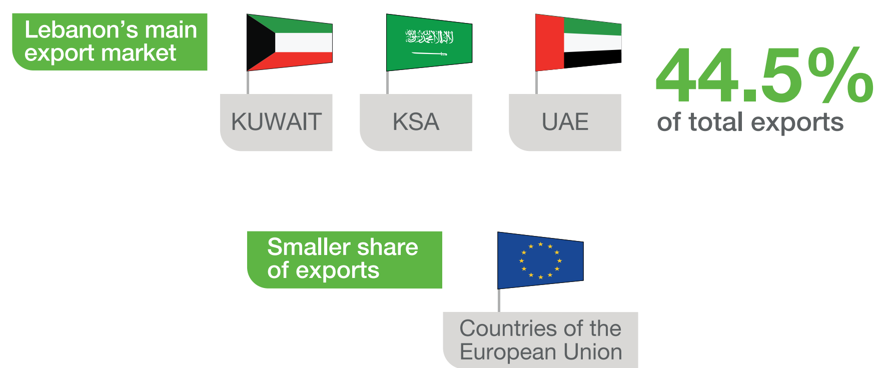
EXPORT DESTINATIONS

Figure 7: Lebanese Agricultural Crop Exports by Destination **% Share | 2016**



Source: Lebanese Customs, 2016

EXPORT PARTNERS



INVESTMENT OPPORTUNITIES IN THE SECTOR

PROJECTS PROCESSED BY IDAL

IDAL mediated an agriculture project for Kuwaiti **NPPC Fresh Produce Factory** specializing in premium packaging for fruits and vegetables. The project has generated 62 new jobs, enhancing the livelihoods of several rural households.

Agriculture in Lebanon has great potential for growth, for it still hasn't reached its expansion limit. In addition to the country's ideal climate and landscape, other factors such as skilled labor, devoted research (8 agricultural colleges established across the territory), and good export opportunities to the Middle East, also make investments in this sector highly attractive.

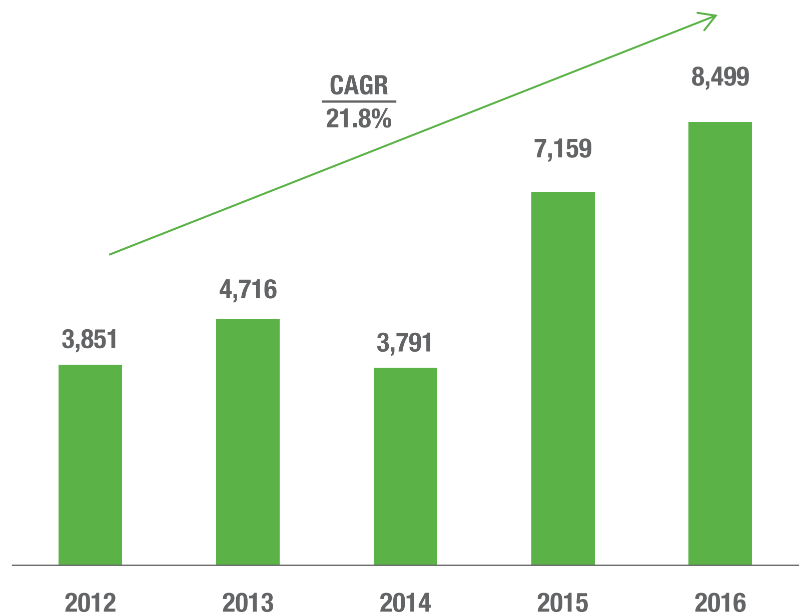
On another level, the persistent dependence on imports signals that the market is far from being saturated. With demand greatly exceeding local supply and local conditions favoring agricultural activity, Lebanon's diverse and rich agricultural sector makes it eye-catching for future investments.

INVESTMENT OPPORTUNITIES

CHESTNUT

- The local consumption of chestnut is estimated at 6,500 tons/year with approximately half of that quantity being imported from Turkey and China.
- Lebanese imports of Chestnuts has been increasing at a CAGR of **21.8%** over the period 2012-2016 **(Figure 8)**.
- Chestnut is mainly cultivated in the Tarshish region in Baabda district due to the adaptability of climate and soil. There are around 6,000 chestnut trees that produced around 100 tons in 2014.
- Chestnut cultivation can be expanded to other regions such as Aley, Rashaya, Hasbaya, Jezzine and other regions in North Lebanon.
- New product development in the field of Chestnut production led to a variety of chestnut-based products such as:
  Candied chestnut
  Marron glacé
  Chestnut cream
  Conserved chestnut

Figure 8: Imports of Chestnuts **USD Thousand | 2012-2016**

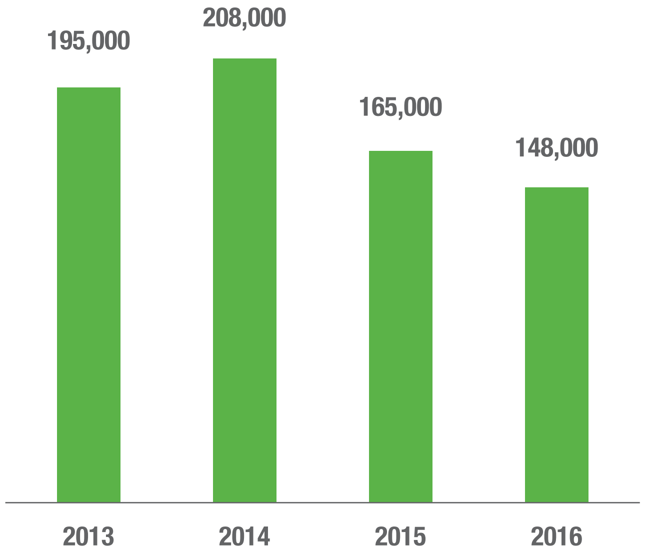


Source: Lebanese Customs and Desk Research

MUSHROOMS AND TRUFFLES

- Global mushroom and truffles production has been increasing at a **CAGR of 8.65%** over the period 2009-2014.
- Local demand and imports for fresh mushrooms and truffles have been considerable over the last 4 years **(Figure 9)**.
- Mushroom farming is being recently practiced in Lebanon in closed areas (rooms) that yield an average of **30 tons of mushrooms/month.**
- **90%** of mushroom production of the five main farms in Lebanon is white mushrooms
- Several mushroom species can be produced locally such as **oyster, portobello and shiitake** mushrooms that can be sold to French, Italian and Japanese restaurants.

Figure 9: Imports of Chestnuts **USD Thousand | 2012-2016**

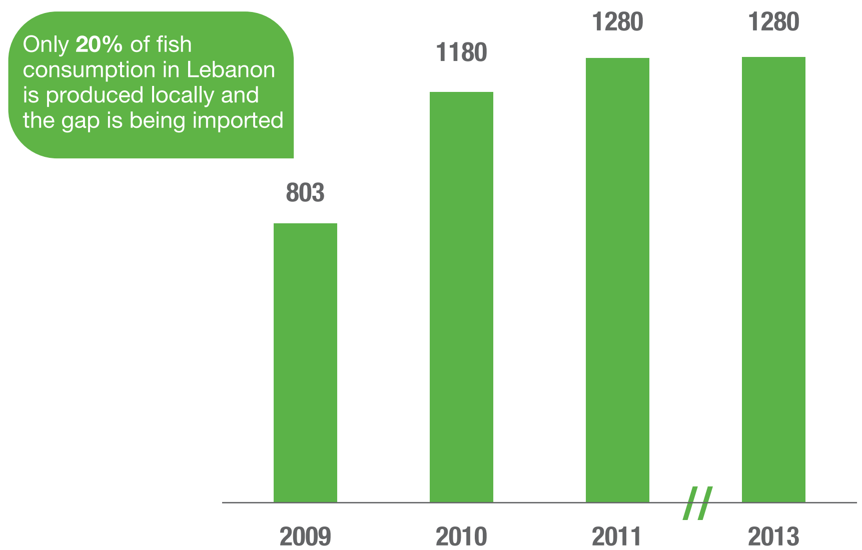


Source: Lebanese Customs and Desk Research

AQUACULTURE FARMING

- The 2 main aquaculture species cultured in Lebanon are **Rainbow Trout** (90% of total aquaculture production) and Tilapia (10%).
- Total aquaculture production in 2013 reached **1,280 tons** which constitutes 20% of local consumption **(Figure 10)**.
- Fish production is far below the potential production capacity that could be attained through implementing a new farming system such as **Recirculating Aquaculture System** (RAS).
- Potential investments in in-land recirculation aquaculture systems in Lebanon are possible for the following fish species:
  Barramundi
  Seabass
  Shrimp
  Stripped bass

Figure 10: Aquaculture Fish Production in Lebanon **Tons | 2009-2013***

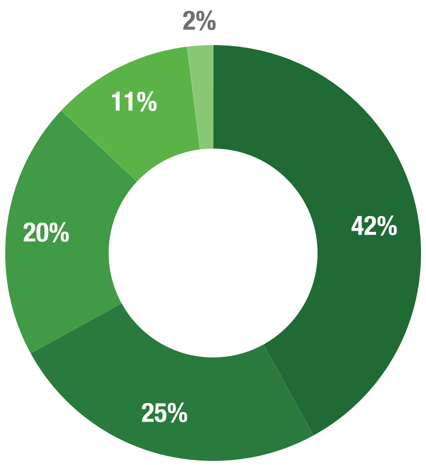


Source: *Latest Available Figures - FAO

PACKAGING CENTERS AND COOLING STORAGE HOUSES

- There are around **190 packaging centers** concentrated in the Bekaa and North Lebanon with only **14% HACCP and/or ISO certified (Figure 11).**
- Cold storage is particularly important in agriculture value chain in order to minimize post-harvesting losses.
- There is a need to build packaging and cold storage facilities to meet the Lebanese market demand by taking into consideration the industry's best practices and regulations.

Figure 11: Distribution of Packaging Centers **% | 2015**



Source: IDAL's Calculations

SUPPORT TO THE SECTOR

Established companies and SMEs in the sector can benefit from a wide range of public and private initiatives including fiscal incentives, financing options and technical support.

1. Fiscal Incentives

IDAL offers tax breaks for up to 10 years, as well as other incentives to local and foreign companies operating in the agriculture sector and meeting specific requirements. You can check out IDAL's full range of incentives on **www.investinlebanon.gov.lb**

2. Financial Support

- **Kafalat Small Agriculture program** provides guarantees for loans (up to LBP 65 million) granted by commercial banks to finance all types of farming and agricultural activities, including fixed assets and working capital needs.
- **Kafalat Trees program** provides guarantees for loans (up to LBP 480 million) granted by commercial banks to finance purchase of trees, irrigation equipment, in addition to financing processing, marketing, packaging and exporting activities.
- **Kafalat Plus program** provides guarantees for loans (up to LBP 600 million) granted by commercial banks to the SMEs operating in the agriculture sector.

3. Export Promotion Support

IDAL through its "Agri-Plus" program, provides exporters with financial incentives to export their products and to participate in international fairs.

4. Technical Support

- **USAID** LIVCD Project is a five-year program that USA 41.7 million program aimed at improving the competitiveness of Lebanese products through providing technical assistance for SMEs and Lebanese farms.
- **The Agricultural Research Institute of Lebanon** (LARI) is a governmental organization under Minister of Agriculture Supervision that has eight experimental stations and conducts applied and basic scientific research for the development and advancement of the agriculture sector in Lebanon.

USEFUL ADDRESSES & CONTACTS

Ministry of Agriculture-MoA
www.agriculture.gov.lb

Ministry of Economy & Trade-MoET
www.economy.gov.lb

Investment Development Authority of Lebanon-IDAL
www.investinlebanon.gov.lb

The Federation of the Chambers of Commerce Industry & Agriculture in Lebanon
www.cci-fed.org.lb

- **Beirut and Mount Lebanon**
  www.ccib.org.lb
- **Tripoli and North Lebanon**
  www.cciat.org.lb
- **Saida and South Lebanon**
  www.ccias.org.lb
- **Zahleh and the Bekaa**
  www.cciaz.org.lb

Industrial Research Institute-IRI
www.iri.org.lb

Quality Programme-QUALEB
www.qualeb.org

Lebanese Standards Institution-LIBNOR
www.libnor.org

Lebanese Agricultural Research Institute (LARI)
www.lari.gov.lb

National Council for Scientific Research Lebanon
www.cnrs.edu.lb

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