



GIEWS Country Brief Lebanon

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FOOD SECURITY SNAPSHOT

- Planting of 2022 winter cereal crops ongoing under favourable weather conditions
- Crisis hampers economy, including agricultural sector
- Below-average import requirement forecast in 2021/22
- Food insecurity rising as economic environment worsens

Planting of 2022 winter cereal crops ongoing under favourable weather conditions

Sowing of the 2022 winter cereal crops was completed in early January. Precipitation amounts in November 2021 were below average, but abundant rainfall, almost three times the average, in the first decade of December followed by average rainfall amounts since then sufficiently replenished soil moisture. Farmers continue to cope with the impacts of the economic crisis.

The country's landscape limits the domestic cereal production. Although weather conditions were relatively favourable, the total 2021 cereal production is estimated at about 134 000 tonnes, about 15 percent below the five-year average and similar to the 2020 harvest that was already constrained by the economic crisis.

Crisis hampers economy, including agricultural sector

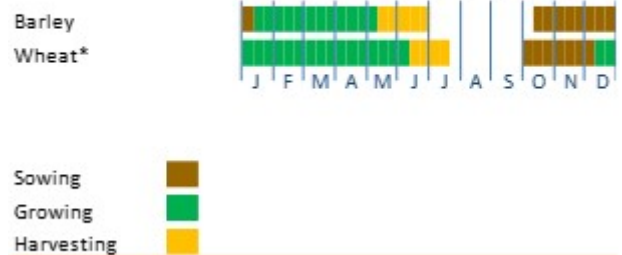
While weather conditions have been favourable for farming activities in the past two years, the impact of the economic crisis hinders farmers' ability to produce. Many farmers, particularly the smaller ones, used to carry out farming as a secondary activity, especially in regions with more economic opportunities. As incomes from other economic sectors, including the public one, dwindle, reliance on agriculture has grown. Quality inputs remain out of the reach of many farmers who have often adopted low input intensive production. Despite the environmental benefits due to decreasing use of chemicals, production and returns are often not sufficient.

Seeds, fertilizers and plant protection material are available on the market, albeit at high prices. As most agricultural inputs are imported, the continuing currency depreciation on the parallel market increases their cost in the national currency. Sharp increases of international prices of fertilizers, denominated in

Lebanon

Crop Calendar

(*major foodcrop)



Source: FAO/GIEWS.

Lebanon

Cereal Production

	2016-2020	2020	2021	change
	average			2021
000 tonnes				
			estimate	percent
Wheat	122	100	100	0.0
Barley	31	30	30	0.0
Maize	3	3	3	0.0
Others	1	1	1	0.0
Total	157	134	134	0.0

Note: percentage change calculated from unrounded data.

Source: FAO/GIEWS Country Cereal Balance Sheet.

US dollars in the second half of 2021, were magnified by currency devaluation. Reports indicate that, compared to the previous years, more agricultural inputs are now sourced from cheaper origins, such as India or Turkey. However, most farmers lack the adequate liquidity to purchase inputs as the seasonal credit offered by input traders, which was used until the onset of the financial crisis in October 2019, is now non-existent.

In 2020 and part of 2021, the agreement between the government and the Banque du Liban (BdL) allowed traders of raw materials, including feed and agricultural inputs, to finance imports using a subsidized exchange rate of LBP 3 900/USD (compared to LBP 8 000/USD in the parallel market in mid-July 2020). However, farmers did not benefit from this agreement as the length of the administrative process, requiring approvals by the Ministry of Agriculture and the Ministry of Economy and Trade before the BdL could release the transfers of US dollars at a subsidized rate, was causing substantial delays in placing orders.

The shortage of fuel, following the withdrawal of the subsidized foreign exchange, had also a negative impact on mechanized agricultural operations as well as access to markets. Farmers appear to have marketed their production, particularly perishable fruits and vegetables, close to their farms instead of more lucrative urban markets. While most of agricultural inputs are paid in US dollars, sales of agricultural products remain denominated in Lebanese pounds, with ongoing currency depreciation erasing any gains. Limited purchasing power of the population has capped the increases of retail prices.

Below-average cereal import requirement forecast

Domestic cereal production covers, on average, less than 20 percent of the consumption needs and the country depends heavily on imports. In the 2021/22 marketing year (July/June), the cereal import requirements, mainly common wheat for human consumption and maize to feed livestock and poultry, are forecast at 2 million tonnes, about 10 percent below average. Wheat is sourced mostly from the Black Sea region.

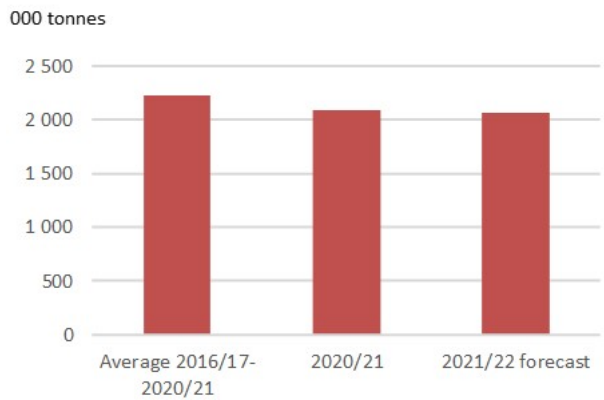
Discussions are still underway on rebuilding the port facilities in Beirut that were destroyed by an explosion in August 2020, including the bulk terminal and the main grain silo. In December 2021, grains that remained in the silo after the explosion were deemed unfit for food or feed use and are being composted or turned into fire pellets.

Food insecurity rising as economic environment worsens

The already worrisome economic conditions, with increasing unemployment, poverty and skyrocketing inflation rates, have further worsened. According to the World Bank, the country's Gross domestic product (GDP) plummeted from about USD 55 billion in 2018 to a projected USD 20.5 billion in 2021, while real GDP per capita fell by 37.1 percent. The unemployment rate, officially estimated at 11.4 percent in 2019, has risen and is now reckoned to be at over 40 percent of the workforce. More than 60 percent of the country's young people are unemployed. The exchange rate reached new records: as of early January 2022, USD 1 was selling for LBP 29 000, while the official exchange rate remains LBP 1 507/USD. The reserves of foreign currency held by the BdL decreased from USD 32 billion in 2019 to USD 12.5 billion in December 2021.

Lebanon

Cereals Imports



Note: Includes rice in milled terms. Split year refers to individual crop marketing years (for rice, calendar year of second year shown).

Source: FAO/GIEWS Country Cereal Balance Sheets.

In November 2021, the year-on-year general inflation rate exceeded 200 percent, the highest level ever recorded in the country. The food price inflation recorded an annual increase of over 350 percent, below the peak of 440 percent from October 2020, but still unsustainably high. The cost of living is increasing as a result of the currency depreciation on the parallel market, the removal of subsidized foreign exchange to finance crucial imports and the decrease of foreign exchange reserves. As of December 2021, the BdL was phasing out the imports of essentials goods at subsidized rates. Fuel imports at subsidized rates were phased out in October 2021, while imports of medicines were dramatically curbed. Only imports of wheat and some medicines still benefit from subsidized exchange rates, while all other transactions are carried out at market exchange rates.

Removal of the subsidized exchange rate for fuel imports resulted in dramatic price increases: the price of 20 litres of gasoline (95-octane) raised from LBP 61 000 in June 2021 to LBP 302 700 in October 2021. The liberalized fuel prices increased transportation costs as well as other costs considering the reliance on generators in the absence of a reliable electricity supply, which is leading to high levels of spoilage in the agrifood chain.

Registration for cash transfer programmes to provide temporary relief after the removal of imports at subsidized rates opened in December 2021, although details about implementation and funding sources are sparse.

The World Food Programme (WFP) estimates that, as a result of the ongoing economic crisis, over 1.3 million Lebanese citizens, about 36 percent of the total population, were food insecure by the end of September 2021. The number of Lebanese households with serious food access constraints reached 57 percent in September 2021, up from 40 percent in September 2020. Of the 1.5 million Syrian refugees in Lebanon, about 735 000 were food insecure in September 2021. In addition, 88 percent of the Syrian refugees in the country were dependent on humanitarian assistance as they were not able to afford the absolute minimum amount required to cover life-saving needs.

In November 2021, the government started discussions with the International Monetary Fund (IMF) to secure funds necessary to start the economic recovery.

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